

commissioner or the commerce department or its employees or agents for an action taken by them in the performance of their powers and duties under sections 60A.60 to 60A.696.

Sec. 13. [60A.696] NOTICES.

All notices by the commissioner to an insurer that may result in regulatory action under sections 60A.60 to 60A.696 are effective upon dispatch if transmitted by registered or certified mail, or in the case of other transmission is effective upon the insurer's receipt of the notice.

Sec. 14. EFFECTIVE DATE.

This act is effective for annual statements filed after January 1, 1996.

Presented to the governor May 23, 1995

Signed by the governor May 25, 1995, 8:52 a.m.

CHAPTER 254—S.F.No. 1678

An act relating to the organization and operation of state government; appropriating money for the general legislative and administrative expenses of state government; providing for the transfer of certain money in the state treasury; fixing and limiting the amount of fees, penalties, and other costs to be collected in certain cases; amending Minnesota Statutes 1994, sections 3.85, subdivision 12; 3.9741, subdivision 2, as amended; 3C.02, by adding a subdivision; 7.09, subdivision 1; 8.16, by adding a subdivision; 15.061; 15.415; 15.50, subdivision 2; 15.91, subdivision 2; 16A.11, by adding a subdivision; 16A.127, subdivision 8; 16A.129, subdivision 3; 16A.28, subdivisions 5 and 6; 16A.40; 16A.57; 16A.72; 16B.06, by adding a subdivision; 16B.17; 16B.19, subdivisions 2 and 10; 16B.42, subdivision 3; 16B.59; 16B.60, subdivisions 1 and 4; 16B.61, subdivisions 1, 2, and 5; 16B.63, subdivision 3; 16B.65, subdivisions 1, 3, 4, and 7; 16B.67; 16B.70; 16B.75; 16B.88, subdivisions 1, 2, 3, and 4; 16D.02, subdivision 6, and by adding a subdivision; 16D.04, subdivisions 1 and 3; 16D.06; 16D.08, subdivision 2; 43A.27, subdivisions 2 and 3; 115C.02, by adding a subdivision; 115C.08, subdivisions 1, 2, and 4; 116G.15; 197.05; 240.155, subdivision 1; 240.24, subdivision 3; 240A.08; 240A.09; 240A.10; 349.151, subdivision 4b; 349A.02, subdivision 1; 349A.03, by adding a subdivision; 349A.04; 349A.05; 349A.06, subdivision 2; 349A.08, subdivisions 5 and 7; 349A.10, by adding a subdivision; 349A.11; 349A.12, subdivision 4; 352.15, subdivision 3; 366.10; 366.12; 366.16; 394.33, subdivision 2; 394.361, subdivision 3; 462.358, subdivisions 2a, 2b, and 9; 462.359, subdivision 4; and 491A.02, subdivision 4; Laws 1991, chapter 235, article 5, section 3; proposing coding for new law in Minnesota Statutes, chapters 3; 16A; 16B; 16D; and 43A; repealing Minnesota Statutes 1994, sections 115C.02, subdivision 1a; 349A.01, subdivision 2; and 349A.02, subdivision 8.

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

New language is indicated by underline, deletions by ~~strikeout~~.

ARTICLE 1

Section 1. STATE GOVERNMENT APPROPRIATIONS.

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "1995," "1996," and "1997," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1995, June 30, 1996, or June 30, 1997, respectively.

SUMMARY BY FUND

	1995	1996	1997	BIENNIAL TOTAL
General	\$790,000	\$254,009,000	\$254,050,000	\$508,059,000
Local				
Government Trust		431,000		431,000
State				
Government				
Special Revenue		10,360,000	10,491,000	20,851,000
Environmental		208,000	208,000	416,000
Landfill				
Cleanup		75,000	75,000	150,000
Highway User		1,682,000	1,687,000	3,369,000
Trunk Highway		32,000	32,000	64,000
Workers'				
Compensation		4,171,000	4,176,000	8,347,000
Computer Services		626,000	626,000	1,252,000
TOTAL	\$790,000	\$271,594,000	\$271,345,000	\$542,939,000
				APPROPRIATIONS
				Available for the Year
				Ending June 30
				1996
				1997

Sec. 2. LEGISLATURE

Subdivision 1. Total Appropriation		47,776,000	50,296,000
Summary by Fund			
General	47,744,000	50,264,000	
Trunk Highway	32,000	32,000	

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

Subd. 2. Senate		15,422,000	16,163,000
Subd. 3. House of Representatives		20,833,000	22,943,000
Subd. 4. Legislative Coordinating Commission		11,521,000	11,190,000
	Summary by Fund		
General	11,489,000	11,158,000	
Trunk Highway	32,000	32,000	

\$4,062,000 the first year and \$4,438,000 the second year are for the office of the revisor of statutes.

\$945,000 the first year and \$945,000 the second year are for the legislative reference library.

\$4,400,000 the first year and \$4,294,000 the second year are for the office of the legislative auditor.

\$40,000 the first year of the appropriation to the legislative auditor is for the legislative auditor to evaluate the statewide systems project, if directed by the legislative audit commission. The legislative audit commission shall consider directing the legislative auditor to evaluate the computerized systems developed as part of the statewide systems project and determine the extent to which the systems have saved or are likely to save money in the administrative functions of state government, and recommend ways the systems could be used to save money and increase the productivity of the administrative functions of state government. The legislative auditor should give particular but not exclusive attention to the systems' impacts on the administrative functions of smaller organizations in state government.

The legislative audit commission shall consider directing the legislative auditor to evaluate the administrative functions of the small state agencies and other

small organizations in the executive branch of state government, such as boards and commissions, and recommend ways those functions could be provided more cost-effectively. The commission shall give special consideration to centralizing the human resources, management complement, and accounting functions of these small organizations. A report of the evaluation must be submitted to the commission by October 1, 1995.

The legislative audit commission is requested to consider directing the legislative auditor to conduct a full program evaluation of the department of human rights in calendar year 1995.

\$20,000 the first year and \$10,000 the second year are for the legislative coordinating commission to contract for needed services to ensure that sign language interpreter services are available at all times during the legislative sessions.

Subd. 5. Compensation Council

The salary increases recommended by the compensation council on April 1, 1995, for legislators, constitutional officers, and judges may not take effect unless ratified or approved as modified by another bill enacted by the 1995 legislature.

Sec. 3. GOVERNOR AND LIEUTENANT GOVERNOR

3,507,000

3,504,000

This appropriation is to fund the offices of the governor and lieutenant governor.

\$19,000 the first year and \$19,000 the second year are for necessary expenses in the normal performance of the governor's and lieutenant governor's duties for which no other reimbursement is provided.

\$97,000 the first year and \$97,000 the second year are for membership dues of the National Governors Association.

\$20,000 the first year and \$20,000 the second year are for the Council of Great Lakes Governors.

The commissioner of finance shall report to the chairs of the state government finance division of the senate and the state government finance division of the house of representatives any personnel costs incurred by the office of the governor and the lieutenant governor that were supported by appropriations to other agencies during the previous fiscal year. The office of the governor shall inform the chairs of the divisions before initiating any interagency agreements.

Sec. 4. STATE AUDITOR	7,136,000	7,144,000
Sec. 5. STATE TREASURER	2,477,000	2,478,000

\$1,600,000 the first year and \$1,600,000 the second year are for the treasurer to pay for banking services by fees rather than by compensating balances.

Sec. 6. ATTORNEY GENERAL

Subdivision 1. Total Appropriation	24,408,000	22,499,000
Summary by Fund		
General	22,589,000	20,678,000
State Government		
Special Revenue	1,628,000	1,630,000
Environmental	116,000	116,000
Landfill Cleanup	75,000	75,000

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

Subd. 2. Government Services

4,358,000	4,371,000	
	Summary by Fund	
General	2,730,000	2,741,000
State Government		
Special Revenue	1,628,000	1,630,000

Subd. 3. Public and Human Resources

3,316,000	3,335,000	
	Summary by Fund	
General	3,241,000	3,260,000
Landfill Cleanup	75,000	75,000

Subd. 4. Law Enforcement

4,060,000	4,079,000	
	Summary by Fund	
General	3,944,000	3,963,000
Environmental	116,000	116,000

Subd. 5. Legal Policy and Administration

5,760,000	3,760,000	
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Subd. 6. Business Regulation

3,509,000	3,528,000	
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Subd. 7. Solicitor General

3,405,000	3,426,000	
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Sec. 7. ETHICAL PRACTICES BOARD

441,000	446,000
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Sec. 8. INVESTMENT BOARD

2,092,000	2,093,000
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\$40,000 each year is for local relief association account management.

Sec. 9. ADMINISTRATIVE HEARINGS

3,946,000	3,826,000
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This appropriation is from the workers' compensation special compensation fund for considering workers' compensation claims.

\$100,000 the first year and \$100,000 the second year are for an internship program in which students at Minnesota law schools will serve as law clerks for judges in the workers' compensation division.

\$180,000 the first year and \$180,000 the second year are for additional clerical support for workers' compensation judges.

\$125,000 the first year is for a mapper board calendaring system.

Sec. 10. OFFICE OF STRATEGIC AND LONG-RANGE PLANNING

3,943,000 3,917,000

\$1,026,000 the first year and \$1,027,000 the second year are for the land management information center.

Sec. 11. ADMINISTRATION

Subdivision 1. Total Appropriation

29,231,000 29,145,000

Summary by Fund

General	20,238,000	20,148,000
State Government		
Special Revenue	8,367,000	8,371,000
Computer Services	626,000	626,000

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

Subd. 2. Operations Management

3,358,000 3,323,000

The house and senate governmental operations committees shall study and report to the legislature by January 15, 1996, on the desirability of leasing versus purchasing state vehicles, and on maintenance costs for vehicles under the current system. If the study finds that it would be desirable, during the year ending June 30, 1997, the central motor pool shall not purchase any new vehicles and shall not sell any vehicles with less than 100,000 miles.

Subd. 3. Intertechnologies Group

7,778,000 7,768,000

Summary by Fund

General	727,000	717,000
State Government		
Special Revenue	6,425,000	6,425,000
Computer Services	626,000	626,000

The appropriation from the special revenue fund is for recurring costs of 911 emergency telephone service.

\$100,000 the first year and \$90,000 the second year are for transfer to the commissioner of human services to add an aging accounts payable module to the Medicaid management information system.

Subd. 4. Facilities Management

10,198,000	10,225,000	
	Summary by Fund	
General	8,318,000	8,341,000
State Government		
Special Revenue	1,880,000	1,884,000

\$4,850,000 the first year and \$4,882,000 the second year are for office space costs of the legislature and veterans organizations, for ceremonial space, and for statutorily free space.

The appropriation from the special revenue fund is from building code surcharge receipts for operation of the building codes and standards division. In addition, building code surcharge and fee receipts of more than \$2,900,000 the first year and \$2,900,000 the second year are appropriated from the special revenue fund to the commissioner of administration for the building codes and standards division.

\$150,000 the first year and \$150,000 the second year from the special revenue fund is for transfer by the commissioner of finance to the general fund.

The commissioner shall review the Uniform Code for Building Conservation, and report to the legislature by January 15, 1996, on legislation or rules needed to implement this code in a manner that is consistent with the state building code.

\$20,000 the first year is to clean, refit, and rehabilitate the statue of Leif Erikson on the grounds of the state capitol.

Notwithstanding any law to the contrary, if the facility is accessible to disabled people, the Prairie Lakes Juvenile Detention Center need not install an elevator.

This appropriation includes money to pay increased rental costs incurred by the board of the arts.

Subd. 5. Administrative Management		
2,211,000	2,216,000	
	Summary by Fund	
General	2,149,000	2,154,000
State Government		
Special Revenue	62,000	62,000

\$2,000 the first year and \$2,000 the second year are for the state employees' band.

\$62,000 each year to the commissioner of administration is to be used for processing and oversight of grants and allocations in the oil overcharge program. This appropriation is from oil overcharge money, as defined in Minnesota Statutes, section 4.071, in the special revenue fund.

The targeted group purchasing study required by Minnesota Statutes, section 16B.19, subdivision 2b, need not be completed during the biennium ending June 30, 1997.

Subd. 6. Information Policy Office	
1,977,000	1,903,000

\$25,000 the first year and \$100,000 the second year for the government information access council is available only as matched, dollar for dollar, by contributions from nonstate sources.

The information policy office, with the

advice of the attorney general, shall monitor all computer systems development projects conducted by state agencies to assure that full performance of contract requirements is achieved and that any remedies provided in such contracts for nonperformance or inadequate performance are fully pursued. The information policy office and the attorney general shall report to the legislature by January 15, 1996, on performance of contract requirements related to large systems such as the statewide systems project, and Minnesota Medicaid Management Information System, and the information systems related to drivers' licenses.

Subd. 7. Management Analysis

565,000	566,000
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Subd. 8. Public Broadcasting

3,054,000	3,054,000
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\$1,450,000 the first year and \$1,450,000 the second year are for matching grants for public television. Public television grant recipients shall give special emphasis to children's programming. In addition, public television grant recipients shall promote program and outreach initiatives that attempt to reduce youth violence in our communities.

\$600,000 the first year and \$600,000 the second year are for public television equipment needs. Equipment grant allocations shall be made after considering the recommendations of the Minnesota public television association.

\$320,000 the first year and \$320,000 the second year are for community service grants to public educational radio stations, which must be allocated after considering the recommendations of the Association of Minnesota Public Educational Radio Stations under Minnesota Statutes, section 129D.14.

\$494,000 the first year and \$494,000 the second year are for equipment grants to public radio stations. These grants must be allocated after considering the recommendations of the Association of Minnesota Public Educational Radio Stations and Minnesota Public Radio, Inc.

\$15,000 each year is for a grant to the association of Minnesota public education radio stations for station KMOJ. This money may be used for equipment.

\$150,000 the first year and \$150,000 the second year are for public information television transmission of legislative activities. At least one-half must go for programming to be broadcast in rural Minnesota.

\$25,000 the first year and \$25,000 the second year are for grants to the Twin Cities regional cable channel.

If an appropriation for either year for grants to public television or radio stations is not sufficient, the appropriation for the other year is available for it.

Subd. 9. Children's Museum
90,000 90,000

This appropriation is for a grant to the Minnesota Children's Museum.

Sec. 12. INTERGOVERNMENTAL
INFORMATION SYSTEMS ADVISORY COUNCIL

186,000 187,000

These amounts must be subtracted from the amount that would otherwise be payable to local government aid under Minnesota Statutes, chapter 477A, in order to fund the intergovernmental information systems advisory council.

The appropriation for a local government financial reporting system in Laws

1994, chapter 587, article 3, section 3, clause (5), is available until expended.

Sec. 13. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD

358,000

262,000

\$50,000 the first year is for predesign and design of a Minnesota Korean war veterans' memorial on the capitol grounds. This appropriation is available until expended. In creating the memorial, the board may accept money from nonstate sources. The board shall select a site for the memorial and conduct a selection process to award the contracts for design and construction of the memorial.

\$50,000 the first year is to maintain the police and peace officers memorial on the capitol mall. This appropriation is available until spent.

The capitol area architectural and planning board shall provide a preliminary planning and programming report for a human development center in or near the capitol area of St. Paul. The planning and studies must be done in collaboration with the city of St. Paul foundations including, but not limited to, the Minnesota Education Foundation, the private sector, and appropriate state departments including, but not limited to, administration, health, education, and human services. The focus of the center will be on the development of the human person. The center is intended to serve as a research and demonstration center and will be the result of a partnership between the public and private sector. The board shall report the results of its studies to the governor and legislature no later than December 15, 1996.

Sec. 14. FINANCE

Subdivision 1. Total Appropriation	20,583,000	20,651,000
Summary by Fund		
General	20,478,000	20,651,000
Local Government		
Trust	105,000	

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

Subd. 2. Accounting Services		
3,986,000	4,003,000	

Subd. 3. Accounts Receivable Operations		
4,327,000	3,577,000	

\$600,000 the first year is for modification and enhancement of the accounts receivable system.

The commissioner of finance may transfer money, as deemed necessary, to other state agencies participating in the accounts receivable project.

\$175,000 the first year and \$25,000 the second year are for the debt collection pilot program in article 5, section 16.

During the biennium ending June 30, 1997, to the extent feasible and cost-effective, any new jobs created in the debt collections entity must be located in a county in greater Minnesota that had a population loss of five percent or more between the 1980 and 1990 census.

Subd. 4. Budget Services		
2,026,000	2,026,000	
Summary by Fund		
General	1,921,000	2,026,000
Local Government		
Trust	105,000	

Subd. 5. Economic Analysis		
299,000	308,000	

Subd. 6. Information Services

8,920,000	9,643,000
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Subd. 7. Management Services

1,525,000	1,594,000
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Subd. 8. General Reduction

(500,000)	(500,000)
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The commissioner of finance shall make reductions of \$1,000,000 from programs funded in this section. The reductions may be made in either year of the biennium.* (The preceding portion of subdivision 8 beginning "Subd. 8." was vetoed by the governor.)

If federal funding for programs is reduced or eliminated during the biennium ending June 30, 1997, the commissioner shall ensure to the extent possible that the costs of reducing or terminating the programs supported by those funds are paid by federal funds.

Sec. 15. EMPLOYEE RELATIONS

Subdivision 1. Total Appropriation

7,726,000	7,731,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Human Resources Management

6,894,000	6,899,000
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\$325,000 each year is for a one-time redesign of the state's human resources programs, processes and policies, including, but not limited to, improving the employee performance management process, recruitment and hiring, retraining and deployment capabilities, and classification of state positions.

\$190,000 the first year and \$185,000 the second year are to expand and target state workforce diversity efforts. These funds are to support expanded, dedicated functions serving protected

groups in obtaining and retaining state employment, and secure greater opportunities for advancement within state employment ranks for under-represented groups. The commissioner must allocate these funds exclusively to the purposes described in the diversity-related budget initiative in the governor's proposed biennial budget for the department of employee relations for the biennium ending June 30, 1997. The 1996 and 1998 performance reports prepared by the commissioner under Minnesota Statutes, sections 15.90 to 15.92, must contain a separate section presenting the agency's activities and the outcomes attributable to implementation of the diversity functions expanded or improved pursuant to this appropriation. The commissioner of finance shall include these amounts when determining the base appropriation level for the department of employee relations for the biennium ending June 30, 1999.

Any unexpended balance on June 30, 1995, from the appropriations in Laws 1993, chapter 192, section 18, subdivision 2, for implementation of human resources management projects does not cancel but is available for expenditure in the 1996-1997 biennium.

This appropriation includes money for a grant each year to the government training service.

\$75,000 the first year and \$75,000 the second year are for the Minnesota quality college created by new Minnesota Statutes, section 43A.211.

In order to maximize delivery of services to the public, if layoffs of state employees as defined in Minnesota Statutes, chapter 43A, are necessary during the biennium ending June 30, 1997,

each agency with more than 50 full-time equivalent employees must reduce at least the same percentage of management and supervisory personnel as line and support personnel.

If a state agency is to be abolished, the classified positions of the agency to be abolished with its incumbent employees shall be transferred as provided by Minnesota Statutes, section 15.039, subdivision 7. The commissioner of employee relations shall assist agencies and bargaining units to reach agreements that provide options to layoff for affected employees in accordance with Minnesota Statutes, section 43A.045, as interpreted by collective bargaining agreements.

State agencies must demonstrate that they cannot use available staff before hiring outside consultants or services. As state agencies implement reductions in their operating budgets in the biennium ending June 30, 1997, agencies shall give priority to reducing spending on professional and technical contracts before laying off permanent employees. Agencies must report on the specific manner in which this directive is implemented to the senate finance and house ways and means committees by February 1, 1996, and February 1, 1997. Where outside consultants and services are necessary, agencies are encouraged to negotiate contracts that will involve permanent staff so as to upgrade and maximize training of state personnel. Money spent on outside professional, technical, and computer service consultants must be reported by February 1, 1997, to the senate finance and house of representatives ways and means committees.

During the biennium ending June 30, 1997, no two federated funding cam-

paigns that are related organizations, as defined in Minnesota Statutes, section 317A.011, subdivision 18, may be registered to participate in the state employee combined charitable campaign.

Subd. 3. Employee Insurance

832,000 832,000

\$104,000 the first year and \$104,000 the second year from the general fund are for the right-to-know contracts administered through the employee insurance division.

\$728,000 the first year and \$728,000 the second year from the general fund are for workers' compensation reinsurance premiums. If the appropriation for either year is insufficient, the appropriation for the other year is available.

The commissioner of finance shall transfer in the second year of the biennium \$2,000,000 from the public employees' insurance program account within the employee benefits internal service fund to the general fund.

During the biennium ending June 30, 1997, the commissioner shall continue the health promotion and disease prevention program for state employees initiated in fiscal year 1994.

Sec. 16. REVENUE

Subdivision 1. Total Appropriation	75,904,000	74,975,000
Summary by Fund		
General	73,804,000	73,196,000
Local Government		
Trust	326,000	
Highway User	1,682,000	1,687,000
Environmental	92,000	92,000

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

Subd. 2. Income Tax

12,802,000	11,502,000
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\$1,300,000 in fiscal year 1996 is for payment of overtime to experienced corporate audit staff to complete processing of bank refund claims, and to add temporary positions to perform duties of personnel who have been diverted to other duties associated with bank refund claims. Expenditures and collections associated with this appropriation must be reported separately. This amount is available until June 30, 1997, and must not be included in the budget base for the biennium ending June 30, 1999.

Subd. 3. Sales and Special Taxes

13,200,000	13,205,000
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	Summary by Fund	
General	11,347,000	11,426,000
Local Government		
Trust	79,000	-0-
Highway User	1,682,000	1,687,000
Environmental	92,000	92,000

Subd. 4. Property Tax and State Aids

2,880,000	2,880,000
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	Summary by Fund	
General	2,855,000	2,880,000
Local Government		
Trust	25,000	-0-

\$75,000 the first year and \$75,000 the second year must be subtracted from the total taconite production tax revenues distributed to local units of government. These amounts shall be credited to the general fund and appropriated to the department of revenue for the costs and expenses incurred by the department in collecting and distributing taconite production tax revenues.

Subd. 5. Tax Operations

32,213,000	32,213,000	
	Summary by Fund	
General	32,030,000	32,213,000
Local Government		
Trust	183,000	-0-

During the biennium ending June 30, 1997, the commissioner shall not spend more money to enforce the unfair cigarette sales laws than the revenue derived from fees imposed under the law.

Subd. 6. Legal and Research

3,728,000	3,728,000	
	Summary by Fund	
General	3,689,000	3,728,000
Local Government		
Trust	39,000	-0-

Subd. 7. Administrative Support

11,431,000	11,847,000
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Subd. 8. General Reduction

(350,000)	(400,000)
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The commissioner shall allocate the general reduction among the department's programs.

Sec. 17. AMATEUR SPORTS COMMISSION

1,938,000	1,942,000
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(a) \$45,000 each year is for the following purposes:

- (1) Target Center programming; and
- (2) development of more amateur sports opportunities for women, girls, seniors, inner-city youth, and athletes with special needs.

The amateur sports commission must work with staff of the city of Minneapolis and the metropolitan sports facilities commission to: research Minnesota's capabilities to attract local, national, and international amateur events; meet with appropriate national amateur sports governing bodies and Olympic

officials on a regular basis; and create new grassroots events; all of which will have a favorable economic impact on the state.

(b) Of this appropriation:

(1) \$1,226,000 the first year and \$1,227,000 the second year are for grants for ice centers, under Minnesota Statutes, section 240A.09, of up to \$250,000 each;

(2) \$200,000 each year is for renovation grants for existing ice arenas; and

(3) \$11,000 each year is for ice arena technical assistance.

Sec. 18. HUMAN RIGHTS

Subdivision 1. Total Appropriation	3,446,000	3,263,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Contract Compliance		
370,000	370,000	

Subd. 3. Complaint Processing		
2,214,000	2,220,000	

Subd. 4. Management Services		
862,000	673,000	

Sec. 19. MILITARY AFFAIRS

Subdivision 1. Total Appropriation	9,337,000	9,416,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Maintenance of Training Facilities		
5,431,000	5,497,000	

The appropriation for planning and remodeling grants for 12 armories scheduled to be sold or disposed of pursuant to Laws 1992, chapter 511, article 2, section 50, is available until June 30, 1997.

Any unexpended and unencumbered appropriation for the biennium ending June 30, 1995, for the tuition reimbursement program does not cancel, but is carried forward and may be used to pay assessments due to the cities of New Brighton, Montevideo, Park Rapids, and Rosemount.

Subd. 3. General Support

1,555,000	1,568,000
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\$75,000 the first year and \$75,000 the second year are for expenses of military forces ordered to active duty under Minnesota Statutes, chapter 192. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Subd. 4. Enlistment Incentives

2,351,000	2,351,000
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Obligations for the reenlistment bonus program, suspended on December 31, 1991, shall be paid from the amounts available within the enlistment incentives program.

If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available. The appropriations for enlistment incentives are available until expended.

Sec. 20. VETERANS AFFAIRS

3,832,000	3,820,000
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\$230,000 the first year and \$230,000 the second year are for grants to county veterans offices for training of county veterans service officers.

\$1,544,000 the first year and \$1,544,000 the second year are for emergency financial and medical needs of veterans. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

With the approval of the commissioner

of finance, the commissioner of veterans affairs may transfer the unencumbered balance from the veterans relief program to other department programs during the fiscal year. The commissioner of veterans affairs shall provide background information explaining why the unencumbered balance exists. The amounts transferred must be identified to the chairs of the senate finance committee division on state government and the house governmental operations and gambling committee division on state government finance.

\$250,000 the first year and \$250,000 the second year are for a grant to the Vinland National Center.

\$16,200 is to be used to make a contribution toward the women in military service memorial at the entrance to Arlington National Cemetery.

\$30,000 is to fund a program of the Minnesota state council of the Vietnam Veterans of America to assist Vietnam veterans and Vietnam-era veterans in the preparation and presentation of their claims to the United States government for compensation and other benefits to which they are entitled as a result of disabilities incurred in military service. This appropriation may not be used for membership recruitment. This appropriation is available until June 30, 1997.

Sec. 21. VETERANS OF FOREIGN WARS	41,000	41,000
For carrying out the provisions of Laws 1945, chapter 455.		
Sec. 22. MILITARY ORDER OF THE PURPLE HEART	20,000	20,000
Sec. 23. DISABLED AMERICAN VETERANS	12,000	12,000

For carrying out the provisions of Laws 1941, chapter 425.

Sec. 24. LAWFUL GAMBLING CONTROL

2,081,000 2,039,000

If the amount of unclaimed prize money in the lottery prize fund during fiscal year 1996 exceeds \$5,000,000, 60 percent of the excess that is not added to prize pools of subsequent games is appropriated in fiscal year 1997 to the gambling control board for information systems. The amount appropriated under this paragraph may not exceed \$650,000.

Sec. 25. RACING COMMISSION

370,000 370,000

Sec. 26. STATE LOTTERY

The director of the state lottery shall reimburse the general fund \$150,000 the first year and \$150,000 the second year for lottery-related costs incurred by the department of public safety.

The director of the state lottery shall reimburse the general fund \$540,000 the first year and \$540,000 the second year for amounts appropriated from the general fund to the commissioner of human services for compulsive gambling hotline services, outpatient treatment services, felony screening, and compulsive gambling youth education.

Sec. 27. GENERAL CONTINGENT ACCOUNTS

500,000 500,000

Summary by Fund

General	150,000	150,000
State Government		
Special Revenue	250,000	250,000
Workers' Compensation	100,000	100,000

The appropriations in this section must be spent with the approval of the governor after consultation with the legislative advisory commission under Minnesota Statutes, section 3.30.

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

The special revenue appropriation is available to be transferred to the attorney general when the costs to provide legal services to the health boards exceed the biennial appropriation to the attorney general from the special revenue fund. The boards receiving the additional services shall set their fees to cover the costs.

Sec. 28. TORT CLAIMS	300,000	275,000
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To be spent by the commissioner of finance.

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

Sec. 29. MINNESOTA STATE RETIREMENT SYSTEM	2,158,000	2,158,000
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The amounts estimated to be needed for each program are as follows:

(a) Legislators		
	1,993,000	1,993,000

Under Minnesota Statutes, sections 3A.03, subdivision 2; 3A.04, subdivisions 3 and 4; and 3A.11.

(b) Constitutional Officers		
	165,000	165,000

Under Minnesota Statutes, sections 352C.031, subdivision 5; 352C.04, subdivision 3; and 352C.09, subdivision 2.

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

Sec. 30. MINNEAPOLIS EMPLOYEES RETIREMENT FUND	11,005,000	11,005,000
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\$10,455,000 the first year and \$10,455,000 the second year are to the

commissioner of finance for payment to the Minneapolis employees retirement fund under Minnesota Statutes, section 422A.101, subdivision 3. Payment must be made in four equal installments, March 15, July 15, September 15, and November 15, each year.

\$550,000 the first year and \$550,000 the second year are to the commissioner of finance for payment to the Minneapolis employees retirement fund for the supplemental benefit for pre-1973 retirees under Minnesota Statutes, section 356.865.

Sec. 31. POLICE AND FIRE AMOR-
TIZATION AID

6,420,000

6,420,000

\$5,020,000 the first year and \$5,020,000 the second year are to the commissioner of revenue for state aid to amortize the unfunded liability of local police and salaried firefighters' relief associations, under Minnesota Statutes, section 423A.02.

\$1,000,000 the first year and \$1,000,000 the second year are to the commissioner of revenue for supplemental state aid to amortize the unfunded liability of local police and salaried firefighters' relief associations under Minnesota Statutes, section 423A.02, subdivision 1a.

\$400,000 the first year and \$400,000 the second year are to the commissioner of revenue to pay reimbursements to relief associations for firefighter supplemental benefits paid under Minnesota Statutes, section 424A.10.

Sec. 32. SMALL AGENCY SUPPLE-
MENT

420,000

910,000

Summary by Fund

General	180,000	420,000
State Government		
Special Revenue	115,000	240,000
Workers'		
Compensation	125,000	250,000

This appropriation is available in either year of the biennium. During the biennium the commissioner shall transfer the necessary dollars to the small agency accounts, as determined by the commissioner of finance, to cover the costs of the collective bargaining agreement.

The commissioner shall report to the chair of the ways and means committee of the house of representatives and the chair of the finance committee of the senate on the transfers made under these provisions.

Sec. 33. SALARY SUPPLEMENT

The commissioner of finance, in conjunction with the commissioner of employee relations may transfer dollars from unallocated balances within each of the following* funds to individual agencies to cover the cost of collective bargaining agreements governing employees whose salaries are paid from those funds: state government special revenue, health care access, trunk highway, highway user, state airport, game and fish, natural resources, workers' compensation special, environmental, and special revenue. The amounts necessary for these transfers are appropriated from each fund. The amount appropriated from each fund must be used only to pay an increase from that fund in the same percentage that each employee's compensation is paid from that fund.

The commissioner of finance shall report to the chair of the ways and means committee of the house of representatives and the chair of the finance committee of the senate by December 31, 1995, on the transfers made under these provisions.

Sec. 34. ATTORNEY GENERAL; MILLE LACS TREATY LITIGATION

\$790,000 in fiscal year 1995 is added to the appropriation in Laws 1993, chapter 192, section 11, subdivision 3, for the unanticipated expenses of the Mille Lacs and Fond du Lac treaty litigation efforts.

Sec. 35. [3.225] PROFESSIONAL AND TECHNICAL SERVICE CONTRACTS.

Subdivision 1. APPLICATION. This section applies to a contract for professional or technical services entered into by the house of representatives, the senate, the legislative coordinating commission, or any group under the jurisdiction of the legislative coordinating commission. For purposes of this section, "professional or technical services" contract has the meaning defined in section 16B.17.

Subd. 2. REQUIREMENTS FOR ALL CONTRACTS. Before entering into a contract for professional or technical services, the contracting entity must determine that:

(1) all provisions of section 16B.19, subdivision 2, have been verified or complied with;

(2) the work to be performed under the contract is necessary to the entity's achievement of its responsibilities;

(3) the contract will not establish an employment relationship between the state or the entity and any persons performing under the contract;

(4) no current legislative employees will engage in the performance of the contract;

(5) no state agency has previously performed or contracted for the performance of tasks which would be substantially duplicated under the proposed contract;

(6) the contracting entity has specified a satisfactory method of evaluating and using the results of the work to be performed; and

(7) the combined contract and amendments will not extend for more than five years.

Subd. 3. CONTRACTS OVER \$5,000. Before an entity may seek to enter into a professional or technical services contract valued in excess of \$5,000, it must determine that:

(1) no current legislative employee is able and available to perform the services called for by the contract;

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(2) reasonable efforts were made to publicize the availability of the contract to the public;

(3) the entity has received, reviewed, and accepted a detailed work plan from the contractor for performance under the contract; and

(4) the entity has developed, and fully intends to implement, a written plan providing for: the assignment of personnel to a monitoring and liaison function; the periodic review of interim reports or other indications of past performance; and the ultimate utilization of the final product of the services.

Subd. 4. RENEWALS. The renewal of a professional or technical service contract must comply with all requirements, including notice, applicable to the original contract. A renewal contract must be identified as such. All notices and reports on a renewal contract must state the date of the original contract and the amount previously paid under the contract.

Subd. 5. REPORTS. (a) The house of representatives, the senate, and the legislative coordinating commission shall submit to the legislative reference library a monthly listing of all contracts for professional or technical services executed in the preceding month. The report must identify the parties and the contract amount, duration, and tasks to be performed.

(b) The monthly report must:

(1) be sorted by contracting entity and by contractor;

(2) show the aggregate value of contracts issued by each agency and issued to each contractor;

(3) distinguish between contracts that are being issued for the first time and contracts that are being renewed;

(4) state the termination date of each contract; and

(5) categorize contracts according to subject matter, including topics such as contracts for training, contracts for research and opinions, and contracts for computer systems.

(c) Within 30 days of final completion of a contract over \$40,000 covered by this subdivision, the chief executive of the entity entering into the contract must file a one-page performance report with the legislative reference library. The report must:

(1) summarize the purpose of the contract, including why it was necessary to enter into a contract;

(2) state the amount spent on the contract; and

(3) explain why this amount was a cost-effective way to enable the entity to provide its services or products better or more efficiently.

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Subd. 6. CONTRACT TERMS. (a) A professional or technical services contract must by its terms permit the contracting entity to unilaterally terminate the contract prior to completion, upon payment of just compensation, if the entity determines that further performance under the contract would not serve entity purposes. If the final product of the contract is a written report, a copy must be filed with the legislative reference library.

(b) The terms of a contract must provide that no more than 90 percent of the amount due under the contract may be paid until the final product has been reviewed by the person entering into the contract on behalf of the contracting entity, and that person has certified that the contractor has satisfactorily fulfilled the terms of the contract.

Sec. 36. Minnesota Statutes 1994, section 3.85, subdivision 12, is amended to read:

Subd. 12. ALLOCATION OF ACTUARIAL COST. (a) The commission shall assess each retirement plan specified in subdivision 11, paragraph (b), ~~for a portion~~ of the compensation paid to the actuary retained by the commission for the actuarial valuation calculations and quadrennial experience studies. The assessment is ~~72~~ 100 percent of the amount of contract compensation for the actuarial consulting firm retained by the commission for actuarial valuation calculations, including the public employees police and fire plan consolidation accounts of the public employees retirement association, annual experience data collection and processing, and quadrennial experience studies.

The portion of the total assessment payable by each retirement system or pension plan must be determined as follows:

(1) Each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (14), must pay the following indexed amount based on its total active, deferred, inactive, and benefit recipient membership:

up to 2,000 members, inclusive	\$2.55 per member
2,001 through 10,000 members	\$1.13 per member
over 10,000 members	\$0.11 per member

The amount specified is applicable for the assessment of the July 1, 1991, to June 30, 1992, fiscal year actuarial compensation amounts. For the July 1, 1992, to June 30, 1993, fiscal year and subsequent fiscal year actuarial compensation amounts, the amount specified must be increased at the same percentage increase rate as the implicit price deflator for state and local government purchases of goods and services for the 12-month period ending with the first quarter of the calendar year following the completion date for the actuarial valuation calculations, as published by the federal Department of Commerce, and rounded upward to the nearest full cent.

(2) The total per-member portion of the allocation must be determined, and that total per-member amount must be subtracted from the total amount for

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allocation. Of the remainder dollar amount, the following per-retirement system and per-pension plan charges must be determined and the charges must be paid by the system or plan:

(i) 37.87 percent is the total additional per-retirement system charge, of which one-seventh must be paid by each retirement system specified in subdivision 11, paragraph (b), clauses (1), (2), (6), (7), (9), (10), and (11).

(ii) 62.13 percent is the total additional per-pension plan charge, of which one-thirteenth must be paid by each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (13), if there are not any participants in the plan specified in subdivision 11, paragraph (b), clause (14), or of which one-fourteenth must be paid by each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (14), if there are participants in the plan specified in subdivision 11, paragraph (b), clause (14).

(b) The assessment must be made following the completion of the actuarial valuation calculations and the experience analysis. The amount of the assessment is appropriated from the retirement fund applicable to the retirement plan. Receipts from assessments must be deposited in the state treasury and credited to the general fund.

Sec. 37. Minnesota Statutes 1994, section 3.9741, subdivision 2, as amended by Laws 1995, chapter 212, article 4, section 1, is amended to read:

Subd. 2. **POST-SECONDARY EDUCATION BOARD.** The legislative auditor may enter into an interagency agreement with the board of trustees of the Minnesota state colleges and universities to conduct financial audits, in addition to audits conducted under section 3.972, subdivision 2. All payments received for audits requested by the board shall be ~~paid~~ added to the appropriation for the legislative auditor's account and need not be deposited in the general fund auditor.

Sec. 38. Minnesota Statutes 1994, section 3C.02, is amended by adding a subdivision to read:

Subd. 6. A contract for professional or technical services that is valued at more than \$50,000 may be made only after the revisor has consulted with the legislative coordinating commission. The contract is subject to its recommendation as provided by section 3C.10, subdivision 3, for a printing contract.

Sec. 39. Minnesota Statutes 1994, section 7.09, subdivision 1, is amended to read:

Subdivision 1. **PROCEDURE.** The state treasurer is authorized to receive and accept, on behalf of the state, any gift, bequest, devise, or endowment which may be made by any person, by will, deed, gift, or otherwise, to or for the benefit of the state, or any of its departments or agencies, or to or in aid, or for the benefit, support, or maintenance of any educational, charitable, or other institu-

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tion maintained in whole or in part by the state, or for the benefit of students, employees, or inmates thereof, or for any proper state purpose or function, and the money, property, or funds constituting such gift, bequest, devise, or endowment. No such gift, bequest, devise, or endowment whose value is equal to or exceeds \$10,000 shall be so accepted unless the commissioner of finance and the state treasurer ~~shall~~ determine that it is for the interest of the state to accept it, and ~~shall~~ approve of and direct the acceptance. If the value is less than \$10,000, only the state treasurer need determine that it is for the interest of the state to accept it, and approve of and direct the acceptance. When, in order to effect the purpose for which any gift, bequest, devise, or endowment has been accepted, it is necessary to sell property so received, the state treasurer, upon request of the authority in charge of the agency, department, or institution concerned, may sell it at a price which shall be fixed by the state board of investment.

Sec. 40. Minnesota Statutes 1994, section 15.061, is amended to read:

15.061 ~~CONSULTANT, PROFESSIONAL AND OR~~ TECHNICAL SERVICES.

~~Pursuant to the provisions of~~ In accordance with section 16B.17, the head of a state department or agency may, with the approval of the commissioner of administration, contract for ~~consultant services and professional and or~~ technical services in connection with the operation of the department or agency. A contract negotiated under this section ~~shall~~ is not ~~be~~ subject to the competitive bidding requirements of chapter ~~16~~ 16B.

Sec. 41. Minnesota Statutes 1994, section 15.415, is amended to read:

15.415 CORRECTIONS IN TRANSACTIONS, WAIVER.

In any instance where a correction concerning any state department or agency transaction involves an amount less than the administrative cost of making the correction, the correction shall be waived unless it is possible at a relatively nominal expense to include the correction in a later transaction. If the amount of any correction is less than ~~\$2~~ \$5 it shall be prima facie evidence that the cost of the correction would exceed the amount involved.

Sec. 42. Minnesota Statutes 1994, section 15.50, subdivision 2, is amended to read:

Subd. 2. **CAPITOL AREA PLAN.** (a) The board shall prepare, prescribe, and from time to time, after a public hearing, amend a comprehensive use plan for the capitol area, called the area in this subdivision, which consists of that portion of the city of Saint Paul comprehended within the following boundaries: Beginning at the point of intersection of the center line of the Arch-Pennsylvania freeway and the center line of Marion Street, thence southerly along the center line of Marion Street extended to a point 50 feet south of the south line of Concordia Avenue, thence southeasterly along a line extending 50 feet from the south line of Concordia Avenue to a point 125 feet from the west line of John

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Ireland Boulevard, thence southwesterly along a line extending 125 feet from the west line of John Ireland Boulevard to the south line of Dayton Avenue, thence northeasterly from the south line of Dayton Avenue to the west line of John Ireland Boulevard, thence northeasterly to the center line of the intersection of Old Kellogg Boulevard and Summit Avenue, thence northeasterly along the center line of Summit Avenue to the center line of the new West Kellogg Boulevard, thence southerly along the east line of the new West Kellogg Boulevard, to the center line of West Seventh Street, thence northeasterly along the center line of West Seventh Street to the center line of the Fifth Street ramp, thence northwesterly along the center line of the Fifth Street ramp to the east line of the right-of-way of Interstate Highway 35-E, thence northeasterly along the east line of the right-of-way of Interstate Highway 35-E to the south line of the right-of-way of Interstate Highway 94, thence easterly along the south line of the right-of-way of Interstate Highway 94 to the west line of St. Peter Street, thence southerly to the south line of Eleventh Exchange Street, thence easterly along the south line of Eleventh Exchange Street to the west line of Cedar Street, thence ~~southeasterly~~ northerly along the west line of Cedar Street to the center line of Tenth Street, thence northeasterly along the center line of Tenth Street to the center line of Minnesota Street, thence northwesterly along the center line of Minnesota Street to the center line of Eleventh Street, thence northeasterly along the center line of Eleventh Street to the center line of Jackson Street, thence northwesterly along the center line of Jackson Street to the center line of the Arch-Pennsylvania freeway extended, thence westerly along the center line of the Arch-Pennsylvania freeway extended and Marion Street to the point of origin. If construction of the labor interpretive center does not commence prior to December 31, ~~1998~~ 2000, at the site recommended by the board, the boundaries of the capitol area revert to their configuration as of 1992.

Under the comprehensive plan, or a portion of it, the board may regulate, by means of zoning rules adopted under the administrative procedure act, the kind, character, height, and location, of buildings and other structures constructed or used, the size of yards and open spaces, the percentage of lots that may be occupied, and the uses of land, buildings and other structures, within the area. To protect and enhance the dignity, beauty, and architectural integrity of the capitol area, the board is further empowered to include in its zoning rules design review procedures and standards with respect to any proposed construction activities in the capitol area significantly affecting the dignity, beauty, and architectural integrity of the area. No person may undertake these construction activities as defined in the board's rules in the capitol area without first submitting construction plans to the board, obtaining a zoning permit from the board, and receiving a written certification from the board specifying that the person has complied with all design review procedures and standards. Violation of the zoning rules is a misdemeanor. The board may, at its option, proceed to abate any violation by injunction. The board and the city of Saint Paul shall cooperate in assuring that the area adjacent to the capitol area is developed in a manner that is in keeping with the purpose of the board and the provisions of the comprehensive plan.

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(b) The commissioner of administration shall act as a consultant to the board with regard to the physical structural needs of the state. The commissioner shall make studies and report the results to the board when it requests reports for its planning purpose.

(c) No public building, street, parking lot, or monument, or other construction may be built or altered on any public lands within the area unless the plans for the project conform to the comprehensive use plan as specified in paragraph (d) and to the requirement for competitive plans as specified in paragraph (e). No alteration substantially changing the external appearance of any existing public building approved in the comprehensive plan or the exterior or interior design of any proposed new public building the plans for which were secured by competition under paragraph (e) may be made without the prior consent of the board. The commissioner of administration shall consult with the board regarding internal changes having the effect of substantially altering the architecture of the interior of any proposed building.

(d) The comprehensive plan must show the existing land uses and recommend future uses including: areas for public taking and use; zoning for private land and criteria for development of public land, including building areas, open spaces, monuments, and other memorials; vehicular and pedestrian circulation; utilities systems; vehicular storage; elements of landscape architecture. No substantial alteration or improvement may be made to public lands or buildings in the area without the written approval of the board.

(e) The board shall secure by competitions plans for any new public building. Plans for any comprehensive plan, landscaping scheme, street plan, or property acquisition that may be proposed, or for any proposed alteration of any existing public building, landscaping scheme or street plan may be secured by a similar competition. A competition must be conducted under rules prescribed by the board and may be of any type which meets the competition standards of the American Institute of Architects. Designs selected become the property of the state of Minnesota, and the board may award one or more premiums in each competition and may pay the costs and fees that may be required for its conduct. At the option of the board, plans for projects estimated to cost less than \$1,000,000 may be approved without competition provided the plans have been considered by the advisory committee described in paragraph (h). Plans for projects estimated to cost less than \$400,000 and for construction of streets need not be considered by the advisory committee if in conformity with the comprehensive plan.

(f) Notwithstanding paragraph (e), an architectural competition is not required for the design of any light rail transit station and alignment within the capitol area. The board and its advisory committee shall select a preliminary design for any transit station in the capitol area. Each stage of any station's design through working drawings must be reviewed by the board's advisory committee and approved by the board to ensure that the station's design is compatible with the comprehensive plan for the capitol area and the board's design

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criteria. The guideway and track design of any light rail transit alignment within the capitol area must also be reviewed by the board's advisory committee and approved by the board.

(g) Of the amount available for the light rail transit design, adequate funds must be available to the board for design framework studies and review of preliminary plans for light rail transit alignment and stations in the capitol area.

(h) The board may not adopt any plan under paragraph (e) unless it first receives the comments and criticism of an advisory committee of three persons, each of whom is either an architect or a planner, who have been selected and appointed as follows: one by the board of the arts, one by the board, and one by the Minnesota Society of the American Institute of Architects. Members of the committee may not be contestants under paragraph (e). The comments and criticism must be a matter of public information. The committee shall advise the board on all architectural and planning matters. For that purpose, the committee must be kept currently informed concerning, and have access to, all data, including all plans, studies, reports and proposals, relating to the area as the data are developed or in the process of preparation, whether by the commissioner of administration, the commissioner of trade and economic development, the metropolitan council, the city of Saint Paul, or by any architect, planner, agency or organization, public or private, retained by the board or not retained and engaged in any work or planning relating to the area, and a copy of any data prepared by any public employee or agency must be filed with the board promptly upon completion.

The board may employ stenographic or technical help that may be reasonable to assist the committee to perform its duties.

When so directed by the board, the committee may serve as, and any member or members of the committee may serve on, the jury or as professional advisor for any architectural competition, and the board shall select the architectural advisor and jurors for any competition with the advice of the committee.

The city of Saint Paul shall advise the board.

(i) The comprehensive plan for the area must be developed and maintained in close cooperation with the commissioner of trade and economic development, the planning department and the council for the city of Saint Paul, and the board of the arts, and no plan or amendment of a plan may be effective without 90 days' notice to the planning department of the city of Saint Paul and the board of the arts and without a public hearing with opportunity for public testimony.

(j) The board and the commissioner of administration, jointly, shall prepare, prescribe, and from time to time revise standards and policies governing the repair, alteration, furnishing, appearance, and cleanliness of the public and ceremonial areas of the state capitol building. The board shall consult with and receive advice from the director of the Minnesota state historical society regard-

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ing the historic fidelity of plans for the capitol building. The standards and policies developed under this paragraph are binding upon the commissioner of administration. The provisions of sections 14.02, 14.04 to 14.36, 14.38, and 14.44 to 14.45 do not apply to this paragraph.

(k) The board in consultation with the commissioner of administration shall prepare and submit to the legislature and the governor no later than October 1 of each even-numbered year a report on the status of implementation of the comprehensive plan together with a program for capital improvements and site development, and the commissioner of administration shall provide the necessary cost estimates for the program. The board shall report any changes to the comprehensive plan adopted by the board to the committee on governmental operations and gambling of the house of representatives and the committee on governmental operations and reform of the senate and upon request shall provide testimony concerning the changes. The board shall also provide testimony to the legislature on proposals for memorials in the capitol area as to their compatibility with the standards, policies, and objectives of the comprehensive plan.

(l) The state shall, by the attorney general upon the recommendation of the board and within appropriations available for that purpose, acquire by gift, purchase, or eminent domain proceedings any real property situated in the area described in this section, and it may also acquire an interest less than a fee simple interest in the property, if it finds that the property is needed for future expansion or beautification of the area.

(m) The board is the successor of the state veterans service building commission, and as such may adopt rules and may reenact the rules adopted by its predecessor under Laws 1945, chapter 315, and amendments to it.

(n) The board shall meet at the call of the chair and at such other times as it may prescribe.

(o) The commissioner of administration shall assign quarters in the state veterans service building to (1) the department of veterans affairs, of which a part that the commissioner of administration and commissioner of veterans affairs may mutually determine must be on the first floor above the ground, and (2) the American Legion, Veterans of Foreign Wars, Disabled American Veterans, Military Order of the Purple Heart, United Spanish War Veterans, and Veterans of World War I, and their auxiliaries, incorporated, or when incorporated, under the laws of the state, and (3) as space becomes available, to other state departments and agencies as the commissioner may deem desirable.

Sec. 43. Minnesota Statutes 1994, section 15.91, subdivision 2, is amended to read:

Subd. 2. **PERFORMANCE REPORTS.** ~~(a) Each agency shall develop a performance report for the major programs that it provides or administers. The report shall include each of the following items or an explanation of why an item does not apply to the agency or its individual programs:~~

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(1) a statement of the mission, goals, and objectives of the agency including those set forth in statute;

(2) measures of the output and outcome of the program;

(3) identification of priority and other populations served by the programs under current law and how these populations are expected to change within the period of the report;

(4) plans for how outcome information can be used as an incentive for improving state programs and program outcomes;

(5) requests for statutory flexibility needed to reach outcome goals;

(6) proposals and cost estimates for collecting new outcome information; and

(7) other information that may be required to explain the past and projected performance of state programs.

The objectives required under clause (1): (i) must be simple declarative statements of intent; (ii) should carry benchmarks for accomplishment; and (iii) should be specific enough so citizens can measure progress year to year.

(b) Each agency shall issue a first annual report by September 1, 1994, and annual updated reports no later than September 1 of each year beginning in 1995. A report must cover a period of four years previous and two years in the future from the date that it is required to be issued, including previous forecasts versus actual measures.

(c) Each agency shall send a copy of each report issued to the governor; the speaker of the house of representatives; the president of the senate; the legislative commission on planning and fiscal policy; the legislative auditor; the commissioner of finance; and two copies to the legislative reference library.

(d) The legislative auditor shall review the drafts and give comments to agencies and the legislature before September 1, 1994, and shall review and give comments on annual reports on a rotating biennial schedule.

(e) State agency reports shall be compiled as required in this paragraph. The commissioner of finance, in consultation with the commissioner of administration, the legislative commission on planning and fiscal policy, and the finance committees and divisions of the house of representatives and senate, shall:

(1) develop forms and instructions and coordinate training for the use of the agencies in the preparation of their reports;

(2) work with individual agencies to determine acceptable measures of staff workload, unit costs, output, and outcome for use in reports; and

(3) request any needed additional information concerning any agency report submitted.

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Each agency shall include citizens, agency clients, consumer and advocacy groups, worker participation committees, managers, elected officials, and contractors in its planning. By November 1 of each even-numbered year, each agency shall issue a performance report that includes the following:

- (1) the agency's mission;
- (2) goals and objectives for each major program for which the agency will request funding in its next biennial budget;
- (3) identification of the populations served by the programs; and
- (4) workload, efficiency, output, and outcome measures for each program listed in the report, with data showing each programs' actual performance relative to these measures for the previous four fiscal years and the performance the agency projects it will achieve during the next two fiscal years with the level of funding it has requested.

If it would enhance an understanding of its mission, programs, and performance, the agency shall include in its report information that describes the broader economic, social, and physical environment in which the agency's programs are administered.

Each agency shall send a copy of its performance report to the speaker of the house, president of the senate, legislative auditor, and legislative reference library, and provide a copy to others upon request.

The commissioner of finance shall ensure that performance reports are complete, accurate, and reliable and compiled in such a way that they are useful to the public, legislators, and managers in state government. To maintain a computerized performance data system, the commissioner of finance may require agencies to provide performance data annually.

The legislative auditor shall review and comment on performance reports as provided for by section 3.971, subdivision 3.

Sec. 44. **[16A.101] SERVICE CONTRACTS.**

The state accounting system must list expenditures for professional and technical service contracts, as defined in section 16B.17, as a separate category. No other expenditures may be included in this category.

Sec. 45. Minnesota Statutes 1994, section 16A.11, is amended by adding a subdivision to read:

Subd. 3b. CONTRACTS. The detailed budget estimate must also include the following information on professional or technical services contracts:

- (1) the number and amount of contracts over \$40,000 for each agency for the past biennium;

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(2) the anticipated number and amount of contracts over \$40,000 for each agency for the upcoming biennium; and

(3) the total value of all contracts from the previous biennium, and the anticipated total value of all contracts for the upcoming biennium.

Sec. 46. Minnesota Statutes 1994, section 16A.127, subdivision 8, is amended to read:

Subd. 8. **EXEMPTIONS.** (a) No statewide or agency indirect cost liability shall be accrued to any program, appropriation, or account that is specifically exempted from the liability in federal or state law, or if the commissioner determines the funds to be held in trust, or to be a pass-through, workshop, or seminar account. Accounts receiving proceeds from bond issues; and ~~those accounts whose funds are determined by the commissioner to originate from the general fund;~~ accounts are also exempt from this section.

(b) Except for the costs of the legislative auditor to conduct financial audits of federal funds, this section does not apply to the community college board, state university board, or the state board of technical colleges. Receipts attributable to financial audits conducted by the legislative auditor of federal funds administered by these post-secondary education boards shall be deposited in the general fund.

Sec. 47. Minnesota Statutes 1994, section 16A.129, subdivision 3, is amended to read:

Subd. 3. **CASH ADVANCES.** When the operations of any nongeneral fund account would be impeded by projected cash deficiencies resulting from delays in the receipt of grants, dedicated income, or other similar receivables, and when the deficiencies would be corrected within the budget period involved, the commissioner of finance may ~~transfer use~~ general fund cash reserves into the accounts as necessary to meet cash demands. If funds are transferred from the general fund to meet cash flow needs, the cash flow transfers must be returned to the general fund as soon as sufficient cash balances are available in the account to which the transfer was made. Any interest earned on general fund cash flow transfers accrues to the general fund and not to the accounts or funds to which the transfer was made.

Sec. 48. Minnesota Statutes 1994, section 16A.28, subdivision 5, is amended to read:

Subd. 5. **PERMANENT IMPROVEMENTS.** An appropriation for permanent improvements, including the acquisition of real property does not lapse until the purposes of the appropriation are determined by the commissioner, after consultation with the affected agencies, to be accomplished or abandoned. This subdivision also applies to any part of an appropriation for a fiscal year that has been requisitioned to acquire real property or construct permanent improvements.

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Sec. 49. Minnesota Statutes 1994, section 16A.28, subdivision 6, is amended to read:

Subd. 6. ~~CANCELED SEPTEMBER 1 OCTOBER 15~~. On ~~September 1~~ October 15 all allotments and encumbrances for the last fiscal year shall be canceled unless an agency head certifies to the commissioner that there is an encumbrance for services rendered or goods ordered in the last fiscal year, or certifies that funding will be carried forward under subdivision 1. The commissioner may: reinstate the part of the cancellation needed to meet the certified encumbrance or charge the certified encumbrance against the current year's appropriation.

Sec. 50. Minnesota Statutes 1994, section 16A.40, is amended to read:

16A.40 WARRANTS.

Money must not be paid out of the state treasury except upon the warrant of the commissioner or an electronic fund transfer approved by the commissioner. Warrants must be drawn on printed blanks that are in numerical order. The commissioner shall enter, in numerical order in a warrant register, the number, amount, date, and payee for every warrant issued.

Sec. 51. Minnesota Statutes 1994, section 16A.57, is amended to read:

16A.57 APPROPRIATION, ALLOTMENT, AND WARRANT NEEDED.

Unless otherwise expressly provided by law, state money may not be spent or applied without an appropriation, an allotment, and issuance of a warrant or electronic fund transfer.

Sec. 52. Minnesota Statutes 1994, section 16B.06, is amended by adding a subdivision to read:

Subd. 7. **COMPLIANCE.** The commissioner must develop procedures to audit agency personnel to whom the commissioner has delegated contracting authority, in order to ensure compliance with laws and guidelines governing issuance of contracts, including laws and guidelines governing conflicts of interest.

Sec. 53. [16B.167] EMPLOYEE SKILLS INVENTORY.

The commissioners of employee relations and administration shall develop a list of skills that state agencies commonly seek from professional or technical service contracts, in consultation with exclusive representatives of state employees.

Before an agency may seek approval of a professional or technical services contract valued in excess of \$25,000, it must certify to the commissioner that it has publicized the contract by posting notice at appropriate worksites within agencies and has made reasonable efforts to determine that no state employee,

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including an employee outside the contracting agency, is able and available to perform the services called for by the contract. When possible this posting must be done electronically.

Sec. 54. Minnesota Statutes 1994, section 16B.17, is amended to read:

16B.17 CONSULTANTS AND PROFESSIONAL OR TECHNICAL SERVICES.

Subdivision 1. **TERMS.** For the purposes of this section, the following terms have the meanings given them:

(a) **CONSULTANT SERVICES.** "Consultant professional or technical services" means services ~~which that~~ are intellectual in character; ~~which that~~ do not involve the provision of supplies or materials; ~~which that~~ include consultation analysis, evaluation, prediction, planning, or recommendation; and ~~which that~~ result in the production of a report or the completion of a task.

(b) **PROFESSIONAL AND TECHNICAL SERVICES.** "Professional and technical services" means services which are predominantly intellectual in character; ~~which do not involve the provision of supplies or materials; and in which the final result is the completion of a task rather than analysis, evaluation, prediction, planning, or recommendation.~~

Subd. 2. **PROCEDURE FOR CONSULTANT AND PROFESSIONAL AND OR TECHNICAL SERVICES CONTRACTS.** Before approving a proposed state contract for ~~consultant services or professional and or~~ consultant services or professional and or technical services, the commissioner must determine, at least, that:

(1) all provisions of section 16B.19 and subdivision 3 of this section have been verified or complied with;

(2) the work to be performed under the contract is necessary to the agency's achievement of its statutory responsibilities, and there is statutory authority to enter into the contract;

(3) the contract will not establish an employment relationship between the state or the agency and any persons performing under the contract;

(4) no current state employees will engage in the performance of the contract;

(5) no state agency has previously performed or contracted for the performance of tasks which would be substantially duplicated under the proposed contract; ~~and~~

(6) the contracting agency has specified a satisfactory method of evaluating and using the results of the work to be performed; and

(7) the combined contract and amendments will not extend for more than five years.

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Subd. 3. **DUTIES OF CONTRACTING AGENCY.** Before an agency may seek approval of a ~~consultant or~~ professional ~~and or~~ technical services contract valued in excess of \$5,000, it must certify to the commissioner that:

(1) no current state employee is able and available to perform the services called for by the contract;

(2) the normal competitive bidding mechanisms will not provide for adequate performance of the services;

(3) ~~the services are not available as a product of a prior consultant or professional and technical services contract, and~~ the contractor has certified that the product of the services will be original in character;

(4) reasonable efforts were made to publicize the availability of the contract to the public;

(5) the agency has received, reviewed, and accepted a detailed work plan from the contractor for performance under the contract; ~~and~~

(6) the agency has developed, and fully intends to implement, a written plan providing for the assignment of specific agency personnel to a monitoring and liaison function; the periodic review of interim reports or other indications of past performance, and the ultimate utilization of the final product of the services; and

(7) the agency will not allow the contractor to begin work before funds are fully encumbered.

Subd. 3a. RENEWALS. The renewal of a professional or technical contract must comply with all requirements, including notice, applicable to the original contract. A renewal contract must be identified as such. All notices and reports on a renewal contract must state the date of the original contract and the amount paid previously under the contract.

Subd. 4. **REPORTS.** (a) The commissioner shall submit to the governor, the chairs of the house ways and means and senate finance committees, and the legislature legislative reference library a monthly listing of all contracts for ~~consultant services and for~~ professional ~~and or~~ technical services executed or disapproved in the preceding month. The report must identify the parties and the contract amount, duration, and tasks to be performed. The commissioner shall also issue quarterly reports summarizing the contract review activities of the department during the preceding quarter.

(b) The monthly and quarterly reports must:

(1) be sorted by agency and by contractor;

(2) show the aggregate value of contracts issued by each agency and issued to each contractor;

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(3) distinguish between contracts that are being issued for the first time and contracts that are being renewed;

(4) state the termination date of each contract; and

(5) categorize contracts according to subject matter, including topics such as contracts for training, contracts for research and opinions, and contracts for computer systems.

(c) Within 30 days of final completion of a contract over \$40,000 covered by this subdivision, the chief executive of the agency entering into the contract must submit a one-page report to the commissioner who must submit a copy to the legislative reference library. The report must:

(1) summarize the purpose of the contract, including why it was necessary to enter into a contract;

(2) state the amount spent on the contract; and

(3) explain why this amount was a cost-effective way to enable the agency to provide its services or products better or more efficiently.

Subd. 5. **CONTRACT TERMS.** (a) A consultant or technical and professional or technical services contract must by its terms permit the agency to unilaterally terminate the contract prior to completion, upon payment of just compensation, if the agency determines that further performance under the contract would not serve agency purposes. If the final product of the contract is to be a written report, no more than three copies of the report, one in camera ready form, shall be submitted to the agency. One of the copies a copy must be filed with the legislative reference library.

(b) The terms of a contract must provide that no more than 90 percent of the amount due under the contract may be paid until the final product has been reviewed by the chief executive of the agency entering into the contract, and the chief executive has certified that the contractor has satisfactorily fulfilled the terms of the contract.

Subd. 6. **EXCLUSIONS.** This section and section 16B.167 do not apply:

(1) to Minnesota state college or university contracts to provide instructional services to public or private organizations, agencies, businesses, or industries;

(2) to contracts with individuals or organizations for administration of employee pension plans authorized under chapter 354B or 354C; or

(3) to instructional services provided to Minnesota state colleges or universities by organizations or individuals provided the contracts are consistent with terms of applicable labor agreements.

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Sec. 55. [16B.175] PROFESSIONAL OR TECHNICAL SERVICE CONTRACT CONFLICT OF INTEREST GUIDELINES.

Subdivision 1. DEVELOPMENT; APPLICABILITY. The commissioner of administration must develop guidelines designed to prevent conflicts of interest for agency employees involved in professional or technical service contracts. The guidelines must apply to agency employees who are directly or indirectly involved in: developing requests for proposals; evaluating proposals; drafting and entering into professional or technical service contracts; evaluating performance under these contracts; and authorizing payments under the contract.

Subd. 2. CONTENT. (a) The guidelines must attempt to ensure that an employee involved in contracting:

(1) does not have any financial interest in and does not personally benefit from the contract;

(2) does not accept from a contractor or bidder any promise, obligation, contract for future reward, or gift; and

(3) does not appear to have a conflict of interest because of a family or close personal relationship to a contractor or bidder, or because of a past employment or business relationship with a contractor or bidder.

(b) The guidelines must contain a process for making employees aware of guidelines and laws relating to conflict of interest, and for training employees on how to avoid and deal with potential conflicts.

(c) The guidelines must contain a process under which an employee who has a conflict or a potential conflict may disclose the matter, and a process under which work on the contract may be assigned to another employee if possible.

Sec. 56. Minnesota Statutes 1994, section 16B.19, subdivision 2, is amended to read:

Subd. 2. ~~CONSULTANT, PROFESSIONAL AND OR TECHNICAL PROCUREMENTS.~~ Every state agency shall for each fiscal year designate for awarding to small businesses at least 25 percent of the value of anticipated procurements of that agency for ~~consultant services or professional and or~~ technical services. The set-aside under this subdivision is in addition to that provided by subdivision 1, but ~~shall~~ must otherwise comply with section 16B.17.

Sec. 57. Minnesota Statutes 1994, section 16B.19, subdivision 10, is amended to read:

Subd. 10. **APPLICABILITY.** This section does not apply to construction contracts or contracts for ~~consultant~~, professional, or technical services under section 16B.17 that are financed in whole or in part with federal funds and that are subject to federal disadvantaged business enterprise regulations.

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Sec. 58. Minnesota Statutes 1994, section 16B.42, subdivision 3, is amended to read:

Subd. 3. **OTHER DUTIES.** The intergovernmental informations systems advisory council shall (1) recommend to the commissioners of state departments, the legislative auditor, and the state auditor a method for the expeditious gathering and reporting of information and data between agencies and units of local government in accordance with cooperatively developed standards; (2) elect an executive committee, not to exceed seven members from its membership; (3) develop an annual plan, to include administration and evaluation of grants, in compliance with applicable rules; (4) provide technical information systems assistance or guidance to local governments for development, implementation, and modification of automated systems, including formation of consortiums for those systems; ~~and~~ (5) appoint committees and task forces, which may include persons other than council members, to assist the council in carrying out its duties; (6) select an executive director to serve the council and may employ other employees it deems necessary, all of whom are in the classified service of the state civil service; (7) may contract for professional and other similar services on terms it deems desirable; and (8) work with the information policy office to ensure that information systems developed by state agencies that impact local government will be reviewed by the council.

Sec. 59. [16B.485] INTERFUND LOANS.

The commissioner may, with the approval of the commissioner of finance, make loans from an internal service or enterprise fund to another internal service or enterprise fund, and the amount necessary is appropriated from the fund that makes the loan. The term of a loan made under this section must be not more than 24 months.

Sec. 60. Minnesota Statutes 1994, section 16B.88, subdivision 1, is amended to read:

Subdivision 1. **INFORMATION CENTER FOR VOLUNTEER PROGRAMS.** (a) The office ~~on~~ of citizenship and volunteer services is under the supervision and administration of an executive a director appointed by the commissioner and referred to in this section as "director." The office shall: (1) operate as a state information, technical assistance, and promotion center for volunteer programs and needed services that could be delivered by volunteer programs; and (2) promote and facilitate citizen participation in local governance and public problem solving.

(b) In furtherance of the mission in paragraph (a), clause (2), the office shall:

(1) engage in education and other activities designed to enhance the capacity of citizens to solve problems affecting their communities;

(2) promote and support efforts by citizens, community-based organizations, non-profits, churches, and local governments to collaborate in solving community problems;

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(3) encourage local governments to provide increased opportunities for citizen involvement in public decision making and public problem solving;

(4) refer innovative approaches to encourage greater public access to and involvement in state and local government decisions to appropriate state and local government officials;

(5) encourage units of state and local government to respond to citizen initiatives and ideas;

(6) promote processes for involving citizens in government decisions; and

(7) recognize and publicize models of effective public problem solving by citizens.

~~A person or public or private agency may request information on the availability of volunteer programs relating to specific services and may report to the director whenever a volunteer program is needed or desired.~~

Sec. 61. Minnesota Statutes 1994, section 16B.88, subdivision 2, is amended to read:

Subd. 2. **COOPERATION WITH OTHER GROUPS.** The director shall cooperate with national, state, and local ~~volunteer~~ groups in collecting information on federal, state, and private resources which may encourage and improve volunteer projects within the state. The office shall coordinate its research and other work on citizen engagement with the board of government innovation and cooperation, the Minnesota extension service, and Project Public Life, Humphrey Institute, University of Minnesota.

Sec. 62. Minnesota Statutes 1994, section 16B.88, subdivision 3, is amended to read:

Subd. 3. **MONEY.** The director may accept and disburse public or private funds and gifts made available for the promotion of ~~volunteer~~ the office's programs.

Sec. 63. Minnesota Statutes 1994, section 16B.88, subdivision 4, is amended to read:

Subd. 4. **RESEARCH AND INFORMATION.** The director shall ~~conduct research to:~~ (1) identify methods for increasing the capacity of citizens to influence decisions affecting their lives, identify methods citizens can use to solve problems in their communities, and promote innovative techniques for citizen and community-based organizations to collaborate in understanding and solving community problems; and (2) identify needs of volunteer programs and to assess community needs for volunteer services. The director may issue informational materials relating to volunteer programs in Minnesota and results of the director's research.

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Sec. 64. [43A.211] MINNESOTA QUALITY COLLEGE.

Subdivision 1. PURPOSE; GOALS. The Minnesota quality college is a program in the department of employee relations to provide information on continuous quality improvement training resources to state officials and employees in executive agencies. It is managed by the board established by subdivision 2. The purpose of the program is to help agencies, officials, and employees achieve the mission and goals of their governmental unit, improve government's responsiveness to citizens, increase workplace innovation at the employee level, increase productivity, improve public leadership and employee involvement, and build pride in public service. Its goals are to encourage cost savings and cost sharing among its clients, to help clients ensure that money for quality improvement training is wisely spent, and to develop and maintain a curriculum that provides a base for the continuous improvement of quality skills in Minnesota's public workforce. The curriculum must be based on a philosophy of quality that has these components: customer focus, continuous improvement, and employee empowerment and leadership. The board shall insure that state agencies and employees have access to and are provided with information on quality resources, encourage sharing and interagency cooperation, and provide high-quality and ongoing training on how to apply the philosophy of quality in public service.

Subd. 2. MANAGEMENT. The commissioner shall convene a board to manage the college. The board must consist of the commissioner; a commissioner from another agency appointed by the governor; a private citizen experienced in the application of the quality philosophy, appointed by the governor; a representative of the exclusive representatives of employees in the executive branch, selected by the exclusive representatives; and two representatives of management-level executive agency employees, selected by the commissioner. The board shall take action based on a consensus of its members present. The board shall identify training needs and potential resources to provide different levels of training depending on the requirements and stage of development of each customer. Levels of training may include basic quality training, special management training, refresher courses, coaching, organizational culture change, and applying quality tools. The board shall attempt to design a model curriculum, specific components and resources to achieve the curriculum, and specific programs within that curriculum to meet the expressed needs of customers.

Subd. 3. CUSTOMERS. The primary customers of the college are Minnesota state agencies, officials, and employees. The board may extend services to local governmental units, federal agencies, educational institutions, and non-profit organizations within Minnesota, but shall first ensure that the needs of their primary customers are adequately met. The curriculum must be organized to meet the needs of five separate groups of customers: elected officials, appointed officials, managers, quality professionals, and public employees.

Subd. 4. SUPPLIERS. The board may draw upon a range of training resources, including:

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(1) staff of the customer agency itself;

(2) other agencies, including courses offered by the department or the organizational analysis services of the management analysis division of the department of administration;

(3) Minnesota public and private higher education institutions;

(4) private consultants;

(5) professional organizations; and

(6) local governmental units and federal agencies.

Sec. 65. Minnesota Statutes 1994, section 43A.27, subdivision 2, is amended to read:

Subd. 2. **ELECTIVE ELIGIBILITY.** The following persons, if not otherwise covered by section 43A.24, may elect coverage for themselves or their dependents at their own expense:

(a) a state employee, including persons on layoff from a civil service position as provided in collective bargaining agreements or a plan established pursuant to section 43A.18;

(b) an employee of the board of regents of the University of Minnesota, including persons on layoff, as provided in collective bargaining agreements or by the board of regents;

(c) an officer or employee of the state agricultural society, state horticultural society, Sibley house association, Minnesota humanities commission, Minnesota area industry labor management councils, Minnesota international center, Minnesota academy of science, science museum of Minnesota, Minnesota safety council, state office of disabled American veterans, state office of the American Legion and its auxiliary, state office of veterans of foreign wars and its auxiliary, or state office of the Military Order of the Purple Heart;

(d) a civilian employee of the adjutant general who is paid from federal funds and who is not eligible for benefits from any federal civilian employee group life insurance or health benefits program; and

(e) an officer or employee of the state capitol credit union or the highway credit union.

Sec. 66. Minnesota Statutes 1994, section 43A.27, subdivision 3, is amended to read:

Subd. 3. **RETIRED EMPLOYEES.** A retired employee of the state who receives an annuity under a state retirement program or a retired employee of the state who is at least 50 years of age and has at least 15 years of state service may elect to purchase at personal expense individual and dependent hospital,

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medical, and dental coverages that are actuarially equivalent to those made available through collective bargaining agreements or plans established pursuant to section 43A.18 to employees in positions equivalent to that from which retired. A spouse of a deceased retired employee who received an annuity under a state retirement program may purchase the coverage listed in this subdivision if the spouse was a dependent under the retired employee's coverage at the time of the employee's death. Coverages must be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program. Until the retired employee reaches age 65, the retired employee and dependents must be pooled in the same group as active employees for purposes of establishing premiums and coverage for hospital, medical, and dental insurance. Coverage for retired employees and their dependents may not discriminate on the basis of evidence of insurability or preexisting conditions unless identical conditions are imposed on active employees in the group that the employee left. Appointing authorities shall provide notice to employees no later than the effective date of their retirement of the right to exercise the option provided in this subdivision. The retired employee must notify the commissioner or designee of the commissioner within 30 days after the effective date of the retirement of intent to exercise this option.

Sec. 67. Minnesota Statutes 1994, section 115C.02, is amended by adding a subdivision to read:

Subd. 6a. FUND. "Fund" means the petroleum tank release cleanup fund.

Sec. 68. Minnesota Statutes 1994, section 115C.08, subdivision 1, is amended to read:

Subdivision 1. **REVENUE SOURCES.** Revenue from the following sources must be deposited in the state treasury and credited to a petroleum tank release cleanup ~~account in the environmental~~ fund:

- (1) the proceeds of the fee imposed by subdivision 3;
- (2) money recovered by the state under sections 115C.04, 115C.05, and 116.491, including administrative expenses, civil penalties, and money paid under an agreement, stipulation, or settlement;
- (3) interest attributable to investment of money in the ~~account~~ fund;
- (4) money received by the board and agency in the form of gifts, grants other than federal grants, reimbursements, or appropriations from any source intended to be used for the purposes of the ~~account~~ fund;
- (5) fees charged for the operation of the tank installer certification program established under section 116.491; and
- (6) money obtained from the return of reimbursements, civil penalties, or other board action under this chapter.

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Sec. 69. Minnesota Statutes 1994, section 115C.08, subdivision 2, is amended to read:

Subd. 2. **IMPOSITION OF FEE.** The board shall notify the commissioner of revenue if the unencumbered balance of the ~~account~~ fund falls below \$4,000,000, and within 60 days after receiving notice from the board, the commissioner of revenue shall impose the fee established in subdivision 3 on the use of a tank for four calendar months, with payment to be submitted with each monthly distributor tax return.

Sec. 70. Minnesota Statutes 1994, section 115C.08, subdivision 4, is amended to read:

Subd. 4. **EXPENDITURES.** (a) Money in the ~~account~~ fund may only be spent:

(1) to administer the petroleum tank release cleanup program established in this chapter;

(2) for agency administrative costs under sections 116.46 to 116.50, sections 115C.03 to 115C.06, and costs of corrective action taken by the agency under section 115C.03, including investigations;

(3) for costs of recovering expenses of corrective actions under section 115C.04;

(4) for training, certification, and rulemaking under sections 116.46 to 116.50;

(5) for agency administrative costs of enforcing rules governing the construction, installation, operation, and closure of aboveground and underground petroleum storage tanks;

(6) for reimbursement of the harmful substance compensation account under subdivision 5 and section 115B.26, subdivision 4; and

(7) for administrative and staff costs as set by the board to administer the petroleum tank release program established in this chapter.

(b) Money in the ~~account~~ fund is appropriated to the board to make reimbursements or payments under this section.

Sec. 71. Minnesota Statutes 1994, section 116G.15, is amended to read:

116G.15 MISSISSIPPI RIVER CRITICAL AREA.

(a) The federal Mississippi National River and Recreation Area established pursuant to United States Code, title 16, section 460zz-2(k), is designated an area of critical concern in accordance with this chapter. The governor shall review the existing Mississippi river critical area plan and specify any additional standards and guidelines to affected communities in accordance with section

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116G.06, subdivision 2, paragraph (b), clauses (3) and (4), needed to insure preservation of the area pending the completion of the federal plan.

The results of an environmental impact statement prepared under chapter 116D begun before and completed after July 1, 1994, for a proposed project that is located in the Mississippi river critical area north of the United States Army Corps of Engineers Lock and Dam Number One must be submitted in a report to the chairs of the environment and natural resources policy and finance committees of the house of representatives and the senate prior to the issuance of any state or local permits and the authorization for an issuance of any bonds for the project. A report made under this paragraph shall be submitted by the responsible governmental unit that prepared the environmental impact statement, and must list alternatives to the project that are determined by the environmental impact statement to be economically less expensive and environmentally superior to the proposed project and identify any legislative actions that may assist in the implementation of environmentally superior alternatives. This paragraph does not apply to a proposed project to be carried out by the metropolitan council or a metropolitan agency as defined in section 473.121.

(b) If the results of an environmental impact statement required to be submitted by paragraph (a) indicate that there is an economically less expensive and environmentally superior alternative, then no member agency of the environmental quality board shall issue a permit for the facility that is the subject of the environmental impact statement, other than an economically less expensive and environmentally superior alternative, nor shall any government bonds be issued for the facility, other than an economically less expensive and environmentally superior alternative, until after the legislature has adjourned its regular session sine die in 1996.

Sec. 72. Minnesota Statutes 1994, section 197.05, is amended to read:

197.05 FUND, HOW EXPENDED.

The state soldiers' assistance fund shall be administered by the commissioner of veterans affairs and shall be used to locate and investigate the facts as to any citizen of Minnesota or resident alien residing in Minnesota who served in the military or naval forces of the United States and who is indigent or suffering from any disability whether acquired in the service or not; to assist the person and the person's dependents as hereinafter provided in establishing and proving any just claim the person may have against the United States government, or any other government or state for compensation, insurance, relief, or other benefits; to provide emergency hospitalization, treatment, maintenance, and relief for any person suffering from disability who was a bona fide resident of the state at the time the need arose and the person's dependents, as hereinafter provided; and to cooperate with other state, municipal, and county officials and civic or civilian agencies or organizations in carrying out the provisions of sections 197.01 to 197.07. The commissioner shall limit financial assistance to

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veterans and dependents to six months, unless recipients have been certified as ineligible for other benefit programs.

The fund is appropriated to be used in the manner determined by the commissioner of veterans affairs for these purposes.

Sec. 73. Minnesota Statutes 1994, section 240.155, subdivision 1, is amended to read:

Subdivision 1. **REIMBURSEMENT ACCOUNT CREDIT.** Money received by the commission as reimbursement for the costs of services provided by assistant veterinarians ~~and~~ stewards, and medical testing of horses must be deposited in the state treasury and credited to a racing ~~commission~~ reimbursement account, except as provided under subdivision 2. Receipts are appropriated to the commission to pay the costs of providing the services.

Sec. 74. Minnesota Statutes 1994, section 240.24, subdivision 3, is amended to read:

Subd. 3. **FEES.** The commission shall establish by rule a fee or schedule of fees to recover the costs of medical testing of horses running at racetracks licensed by the commission. Fees charged for the testing of horses shall cover the cost of the medical testing laboratory. Fee receipts shall be deposited in the state treasury and credited to the ~~general fund~~ racing reimbursement account.

Sec. 75. Minnesota Statutes 1994, section 240A.08, is amended to read:

240A.08 APPROPRIATION.

\$750,000 is appropriated annually from the general fund to the Minnesota amateur sports commission for the purpose of entering into long-term leases, use, or other agreements with the metropolitan sports facilities commission for the conduct of amateur sports activities at the basketball and hockey arena, consistent with the purposes set forth in this chapter, including (1) stimulating and promoting amateur sports, (2) promoting physical fitness by promoting participation in sports, (3) promoting the development of recreational amateur sport opportunities and activities, and (4) promoting local, regional, national, and international amateur sport competitions and events. The metropolitan sports facilities commission may allocate 50 dates a year for the conduct of amateur sports activities at the basketball and hockey arena by the amateur sports commission. At least 12 of the dates must be on a Friday, Saturday, or Sunday. If any amateur sports activities conducted by the amateur sports commission at the basketball and hockey arena are restricted to participants of one gender, an equal number of activities on comparable days of the week must be conducted for participants of the other gender, but not necessarily in the same year. The legislature reserves the right to repeal or amend this appropriation, and does not intend this appropriation to create public debt.

The books, records, documents, accounting procedures, and practices of the

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metropolitan sports facilities commission, the Minneapolis community development agency, and any corporation with which the Minnesota amateur sports commission may contract for use of the basketball and hockey arena are available for review by the Minnesota amateur sports commission, the legislative auditor, and the chairs of the state government finance divisions of the senate and the house of representatives, subject to chapter 13 and section 473.598, subdivision 4.

Sec. 76. Minnesota Statutes 1994, section 240A.09, is amended to read:

240A.09 PLAN DEVELOPMENT; CRITERIA.

The Minnesota amateur sports commission shall develop a plan to promote the development of proposals for new statewide public ice facilities including proposals for ice centers and matching grants based on the criteria in this section.

(a) For ice center proposals, the commission will give priority to proposals that come from more than one local government unit and that, in the metropolitan area as defined in section 473.121, subdivision 2, involve construction of ~~more than three~~ at least two ice sheets in a single facility.

(b) The ~~Minnesota amateur sports~~ commission shall administer a site selection process for the ice centers. The commission shall invite proposals from cities or counties or consortia of cities. A proposal for an ice center must include matching contributions including in-kind contributions of land, access roadways and access roadway improvements, and necessary utility services, landscaping, and parking.

(c) Proposals for ice centers and matching grants must provide for meeting the demand for ice time for female groups by offering up to 50 percent of prime ice time, as needed, to female groups. For purposes of this section, prime ice time means the hours of 4:00 p.m. to 10:00 p.m. Monday to Friday and 9:00 a.m. to 8:00 p.m. on Saturdays and Sundays.

(d) The location for all proposed facilities must be in areas of maximum demonstrated interest and must maximize accessibility to an arterial highway.

(e) To the extent possible, all proposed facilities must be dispersed equitably ~~and~~ must be located to maximize potential for full utilization and profitable operation, and must accommodate noncompetitive family and community skating for all ages.

(f) The ~~Minnesota amateur sports~~ commission may also use the funds to upgrade current facilities, purchase girls' ice time, or conduct amateur women's hockey and other ice sport tournaments.

(g) To the extent possible, 50 percent of all grants must be awarded to communities in greater Minnesota.

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(h) To the extent possible, technical assistance shall be provided to Minnesota communities by the commission on ice arena planning, design, and operation, including the marketing of ice time.

(i) The commission may use funds for rehabilitation and renovation grants. Priority must be given to grant applications for indoor air quality improvements, including zero emission ice resurfacing equipment.

(j) At least ten percent of the grant funds must be used for ice centers designed for sports other than hockey.

Sec. 77. Minnesota Statutes 1994, section 240A.10, is amended to read:

240A.10 AGREEMENTS.

Subdivision 1. ICE ARENA FACILITIES. The Minnesota amateur sports commission may enter into agreements with local units of government and provide financial assistance in the form of grants for the construction of ice arena facilities that in the determination of the commission, conform to its criteria.

Subd. 2. EQUIPMENT; REVOLVING FUND. The commission may enter into cooperative purchasing agreements under section 471.59 with local governments to purchase ice arena equipment and services through state contracts. The cooperative ice arena equipment purchasing revolving fund is a separate account in the state treasury. The commission may charge a fee to cover the commission's administrative expenses to government units that have joint or cooperative purchasing agreements with the state under section 471.59. The fees collected must be deposited in the revolving fund established by this subdivision. Money in the fund is appropriated to the commission to administer the programs and services covered by this subdivision.

Sec. 78. Minnesota Statutes 1994, section 349.151, subdivision 4b, is amended to read:

Subd. 4b. PULL-TAB SALES FROM DISPENSING DEVICES. (a) The board may by rule authorize but not require the use of pull-tab dispensing devices.

(b) Rules adopted under paragraph (a):

(1) must limit the number of pull-tab dispensing devices on any permitted premises to three;

(2) must limit the use of pull-tab dispensing devices to a permitted premises which is (i) a licensed premises for on-sales of intoxicating liquor or 3.2 percent malt beverages or (ii) a licensed bingo hall that allows gambling only by persons 18 years or older; and

(3) must prohibit the use of pull-tab dispensing devices at any licensed premises where pull-tabs are sold other than through a pull-tab dispensing

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device by an employee of the organization who is also the lessor or an employee of the lessor.

(c) The director may charge a manufacturer a fee of up to \$5,000 per pull-tab dispensing device to cover the costs of services provided by an independent testing laboratory to perform testing and analysis of pull-tab dispensing devices. The director shall deposit in a separate account in the state treasury all money the director receives as reimbursement for the costs of services provided by independent testing laboratories that have entered into contracts with the state to perform testing and analysis of pull-tab dispensing devices. Money in the account is appropriated to the director to pay the costs of services under those contracts.

Sec. 79. Minnesota Statutes 1994, section 349A.02, subdivision 1, is amended to read:

Subdivision 1. **DIRECTOR.** A state lottery is established under the supervision and control of the director of the state lottery appointed by the governor with the advice and consent of the senate. ~~The governor shall appoint the director from a list of at least three persons recommended to the governor by the board.~~ The director must be qualified by experience and training in the operation of a lottery to supervise the lottery. The director serves in the unclassified service. The annual salary rate authorized for the director is equal to 80 percent of the salary rate prescribed for the governor as of the effective date of Laws 1993, chapter 146.

Sec. 80. Minnesota Statutes 1994, section 349A.03, is amended by adding a subdivision to read:

Subd. 4. BOARD ABOLISHED. The board is abolished on July 1, 1995. The terms of all members of the board serving on that date expire on that date.

Sec. 81. Minnesota Statutes 1994, section 349A.04, is amended to read:

349A.04 LOTTERY GAME PROCEDURES.

The director may adopt game procedures governing the following elements of the lottery:

- (1) lottery games;
- (2) ticket prices;
- (3) number and size of prizes;
- (4) methods of selecting winning tickets; and
- (5) frequency and method of drawings.

The adoption of lottery game procedures is not subject to chapter 14. ~~Before adopting a lottery game procedure, the director shall submit the procedure to the board for its review and comment.~~

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 82. Minnesota Statutes 1994, section 349A.05, is amended to read:

349A.05 RULES.

The director may adopt rules, including emergency rules, under chapter 14 governing the following elements of the lottery:

- (1) the number and types of lottery retailers' locations;
- (2) qualifications of lottery retailers and application procedures for lottery retailer contracts;
- (3) investigation of lottery retailer applicants;
- (4) appeal procedures for denial, suspension, or cancellation of lottery retailer contracts;
- (5) compensation of lottery retailers;
- (6) accounting for and deposit of lottery revenues by lottery retailers;
- (7) procedures for issuing lottery procurement contracts and for the investigation of bidders on those contracts;
- (8) payment of prizes;
- (9) procedures needed to ensure the integrity and security of the lottery; and
- (10) other rules the director considers necessary for the efficient operation and administration of the lottery.

~~Before adopting a rule the director shall submit the rule to the board for its review and comment.~~

Sec. 83. Minnesota Statutes 1994, section 349A.06, subdivision 2, is amended to read:

Subd. 2. **QUALIFICATIONS.** (a) The director may not contract with a retailer who:

- (1) is under the age of 18;
- (2) is in business solely as a seller of lottery tickets;
- (3) owes \$500 or more in delinquent taxes as defined in section 270.72;
- (4) has been convicted within the previous five years of a felony or gross misdemeanor, any crime involving fraud or misrepresentation, or a gambling-related offense;
- (5) is a member of the immediate family, residing in the same household, as the director, ~~board member~~, or any employee of the lottery;

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(6) in the director's judgment does not have the financial stability or responsibility to act as a lottery retailer, or whose contracting as a lottery retailer would adversely affect the public health, welfare, and safety, or endanger the security and integrity of the lottery; or

(7) is a currency exchange, as defined in section 53A.01.

A contract entered into before August 1, 1990, which violates clause (7) may continue in effect until its expiration but may not be renewed.

(b) An organization, firm, partnership, or corporation that has a stockholder who owns more than five percent of the business or the stock of the corporation, an officer, or director, that does not meet the requirements of paragraph (a), clause (4), is not eligible to be a lottery retailer under this section.

(c) The restrictions under paragraph (a), clause (4), do not apply to an organization, partnership, or corporation if the director determines that the organization, partnership, or firm has terminated its relationship with the individual whose actions directly contributed to the disqualification under this subdivision.

Sec. 84. Minnesota Statutes 1994, section 349A.08, subdivision 5, is amended to read:

Subd. 5. **PAYMENT; UNCLAIMED PRIZES.** A prize in the state lottery must be claimed by the winner within one year of the date of the drawing at which the prize was awarded or the last day sales were authorized for a game where a prize was determined in a manner other than by means of a drawing. If a valid claim is not made for a prize payable directly by the lottery by the end of this period, ~~the unclaimed prize money must be added by the director to prize pools of subsequent lottery games~~ the prize money is considered unclaimed and the winner of the prize shall have no further claim to the prize. A prize won by a person who purchased the winning ticket in violation of section 349A.12, subdivision 1, or won by a person ineligible to be awarded a prize under subdivision 7 must be treated as an unclaimed prize under this section. The director shall transfer 70 percent of all unclaimed prize money at the end of each fiscal year from the lottery cash flow account as follows: of the 70 percent, 40 percent must be transferred to the Minnesota environment and natural resources trust fund and 60 percent must be transferred to the general fund. The remaining 30 percent of the unclaimed prize money must be added by the director to prize pools of subsequent lottery games.

Sec. 85. Minnesota Statutes 1994, section 349A.08, subdivision 7, is amended to read:

Subd. 7. **PAYMENTS PROHIBITED.** (a) No prize may be paid to a ~~member of the board~~, the director or an employee of the lottery, or a member of their families residing in the same household of the member, director, or employee. No prize may be paid to an officer or employee of a vendor which at the time the game or drawing was being conducted was involved with providing goods or services to the lottery under a lottery procurement contract.

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(b) No prize may be paid for a stolen, altered, or fraudulent ticket.

Sec. 86. Minnesota Statutes 1994, section 349A.10, is amended by adding a subdivision to read:

Subd. 7. TRANSFER OF CASH BALANCES. (a) A lottery cash flow account is created in the special revenue fund in the state treasury. At the end of each week the director shall deposit in the lottery cash flow account from the lottery fund and the lottery prize fund all amounts that the director determines are not required for immediate use in the lottery fund or the lottery prize fund. The commissioner of finance shall credit to the lottery cash flow account interest on all money deposited in the lottery cash flow account under this subdivision.

(b) The director shall notify the commissioner of finance whenever the director determines that money transferred under paragraph (a) is required for the immediate use of the lottery fund or the lottery prize fund. Upon receiving the notification the commissioner shall transfer the amount identified in the notification. Amounts necessary to make immediate payment for expenses or prizes from the lottery fund or the prize fund are appropriated from the lottery cash flow account to the director.

(c) The director shall notify the commissioner of finance 30 days after each month as to the amount of the net proceeds that must be transferred under subdivision 5, and the director shall notify the commissioner of finance 20 days after each month as to the amount that must be transferred under section 297A.259, and as necessary the director shall notify the commissioner of other amounts required by law to be transferred.

Sec. 87. Minnesota Statutes 1994, section 349A.11, is amended to read:

349A.11 CONFLICT OF INTEREST.

(a) The director, a ~~board member~~, an employee of the lottery, a member of the immediate family of the director, ~~board member~~, or employee residing in the same household may not:

- (1) purchase a lottery ticket;
- (2) have any personal pecuniary interest in any vendor holding a lottery procurement contract, or in any lottery retailer; or
- (3) receive any gift, gratuity, or other thing of value, excluding food or beverage, from any lottery vendor or lottery retailer, or person applying to be a retailer or vendor, in excess of \$100 in any calendar year.

(b) A violation of paragraph (a), clause (1), is a misdemeanor. A violation of paragraph (a), clause (2), is a gross misdemeanor. A violation of paragraph (a), clause (3), is a misdemeanor unless the gift, gratuity, or other item of value received has a value in excess of \$500, in which case a violation is a gross misdemeanor.

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(c) The director or an unclassified employee of the lottery may not, within one year of terminating employment with the lottery, accept employment with, act as an agent or attorney for, or otherwise represent any person, corporation, or entity that had any lottery procurement contract or bid for a lottery procurement contract with the lottery within a period of two years prior to the termination of their employment. A violation of this paragraph is a misdemeanor.

Sec. 88. Minnesota Statutes 1994, section 349A.12, subdivision 4, is amended to read:

Subd. 4. **LOTTERY RETAILERS AND VENDORS.** A person who is a lottery retailer, or is applying to be a lottery retailer, a person applying for a contract with the director, or a person under contract with the director to supply goods or services to lottery may not pay, give, or make any economic opportunity, gift, loan, gratuity, special discount, favor, hospitality, or service, excluding food or beverage, having an aggregate value of over \$100 in any calendar year to the director, ~~board member,~~ employee of the lottery, or to a member of the immediate family residing in the same household as that person.

Sec. 89. Minnesota Statutes 1994, section 352.15, subdivision 3, is amended to read:

Subd. 3. **DEDUCTING HEALTH INSURANCE PREMIUMS.** The board may direct, at its discretion, the deduction of a retiree's health or dental insurance premiums and transfer of the amounts to a health or dental insurance carrier covering state employees. The insurance carrier must certify that the retired employee has signed an authorization for the deduction and provide a computer readable roster of covered retirees and amounts. The health or dental insurance carrier must refund deductions withheld from a retiree's check in error directly to the retiree. The board shall require the insurance carrier to reimburse the fund for the administrative expense of withholding the premium amounts. The insurance carrier shall assume liability for any failure of the system to properly withhold the premium amounts.

Sec. 90. Minnesota Statutes 1994, section 462.358, subdivision 2b, is amended to read:

Subd. 2b. **DEDICATION.** The regulations may require that a reasonable portion of any proposed subdivision be dedicated to the public or preserved for public use as streets, roads, sewers, electric, gas, and water facilities, storm water drainage and holding areas or ponds and similar utilities and improvements.

In addition, the regulations may require that a reasonable portion of any proposed subdivision be dedicated to the public or preserved for conservation purposes or for public use as parks, recreational facilities as defined and outlined in section 471.191, playgrounds, trails, wetlands, or open space; provided that (a) the municipality may choose to accept an equivalent amount in cash from the applicant for part or all of the portion required to be dedicated to such public uses or purposes based on the fair market value of the land no later than at

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the time of final approval, (b) any cash payments received shall be placed in a special fund by the municipality used only for the purposes for which the money was obtained, (c) in establishing the reasonable portion to be dedicated, the regulations may consider the open space, park, recreational, or common areas and facilities which the applicant proposes to reserve for the subdivision, and (d) the municipality reasonably determines that it will need to acquire that portion of land for the purposes stated in this paragraph as a result of approval of the subdivision.

Sec. 91. Laws 1991, chapter 235, article 5, section 3, is amended to read:

Sec. 3. **REPEALER.**

Section 1, subdivision 2, is repealed effective July 1, ~~1995~~ 1999.

Sec. 92. **VOLUNTARY UNPAID LEAVE OF ABSENCE.**

Appointing authorities in state government shall encourage each employee to take an unpaid leave of absence for up to 160 hours during the period ending June 30, 1997. Each appointing authority approving such a leave shall allow the employee to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and accrue service credit in state retirement plans permitting service credits for authorized leaves of absence as if the employee had actually been employed during the time of the leave. If the leave of absence is for one full pay period or longer, any holiday pay shall be included in the first payroll warrant after return from the leave of absence. The appointing authority shall attempt to grant requests for unpaid leaves of absence consistent with the need to continue efficient operation of the agency. However, each appointing authority shall retain discretion to grant or refuse to grant requests for leaves of absence and to schedule and cancel leaves, subject to applicable provisions of collective bargaining agreements and compensation plans. Any cost savings resulting from this section cancel to the fund from which the money was saved. It is anticipated that this section will result in savings to the general fund of \$400,000 in each year of the biennium ending June 30, 1997.

Sec. 93. **SPENDING LIMITATION ON CONTRACTS.**

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

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designated official must limit or disapprove proposed contracts as necessary to comply with this section.

(b) During the biennium ending June 30, 1997, the amount spent by (1) the house of representatives; (2) the senate; and (3) the legislative coordinating commission and all groups under its jurisdiction, from direct-appropriated funds on professional or technical service contracts may not exceed 95 percent of the amount spent on these contracts from direct-appropriated funds during the biennium from July 1, 1993, to June 30, 1995. Each entity listed in clauses (1), (2), and (3) of this paragraph must be treated separately for purposes of determining compliance with this paragraph, except that the legislative coordinating commission and all groups under its jurisdiction must be treated as one unit. For purposes of this paragraph, "professional or technical service contract" has the meaning defined in section 16B.17, but does not include contracts for actuarial services entered into by the legislative commission on pensions and retirement, or contracts with other legislative or state executive agencies. The house of representatives committee on rules and legislative administration, the senate committee on rules and administration, and the legislative coordinating commission must each determine the amount of the reduction to be made under this paragraph.

Sec. 94. AGENCY EXAMINATION.

During the interim between the 1995 and 1996 regular sessions, the state government finance divisions of the senate and house of representatives shall conduct a thorough review of the operation and financing of the following state agencies: the departments of administration, finance, revenue, and human rights, the board of the arts, and the Minnesota amateur sports commission. The agencies shall make their books, records, documents, accounting procedures, and practices available for examination by the divisions and division staff. Agency personnel shall assist the divisions and division staff to develop a better understanding of how the agencies operate.

Sec. 95. HEARINGS.

The senate and house of representatives shall give full hearings during the 1996 regular session to issues related to the project in section 71.

Sec. 96. REVISOR INSTRUCTION.

The revisor of statutes shall change the term "account," where it refers to the petroleum tank release cleanup account, to "fund" in the following sections of Minnesota Statutes: 115B.26, 115C.03, 115C.08, 115C.09, 115C.10, 115C.11, 115E.11, and 135A.045, and in the headnote of section 115C.08.

Sec. 97. REPEALER.

(a) Section 64 (43A.211) is repealed July 1, 1999.

(b) Minnesota Statutes 1994, section 115C.02, subdivision 1a, is repealed.

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(c) Minnesota Statutes 1994, sections 349A.01, subdivision 2, and 349A.02, subdivision 8, are repealed.

Sec. 98. EFFECTIVE DATES.

Subdivision 1. REVISOR. Section 38 is effective July 1, 1997.

Subd. 2. 1995 APPROPRIATIONS. Section 34 is effective the day following final enactment.

Subd. 3. AMATEUR SPORTS COMMISSION. Sections 76, 77, and 90 are effective the day following final enactment.

Subd. 4. RETIRED EMPLOYEES. Section 66 applies to people who retire on or after the effective date of that section.

Subd. 5. PULL-TAB. Section 78 is effective the day following final enactment.

Subd. 6. UNCLAIMED PRIZES. Section 84 is effective the day following final enactment and applies to unclaimed prize money not then committed to a prize pool.

ARTICLE 2

BUILDING CODE

Section 1. Minnesota Statutes 1994, section 16B.59, is amended to read:

16B.59 STATE BUILDING CODE; POLICY AND PURPOSE.

The state building code governs the construction, reconstruction, alteration, and repair of ~~state-owned~~ buildings and other structures to which the code is applicable. The commissioner shall administer and amend a state code of building construction which will provide basic and uniform performance standards, establish reasonable safeguards for health, safety, welfare, comfort, and security of the residents of this state and provide for the use of modern methods, devices, materials, and techniques which will in part tend to lower construction costs. The construction of buildings should be permitted at the least possible cost consistent with recognized standards of health and safety.

Sec. 2. Minnesota Statutes 1994, section 16B.60, subdivision 1, is amended to read:

Subdivision 1. **SCOPE.** For the purposes of sections 16B.59 to ~~16B.73~~ 16B.75, the terms defined in this section have the meanings given them.

Sec. 3. Minnesota Statutes 1994, section 16B.60, subdivision 4, is amended to read:

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Subd. 4. **CODE.** "Code" means the state building code adopted by the commissioner in accordance with sections 16B.59 to ~~16B.73~~ 16B.75.

Sec. 4. Minnesota Statutes 1994, section 16B.61, subdivision 1, is amended to read:

Subdivision 1. **ADOPTION OF CODE.** Subject to sections 16B.59 to ~~16B.73~~ 16B.75, the commissioner shall by rule establish a code of standards for the construction, reconstruction, alteration, and repair of ~~state-owned~~ buildings, governing matters of structural materials, design and construction, fire protection, health, sanitation, and safety. The code must conform insofar as practicable to model building codes generally accepted and in use throughout the United States. In the preparation of the code, consideration must be given to the existing statewide specialty codes presently in use in the state. Model codes with necessary modifications and statewide specialty codes may be adopted by reference. The code must be based on the application of scientific principles, approved tests, and professional judgment. To the extent possible, the code must be adopted in terms of desired results instead of the means of achieving those results, avoiding wherever possible the incorporation of specifications of particular methods or materials. To that end the code must encourage the use of new methods and new materials. Except as otherwise provided in sections 16B.59 to ~~16B.73~~ 16B.75, the commissioner shall administer and enforce the provisions of those sections.

Sec. 5. Minnesota Statutes 1994, section 16B.61, subdivision 2, is amended to read:

Subd. 2. **ENFORCEMENT BY CERTAIN BODIES.** Under the direction and supervision of the commissioner, the provisions of the code relating to electrical installations shall be enforced by the state board of electricity, pursuant to the Minnesota electrical act, the provisions relating to plumbing shall be enforced by the commissioner of health, the provisions relating to ~~fire protection~~ the Minnesota uniform fire code shall be enforced by the state fire marshal, the provisions relating to high pressure steam piping and appurtenances ~~and elevators~~ shall be enforced by the department of labor and industry; ~~and the code as applied to public school buildings shall be enforced by the state board of education.~~ Fees for inspections conducted by the state board of electricity shall be paid in accordance with the rules of the state board of electricity.

Sec. 6. Minnesota Statutes 1994, section 16B.61, subdivision 5, is amended to read:

Subd. 5. **ACCESSIBILITY.** (a) **PUBLIC BUILDINGS.** The code must provide for making public buildings constructed or remodeled after July 1, 1963, accessible to and usable by physically handicapped persons, although this does not require the remodeling of public buildings solely to provide accessibility and usability to the physically handicapped when remodeling would not otherwise be undertaken.

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(b) **LEASED SPACE.** No agency of the state may lease space for agency operations in a non-state-owned building unless the building satisfies the requirements of the state building code for accessibility by the physically handicapped, or is eligible to display the state symbol of accessibility. This limitation applies to leases of 30 days or more for space of at least 1,000 square feet.

(c) **MEETINGS OR CONFERENCES.** Meetings or conferences for the public or for state employees which are sponsored in whole or in part by a state agency must be held in buildings that meet the state building code requirements relating to accessibility for physically handicapped persons. This subdivision does not apply to any classes, seminars, or training programs offered by a state university, the University of Minnesota, or a state community college. Meetings or conferences intended for specific individuals none of whom need the accessibility features for handicapped persons specified in the state building code need not comply with this subdivision unless a handicapped person gives reasonable advance notice of an intent to attend the meeting or conference. When sign language interpreters will be provided, meetings or conference sites must be chosen which allow hearing impaired participants to see their signing clearly.

(d) **EXEMPTIONS.** The commissioner may grant an exemption from the requirements of paragraphs (b) and (c) in advance if an agency has demonstrated that reasonable efforts were made to secure facilities which complied with those requirements and if the selected facilities are the best available for access for handicapped persons. Exemptions shall be granted using criteria developed by the commissioner in consultation with the council on disability.

(e) **SYMBOL INDICATING ACCESS.** The wheelchair symbol adopted by Rehabilitation International's Eleventh World Congress is the state symbol indicating buildings, facilities, and grounds which are accessible to and usable by handicapped persons. In the interests of uniformity, this symbol ~~in its white or blue format~~ is the sole symbol for display in or on all public or private buildings, facilities, and grounds which qualify for its use. The secretary of state shall obtain the symbol and keep it on file. No building, facility, or grounds may display the symbol unless it is in compliance with the rules adopted by the commissioner under subdivision 1. Before any rules are proposed for adoption under this paragraph, the commissioner shall consult with the council on disability. Rules adopted under this paragraph must be enforced in the same way as other accessibility rules of the state building code.

(f) **MUNICIPAL ENFORCEMENT.** Municipalities which have not adopted the state building code may enforce the building code requirements for handicapped persons by either entering into a joint powers agreement for enforcement with another municipality which has adopted the state building code; or contracting for enforcement with an individual certified under section 16B.65, subdivision 3, to enforce the state building code.

(g) **EQUIPMENT ALLOWED.** The code must allow the use of vertical wheelchair lifts and inclined stairway wheelchair lifts in public buildings. An

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inclined stairway wheelchair lift must be equipped with light or sound signaling device for use during operation of the lift. The stairway or ramp shall be marked in a bright color that clearly indicates the outside edge of the lift when in operation. The code shall not require a guardrail between the lift and the stairway or ramp. Compliance with this provision by itself does not mean other handicap accessibility requirements have been met.

Sec. 7. Minnesota Statutes 1994, section 16B.63, subdivision 3, is amended to read:

Subd. 3. **POWERS AND DUTIES.** The state building official may, with the approval of the commissioner, employ personnel necessary to carry out the inspector's function under sections 16B.59 to ~~16B.73~~ 16B.75. The state building official shall distribute without charge one copy of the code to each municipality within the state. Additional copies shall be made available to municipalities and interested parties for a fee prescribed by the commissioner. The state building official shall perform other duties in administering the code assigned by the commissioner.

Sec. 8. Minnesota Statutes 1994, section 16B.65, subdivision 1, is amended to read:

Subdivision 1. **APPOINTMENTS.** The governing body of each municipality shall, unless other means are already provided, appoint a ~~person~~ building official to administer the code ~~who shall be known as a building official~~. Two or more municipalities may combine in the appointment of a single building official for the purpose of administering the provisions of the code within their communities. In those municipalities for which no building officials have been appointed, the state building inspector, with the approval of the commissioner, may appoint building officials to serve until the municipalities have made an appointment. If unable to make an appointment, the state building inspector may use whichever state employees or state agencies are necessary to perform the duties of the building official. All costs incurred by virtue of an appointment by the state building inspector or services rendered by state employees must be borne by the involved municipality. Receipts arising from the appointment must be paid into the state treasury and credited to the general fund.

Sec. 9. Minnesota Statutes 1994, section 16B.65, subdivision 3, is amended to read:

Subd. 3. **CERTIFICATION.** The commissioner shall:

(1) prepare and conduct written and practical examinations to determine if a person is qualified pursuant to subdivision 2 to be a building official;

(2) accept documentation of successful completion of testing programs developed by nationally recognized testing agencies, as proof of qualification pursuant to subdivision 2; or

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(3) determine qualifications by both clauses (1) and (2).

Upon a determination of qualification under clause (1), (2), or both of them, the commissioner shall issue a certificate to the building official stating that the official is certified. Each person applying for examination and certification pursuant to this section shall pay a nonrefundable fee of \$70. The commissioner or a designee may establish classes of certification that will recognize the varying complexities of code enforcement in the municipalities within the state. Except as provided by subdivision 2, no person may act as a building official for a municipality unless the commissioner determines that the official is qualified. The commissioner shall provide educational programs designed to train and assist building officials in carrying out their responsibilities.

The department of employee relations may, at the request of the commissioner, provide statewide testing services.

Sec. 10. Minnesota Statutes 1994, section 16B.65, subdivision 4, is amended to read:

Subd. 4. **DUTIES.** Building officials shall, in the municipality for which they are appointed, attend to all aspects of code administration for which they are certified, including the issuance of all building permits and the inspection of all manufactured home installations. The commissioner may direct a municipality with a building official to perform services for another municipality, and in that event the municipality being served shall pay the municipality rendering the services the reasonable costs of the services. The costs may be subject to approval by the commissioner.

Sec. 11. Minnesota Statutes 1994, section 16B.65, subdivision 7, is amended to read:

Subd. 7. **CONTINUING EDUCATION.** Subject to sections 16B.59 to ~~16B.73~~ 16B.75, the commissioner may by rule establish or approve continuing education programs for municipal building officials dealing with matters of building code administration, inspection, and enforcement.

Effective January 1, 1985, each person certified as a building official for the state must satisfactorily complete applicable educational programs established or approved by the commissioner every three calendar years to retain certification.

Each person certified as a state building official must submit in writing to the commissioner an application for renewal of certification within 60 days of the last day of the third calendar year following the last certificate issued. Each application for renewal must be accompanied by proof of satisfactory completion of minimum continuing education requirements and the certification renewal fee established by the commissioner.

For persons certified prior to January 1, 1985, the first three-year period commences January 1, 1985.

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Sec. 12. Minnesota Statutes 1994, section 16B.67, is amended to read:

16B.67 APPEALS.

A person aggrieved by the final decision of any municipality as to the application of the code, including any rules adopted under sections 471.465 to 471.469, may, within 180 days of the decision, appeal to the commissioner. Appellant shall submit a nonrefundable fee of \$70, payable to the commissioner, with the request for appeal. An appeal must be heard as a contested case under chapter 14. The commissioner shall submit written findings to the parties. The party not prevailing shall pay the costs of the contested case hearing, including fees charged by the office of administrative hearings and the expense of transcript preparation. Costs under this section do not include attorney fees. Any person aggrieved by a ruling of the commissioner may appeal in accordance with chapter 14. For the purpose of this section "any person aggrieved" includes the council on disability. No fee or costs shall be required when the council on disability is the appellant.

Sec. 13. Minnesota Statutes 1994, section 16B.70, is amended to read:

16B.70 SURCHARGE.

Subdivision 1. **COMPUTATION.** To defray the costs of administering sections 16B.59 to ~~16B.73~~ 16B.75, a surcharge is imposed on all permits issued by municipalities in connection with the construction of or addition or alteration to buildings and equipment or appurtenances after June 30, 1971, as follows:

If the fee for the permit issued is fixed in amount the surcharge is equivalent to one-half mill (.0005) of the fee or 50 cents, whichever amount is greater. For all other permits, the surcharge is as follows:

(1) if the valuation of the structure, addition, or alteration is \$1,000,000 or less, the surcharge is equivalent to one-half mill (.0005) of the valuation of the structure, addition, or alteration;

(2) if the valuation is greater than \$1,000,000, the surcharge is \$500 plus two-fifths mill (.0004) of the value between \$1,000,000 and \$2,000,000;

(3) if the valuation is greater than \$2,000,000, the surcharge is \$900 plus three-tenths mill (.0003) of the value between \$2,000,000 and \$3,000,000;

(4) if the valuation is greater than \$3,000,000, the surcharge is \$1,200 plus one-fifth mill (.0002) of the value between \$3,000,000 and \$4,000,000;

(5) if the valuation is greater than \$4,000,000, the surcharge is \$1,400 plus one-tenth mill (.0001) of the value between \$4,000,000 and \$5,000,000; and

(6) if the valuation exceeds \$5,000,000, the surcharge is \$1,500 plus one-twentieth mill (.00005) of the value that exceeds \$5,000,000.

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Subd. 2. **COLLECTION AND REPORTS.** All permit surcharges must be collected by each municipality and a portion of them remitted to the state. Each municipality having a population greater than 20,000 people shall prepare and submit to the commissioner once a month a report of fees and surcharges on fees collected during the previous month but shall retain the greater of two percent or that amount collected up to \$25 to apply against the administrative expenses the municipality incurs in collecting the surcharges. All other municipalities shall submit the report and surcharges on fees once a quarter but shall retain the greater of four percent or that amount collected up to \$25 to apply against the administrative expenses the municipalities incur in collecting the surcharges. The report, which must be in a form prescribed by the commissioner, must be submitted together with a remittance covering the surcharges collected by the 15th day following the month or quarter in which the surcharges are collected. All surcharges and other fees prescribed by sections 16B.59 to ~~16B.73~~ 16B.75, which are payable to the state, must be paid to the commissioner who shall deposit them in the state treasury for credit to ~~the general~~ a special revenue fund.

Sec. 14. **APPROPRIATION.**

\$1,000,000 in fiscal year 1996 and \$1,000,000 in fiscal year 1997 is appropriated from the special revenue fund for transfer by the commissioner of finance to the general fund.

ARTICLE 3

ZONING

Section 1. Minnesota Statutes 1994, section 366.10, is amended to read:

366.10 ZONING REGULATIONS.

The board of supervisors may submit to the legal voters of the town at an annual or special town meeting, the question whether the board shall adopt ~~building land use~~ and zoning regulations and restrictions in the town. The board in a town which has within its borders a hospital established in accordance with Laws 1955, chapter 227, may submit to the voters at an annual or special town meeting, the question whether the board shall adopt ~~building land use~~ and zoning regulations and restrictions in the town regulating the type of buildings that may be built or occupations carried on within a radius of one-half mile of the hospital.

Sec. 2. Minnesota Statutes 1994, section 366.12, is amended to read:

366.12 REGULATIONS.

If a majority of the voters voting on the question vote "Yes," the town board may regulate:

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(1) the location, height, bulk, number of stories, size of buildings and other structures,

(2) the location of roads and schools,

(3) the percentage of lot which may be occupied,

(4) the sizes of yards and other open spaces,

(5) the density and distribution of population,

(6) the uses of buildings and structures for trade, industry, residence, recreation, public activities, or other purposes, and

(7) the uses of lands for trade, industry, residence, recreation, agriculture, forestry, soil conservation, water supply conservation, or other purposes.

To carry out this section it shall issue building land use or zoning permits or approvals. It shall be unlawful to erect, establish, alter, enlarge, use, occupy, or maintain a building, structure, improvement, or premises without having a building land use or zoning permit or approval.

Before adopting a regulation under this section the board shall hold a public hearing on the matter with notice as provided in section 366.15.

This section is subject to section 366.13.

Sec. 3. Minnesota Statutes 1994, section 366.16, is amended to read:

366.16 TOWN BUILDING ZONING COMMISSIONER.

The town board may enforce the regulations by withholding building land use or zoning permits or approvals, building permits issued under sections 16B.59 to 16B.75, or other permits or approvals. For the purposes of sections 366.10 to 366.18, it may establish the position of town building zoning commissioner and fix its compensation. If a building or structure is or is proposed to be erected, constructed, reconstructed, altered, or used or any land is or is proposed to be used in violation of sections 366.10 to 366.18 or a regulation or provision enacted or adopted by the board under sections 366.10 to 366.18, the board, the attorney of the county where the town is situated, the town attorney, the town building zoning commissioner, or any adjacent or neighboring property owner may institute any appropriate action to prevent, enjoin, abate, or remove the unlawful erection, construction, reconstruction, alteration, maintenance, or use.

Sec. 4. Minnesota Statutes 1994, section 394.33, subdivision 2, is amended to read:

Subd. 2. The board of supervisors of any town which has adopted or desires to adopt building and zoning regulations and restrictions pursuant to law shall have the authority granted the governing body of any municipality as provided in section 394.32.

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Sec. 5. Minnesota Statutes 1994, section 394.361, subdivision 3, is amended to read:

Subd. 3. After an official map has been adopted and filed, the issuance of building land use or zoning permits or approvals by the county shall be subject to the provisions of this section. Whenever any street or highway is widened or improved or any new street is opened, or interests in lands for other public purposes are acquired by the county, it is not required in such proceedings to pay for any building or structure placed without a permit or approval or in violation of conditions of a permit or approval within the limits of the mapped street or highway or outside of any building line that may have been established upon the existing street or within any area thus identified for public purposes. The adoption of official maps does not give the county any right, title or interest in areas identified for public purposes thereon, but the adoption of a map does authorize the county to acquire such interests without paying compensation for buildings or structures erected in such areas without a permit or approval or in violation of the conditions of a permit or approval. The provisions of this subdivision shall not apply to buildings or structures in existence prior to the filing of the official map.

Sec. 6. Minnesota Statutes 1994, section 462.358, subdivision 2a, is amended to read:

Subd. 2a. **TERMS OF REGULATIONS.** The standards and requirements in the regulations may address without limitation: the size, location, grading, and improvement of lots, structures, public areas, streets, roads, trails, walkways, curbs and gutters, water supply, storm drainage, lighting, sewers, electricity, gas, and other utilities; the planning and design of sites; access to solar energy; and the protection and conservation of flood plains, shore lands, soils, water, vegetation, energy, air quality, and geologic and ecologic features. The regulations shall require that subdivisions be consistent with the municipality's official map if one exists and its zoning ordinance, and may require consistency with other official controls and the comprehensive plan. The regulations may prohibit certain classes or kinds of subdivisions in areas where prohibition is consistent with the comprehensive plan and the purposes of this section, particularly the preservation of agricultural lands. The regulations may prohibit, restrict or control development for the purpose of protecting and assuring access to direct sunlight for solar energy systems. The regulations may prohibit, restrict, or control surface, above surface, or subsurface development for the purpose of protecting subsurface areas for existing or potential mined underground space development pursuant to sections 469.135 to 469.141, and access thereto. The regulations may prohibit the issuance of building permits or approvals for any tracts, lots, or parcels for which required subdivision approval has not been obtained.

The regulations may permit the municipality to condition its approval on the construction and installation of sewers, streets, electric, gas, drainage, and water facilities, and similar utilities and improvements or, in lieu thereof, on the

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receipt by the municipality of a cash deposit, certified check, irrevocable letter of credit, or bond in an amount and with surety and conditions sufficient to assure the municipality that the utilities and improvements will be constructed or installed according to the specifications of the municipality. Sections 471.345 and 574.26 do not apply to improvements made by a subdivider or a subdivider's contractor.

The regulations may permit the municipality to condition its approval on compliance with other requirements reasonably related to the provisions of the regulations and to execute development contracts embodying the terms and conditions of approval. The municipality may enforce such agreements and conditions by appropriate legal and equitable remedies.

Sec. 7. Minnesota Statutes 1994, section 462.358, subdivision 9, is amended to read:

Subd. 9. **UNPLATTED PARCELS.** Subdivision regulations adopted by municipalities may apply to parcels which are taken from existing parcels of record by metes and bounds descriptions, and the governing body or building authority may deny the issuance of building permits or approvals, building permits issued under sections 16B.59 to 16B.75, or other permits or approvals to any parcels so divided, pending compliance with subdivision regulations.

Sec. 8. Minnesota Statutes 1994, section 462.359, subdivision 4, is amended to read:

Subd. 4. **APPEALS.** If a land use or zoning permit or approval for a building in such location is denied, the board of appeals and adjustments shall have the power, upon appeal filed with it by the owner of the land, to grant a permit or approval for building in such location in any case in which the board finds, upon the evidence and the arguments presented to it, (a) that the entire property of the appellant of which such area identified for public purposes forms a part cannot yield a reasonable return to the owner unless such a permit or approval is granted, and (b) that balancing the interest of the municipality in preserving the integrity of the official map and of the comprehensive municipal plan and the interest of the owner of the property in the use of the property and in the benefits of ownership, the grant of such permit or approval is required by considerations of justice and equity. In addition to the notice of hearing required by section 462.354, subdivision 2, a notice shall be published in the official newspaper once at least ten days before the day of the hearing. If the board of appeals and adjustments authorizes the issuance of a permit or approval the governing body or other board or commission having jurisdiction shall have six months from the date of the decision of the board to institute proceedings to acquire such land or interest therein, and if no such proceedings are started within that time, the officer responsible for issuing building permits or approvals shall issue the permit or approval if the application otherwise conforms to local ordinances. The board shall specify the exact location, ground area, height and other details as to the extent and character of the building for which the permit or approval is granted.

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ARTICLE 4**INTERSTATE COMPACT**

Section 1. Minnesota Statutes 1994, section 16B.75, is amended to read:

16B.75 INTERSTATE COMPACT ON INDUSTRIALIZED/MODULAR BUILDINGS.

The state of Minnesota ratifies and approves the following compact:

INTERSTATE COMPACT ON INDUSTRIALIZED/MODULAR BUILDINGS**ARTICLE I****FINDINGS AND DECLARATIONS OF POLICY**

(1) The compacting states find that:

(a) Industrialized/modular buildings are constructed in factories in the various states and are a growing segment of the nation's affordable housing and commercial building stock.

(b) The regulation of industrialized/modular buildings varies from state to state and locality to locality, which creates confusion and burdens state and local building officials and the industrialized/modular building industry.

(c) Regulation by multiple jurisdictions imposes additional costs, which are ultimately borne by the owners and users of industrialized/modular buildings, restricts market access and discourages the development and incorporation of new technologies.

(2) It is the policy of each of the compacting states to:

(a) Provide the states which regulate the design and construction of industrialized/modular buildings with a program to coordinate and uniformly adopt and administer the states' rules and regulations for such buildings, all in a manner to assure interstate reciprocity.

(b) Provide to the United States Congress assurances that would preclude the need for a voluntary preemptive federal regulatory system for modular housing, as outlined in Section 572 of the Housing and Community Development Act of 1987, including development of model standards for modular housing construction, such that design and performance will insure quality, durability and safety; will be in accordance with life-cycle cost-effective energy conservation standards; all to promote the lowest total construction and operating costs over the life of such housing.

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ARTICLE II
DEFINITIONS

As used in this compact, unless the context clearly requires otherwise:

(1) "Commission" means the interstate industrialized/modular buildings commission.

(2) "Industrialized/modular building" means any building which is of closed construction, i.e. constructed in such a manner that concealed parts or processes of manufacture cannot be inspected at the site, without disassembly, damage or destruction, and which is made or assembled in manufacturing facilities, off the building site, for installation, or assembly and installation, on the building site. "Industrialized/modular building" includes, but is not limited to, modular housing which is factory-built single-family and multifamily housing (including closed wall panelized housing) and other modular, nonresidential buildings. "Industrialized/modular building" does not include any structure subject to the requirements of the National Manufactured Home Construction and Safety Standards Act of 1974.

(3) "Interim reciprocal agreement" means a formal reciprocity agreement between a noncompacting state wherein the noncompacting state agrees that labels evidencing compliance with the model rules and regulations for industrialized/modular buildings, as authorized in Article VIII, section (9), shall be accepted by the state and its subdivisions to permit installation and use of industrialized/modular buildings. Further, the noncompacting state agrees that by legislation or regulation, and appropriate enforcement by uniform administrative procedures, the noncompacting state requires all industrialized/modular building manufacturers within that state to comply with the model rules and regulations for industrialized/modular buildings.

(4) "State" means a state of the United States, territory or possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

(5) "Uniform administrative procedures" means the procedures adopted by the commission (after consideration of any recommendations from the rules development committee) which state and local officials, and other parties, in one state, will utilize to assure state and local officials, and other parties, in other states, of the substantial compliance of industrialized/modular building construction with the construction standard of requirements of such other states; to assess the adequacy of building systems; and to verify and assure the competency and performance of evaluation and inspection agencies.

(6) "Model rules and regulations for industrialized/modular buildings" means the construction standards adopted by the commission (after consideration of any recommendations from the rules development committee) which govern the design, manufacture, handling, storage, delivery and installation of industrialized/modular buildings and building components. The construction

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standards and any amendments thereof shall conform insofar as practicable to model building codes and referenced standards generally accepted and in use throughout the United States.

ARTICLE III

CREATION OF COMMISSION

The compacting states hereby create the Interstate Industrialized/Modular Buildings Commission, hereinafter called commission. Said commission shall be a body corporate of each compacting state and an agency thereof. The commission shall have all the powers and duties set forth herein and such additional powers as may be conferred upon it by subsequent action of the respective legislatures of the compacting states.

ARTICLE IV

SELECTION OF COMMISSIONERS

The commission shall be selected as follows. As each state becomes a compacting state, one resident shall be appointed as commissioner. The commissioner shall be selected by the governor of the compacting state, being designated from the state agency charged with regulating industrialized/modular buildings or, if such state agency does not exist, being designated from among those building officials with the most appropriate responsibilities in the state. The commissioner may designate another official as an alternate to act on behalf of the commissioner at commission meetings which the commissioner is unable to attend.

Each state commissioner shall be appointed, suspended, or removed and shall serve subject to and in accordance with the laws of the state which said commissioner represents; and each vacancy occurring shall be filled in accordance with the laws of the state wherein the vacancy exists.

~~When~~ For every three state commissioners that have been appointed in the manner described, those state commissioners shall select one additional commissioner who shall be a representative of manufacturers of ~~industrial- residential-~~ or commercial-use industrialized/modular buildings. ~~When~~ For every six state commissioners that have been appointed in the manner described, the state commissioners shall select a ~~second~~ one additional commissioner who shall be a representative of consumers of industrialized/modular buildings. ~~With each addition of three state commissioners; the state commissioners shall appoint one additional representative commissioner; alternating between a representative of manufacturers of industrialized/modular buildings and consumers of industrial-~~

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ized/modular buildings. ~~The ratio between state commissioners and representative commissioners shall be three to one.~~ In the event states withdraw from the compact or, for any other reason, the number of state commissioners is reduced, the state commissioners shall remove the last added representative commissioner as necessary to maintain a the ratio of state commissioners to representative commissioners of three to one described herein.

Upon a majority vote of the state commissioners, the state commissioners may remove, fill a vacancy created by, or replace any representative commissioner, provided that any replacement is made from the same representative group and ~~a three to one ratio~~ the ratio described herein is maintained. Unless provided otherwise, the representative commissioners have the same authority and responsibility as the state commissioners.

In addition, the commission may have as a member one commissioner representing the United States government if federal law authorizes such representation. Such commissioner shall not vote on matters before the commission. Such ~~commission~~ commissioner shall be appointed by the President of the United States, or in such other manner as may be provided by Congress.

ARTICLE V

VOTING

Each commissioner (except the commissioner representing the United States government) shall be entitled to one vote on the commission. A majority of the commissioners shall constitute a quorum for the transaction of business. Any business transacted at any meeting of the commission must be by affirmative vote of a majority of the quorum present and voting.

ARTICLE VI

ORGANIZATION AND MANAGEMENT

The commission shall elect annually, from among its members, a chairman, a vice chairman and a treasurer. The commission shall also select a secretariat, which shall provide an individual who shall serve as secretary of the commission. The commission shall fix and determine the duties and compensation of the secretariat. The commissioners shall serve without compensation, but shall be reimbursed for their actual and necessary expenses from the funds of the commission.

The commission shall adopt a seal.

The commission shall adopt bylaws, rules, and regulations for the conduct

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of its business, and shall have the power to amend and rescind these bylaws, rules, and regulations.

The commission shall establish and maintain an office at the same location as the office maintained by the secretariat for the transaction of its business and may meet at any time, but in any event must meet at least once a year. The chairman may call additional meetings and upon the request of a majority of the commissioners of three or more of the compacting states shall call an additional meeting.

The commission annually shall make the governor and legislature of each compacting state a report covering its activities for the preceding year. Any donation or grant accepted by the commission or services borrowed shall be reported in the annual report of the commission and shall include the nature, amount and conditions, if any, of the donation, gift, grant or services borrowed and the identity of the donor or lender. The commission may make additional reports as it may deem desirable.

ARTICLE VII

COMMITTEES

The commission will establish such committees as it deems necessary, including, but not limited to, the following:

(1) An executive committee which functions when the full commission is not meeting, as provided in the bylaws of the commission. The executive committee will ensure that proper procedures are followed in implementing the commission's programs and in carrying out the activities of the compact. The executive committee shall be elected by vote of the commission. It shall be comprised of at least three and no more than nine commissioners, selected from ~~those commissioners who are representatives of the governor of their respective state~~ the state commissioners and one member of the industry commissioners and one member of the consumer commissioners.

(2) A rules development committee appointed by the commission. The committee shall be consensus-based and consist of not less than seven nor more than 21 members. Committee members will include state building regulatory officials; manufacturers of industrialized/modular buildings; private, third-party inspection agencies; and consumers. This committee may recommend procedures which state and local officials, and other parties, in one state, may utilize to assure state and local officials, and other parties, in other states, of the substantial compliance of industrialized/modular building construction with the construction standard requirements of such other states; to assess the adequacy of building systems; and to verify and assure the competency and performance of evaluation and inspection agencies. This committee may also recommend construction standards for the design, manufacture, handling, storage, delivery and

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installation of industrialized/modular buildings and building components. The committee will submit its recommendations to the commission, for the commission's consideration in adopting and amending the uniform administrative procedures and the model rules and regulations for industrialized/modular buildings. The committee may also review the regulatory programs of the compacting states to determine whether those programs are consistent with the uniform administrative procedures or the model rules and regulations for industrialized/modular buildings and may make recommendations concerning the states' programs to the commission. In carrying out its functions, the rules committee may conduct public hearings and otherwise solicit public input and comment.

(3) Any other advisory, coordinating or technical committees, membership on which may include private persons, public officials, associations or organizations. Such committees may consider any matter of concern to the commission.

(4) Such additional committees as the commission's bylaws may provide.

ARTICLE VIII

POWER AND AUTHORITY

In addition to the powers conferred elsewhere in this compact, the commission shall have power to:

(1) Collect, analyze and disseminate information relating to industrialized/modular buildings.

(2) Undertake studies of existing laws, codes, rules and regulations, and administrative practices of the states relating to industrialized/modular buildings.

(3) Assist and support committees and organizations which promulgate, maintain and update model codes or recommendations for uniform administrative procedures or model rules and regulations for industrialized/modular buildings.

(4) Adopt and amend uniform administrative procedures and model rules and regulations for industrialized/modular buildings.

(5) Make recommendations to compacting states for the purpose of bringing such states' laws, codes, rules and regulations and administrative practices into conformance with the uniform administrative procedures or the model rules and regulations for industrialized/modular buildings, provided that such recommendations shall be made to the appropriate state agency with due consideration for the desirability of uniformity while also giving appropriate consideration to special circumstances which may justify variations necessary to meet unique local conditions.

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(6) Assist and support the compacting states with monitoring of plan review programs and inspection programs, which will assure that the compacting states have the benefit of uniform industrialized/modular building plan review and inspection programs.

(7) Assist and support organizations which train state and local government and other program personnel in the use of uniform industrialized/modular building plan review and inspection programs.

(8) Encourage and promote coordination of state regulatory action relating to manufacturers, public or private inspection programs.

(9) Create and sell labels to be affixed to industrialized/modular building units, constructed in or regulated by compacting states, where such labels will evidence compliance with the model rules and regulations for industrialized/modular buildings, enforced in accordance with the uniform administrative procedures. The commission may use receipts from the sale of labels to help defray the operating expenses of the commission.

(10) Assist and support compacting states' investigations into and resolutions of consumer complaints which relate to industrialized/modular buildings constructed in one compacting state and sited in another compacting state.

(11) Borrow, accept or contract for the services of personnel from any state or the United States or any subdivision or agency thereof, from any interstate agency, or from any institution, association, person, firm or corporation.

(12) Accept for any of its purposes and functions under this compact any and all donations, and grants of money, equipment, supplies, materials and services (conditional or otherwise) from any state or the United States or any subdivision or agency thereof, from any interstate agency, or from any institution, person, firm or corporation, and may receive, utilize and dispose of the same.

(13) Establish and maintain such facilities as may be necessary for the transacting of its business. The commission may acquire, hold, and convey real and personal property and any interest therein.

(14) Enter into contracts and agreements, including but not limited to, interim reciprocal agreements with noncompacting states.

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ARTICLE IX**FINANCE**

The commission shall submit to the governor or designated officer or officers of each compacting state a budget of its estimated expenditures for such period as may be required by the laws of that state for presentation to the legislature thereof.

Each of the commission's budgets of estimated expenditures shall contain specific recommendations of the amounts to be appropriated by each of the compacting states. The total amount of appropriations requested under any such budget shall be apportioned among the compacting states as follows: one-half in equal shares; one-fourth among the compacting states in accordance with the ratio of their populations to the total population of the compacting states, based on the last decimal federal census; and one-fourth among the compacting states in accordance with the ratio of industrialized/modular building units manufactured in each state to the total of all units manufactured in all of the compacting states.

The commission shall not pledge the credit of any compacting state. The commission may meet any of its obligations in whole or in part with funds available to it by donations, grants, or sale of labels: provided that the commission takes specific action setting aside such funds prior to incurring any obligation to be met in whole or in part in such manner. Except where the commission makes use of funds available to it by donations, grants or sale of labels, the commission shall not incur any obligation prior to the allotment of funds by the compacting states adequate to meet the same.

The commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the commission shall be subject to the audit and accounting procedures established under its bylaws. All receipts and disbursements of funds handled by the commission shall be audited yearly by a certified or licensed public accountant and the report of the audit shall be included in and become part of the annual report of the commission.

The accounts of the commission shall be open at any reasonable time for inspection by duly constituted officers of the compacting states and any person authorized by the commission.

Nothing contained in this article shall be construed to prevent commission compliance relating to audit or inspection of accounts by or on behalf of any government contributing to the support of the commission.

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ARTICLE X**ENTRY INTO FORCE AND WITHDRAWAL**

This compact shall enter into force when enacted into law by any three states. Thereafter, this compact shall become effective as to any other state upon its enactment thereof. The commission shall arrange for notification of all compacting states whenever there is a new enactment of the compact.

Any compacting state may withdraw from this compact by enacting a statute repealing the same. No withdrawal shall affect any liability already incurred by or chargeable to a compacting state prior to the time of such withdrawal.

ARTICLE XI**RECIPROCITY**

If the commission determines that the standards for industrialized/modular buildings prescribed by statute, rule or regulation of compacting state are at least equal to the commission's model rules and regulations for industrialized/modular buildings, and that such state standards are enforced by the compacting state in accordance with the uniform administrative procedures, industrialized/modular buildings approved by such a compacting state shall be deemed to have been approved by all the compacting states for placement in those states in accordance with procedures prescribed by the commission.

ARTICLE XII**EFFECT ON OTHER LAWS AND JURISDICTION**

Nothing in this compact shall be construed to:

(1) Withdraw or limit the jurisdiction of any state or local court or administrative officer or body with respect to any person, corporation or other entity or subject matter, except to the extent that such jurisdiction pursuant to this compact, is expressly conferred upon another agency or body.

(2) Supersede or limit the jurisdiction of any court of the United States.

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ARTICLE XIII

CONSTRUCTION AND SEVERABILITY

This compact shall be liberally construed so as to effectuate the purposes thereof. The provisions of this compact shall be severable and if any phrase, clause, sentence or provision of this compact is declared to be contrary to the constitution of any state or of the United States or the applicability thereof to any government, agency, person or circumstances is held invalid, the validity of the remainder of this compact and the applicability thereof to any government, agency, person or circumstance shall not be affected thereby. If this compact shall be held contrary to the constitution of any state participating therein, the compact shall remain in full force and effect as to the remaining party states and in full force and effect as to the state affected as to all severable matters.

ARTICLE 5

DEBT COLLECTION

Section 1. Minnesota Statutes 1994, section 8.16, is amended by adding a subdivision to read:

Subd. 1a. SUBPOENAS. The attorney general may in any county of the state subpoena and require the production of any records relating to the location of a debtor or the assets of a debtor, as that term is defined in section 16D.02, subdivision 4. Subpoenas may be issued only for records that are relevant to an investigation related to debt collection and exclude the power to subpoena personal appearance of witnesses unless the attorney general is so authorized by other statute or court rule.

Sec. 2. Minnesota Statutes 1994, section 16A.72, is amended to read:

16A.72 INCOME CREDITED TO GENERAL FUND; EXCEPTIONS.

All income, including fees or receipts of any nature, shall be credited to the general fund, except:

- (1) federal aid;
- (2) contributions, or reimbursements received for any account of any division or department for which an appropriation is made by law;
- (3) income to the University of Minnesota;
- (4) income to revolving funds now established in institutions under the control of the commissioners of corrections or human services;
- (5) investment earnings resulting from the master lease program, except that

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the amount credited to another fund or account may not exceed the amount of the additional expense incurred by that fund or account through participation in the master lease program;

(6) receipts from the operation of patients' and inmates' stores and vending machines, which shall be deposited in the social welfare fund in each institution for the benefit of the patients and inmates;

(7) money received in payment for services of inmate labor employed in the industries carried on in the state correctional facilities which receipts shall be credited to the current expense fund of those facilities;

(8) as provided in sections 16B.57 and 85.22;

(9) income to the Minnesota historical society; ~~or~~

(10) the percent of income collected by a private collection agency and retained by the collection agency as its collection fee; or

(11) as otherwise provided by law.

Sec. 3. Minnesota Statutes 1994, section 16D.02, subdivision 6, is amended to read:

Subd. 6. **REFERRING AGENCY.** "Referring agency" means a state agency; ~~the University of Minnesota~~, or a court that has entered into a debt qualification plan with the commissioner to refer debts to the commissioner for collection.

Sec. 4. Minnesota Statutes 1994, section 16D.02, is amended by adding a subdivision to read:

Subd. 8. **ENTERPRISE.** "Enterprise" means the Minnesota collection enterprise, a separate unit established to carry out the provisions of this chapter, pursuant to the commissioner's authority to contract with the commissioner of revenue for collection services under section 16D.04, subdivision 1.

Sec. 5. Minnesota Statutes 1994, section 16D.04, subdivision 1, is amended to read:

Subdivision 1. **DUTIES.** The commissioner shall provide services to the state and its agencies to collect debts owed the state. The commissioner is not a collection agency as defined by section 332.31, subdivision 3, and is not licensed, bonded, or regulated by the commissioner of commerce under sections 332.31 to 332.35 or 332.38 to 332.45. The commissioner is subject to section 332.37, except clause (9) or (10). The commissioner may contract with the commissioner of revenue for collection services, and may delegate to the commissioner of revenue any of the commissioner's duties and powers under this chapter. Debts referred to the commissioner of revenue for collection under this section or section 256.9792 may in turn be referred by the commissioner of rev-

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enue to the enterprise. An audited financial statement may not be required as a condition of debt placement with a private agency if the private agency: (1) has errors and omissions coverage under a professional liability policy in an amount of at least \$1,000,000; or (2) has a fidelity bond to cover actions of its employees, in an amount of at least \$100,000. In cases of debts referred under section 256.9792, the provisions of this chapter and section 256.9792 apply to the extent they are not in conflict. If they are in conflict, the provisions of section 256.9792 control. For purposes of this chapter, the referring agency for such debts remains the department of human services.

Sec. 6. Minnesota Statutes 1994, section 16D.04, subdivision 3, is amended to read:

Subd. 3. **SERVICES.** The commissioner shall provide collection services for a state agency, and may provide for collection services for ~~the University of Minnesota or~~ a court, in accordance with the terms and conditions of a signed debt qualification plan.

Sec. 7. Minnesota Statutes 1994, section 16D.06, is amended to read:

16D.06 DEBTOR INFORMATION.

Subdivision 1. **ACCESS TO GOVERNMENT DATA NOT PUBLIC.** Notwithstanding chapter 13 or any other state law classifying or restricting access to government data, upon request from the commissioner or the attorney general, state agencies, political subdivisions, and statewide systems shall disseminate not public data to the commissioner or the attorney general for the sole purpose of collecting debt. Not public data disseminated under this subdivision is limited to financial data of the debtor or data related to the location of the debtor or the assets of the debtor.

Subd. 2. **DISCLOSURE OF DATA.** Data received, collected, created, or maintained by the commissioner or the attorney general to collect debts are classified as private data on individuals under section 13.02, subdivision 12, or non-public data under section 13.02, subdivision 9. The commissioner or the attorney general may disclose not public data:

- (1) under section 13.05;
- (2) under court order;
- (3) under a statute specifically authorizing access to the not public data;
- (4) to provide notices required or permitted by statute;
- (5) to an agent of the commissioner, including a law enforcement person, attorney, or investigator acting for the commissioner in the investigation or prosecution of a criminal or civil proceeding relating to collection of a debt;
- (6) to report names of debtors, amount of debt, date of debt, and the agency

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to whom debt is owed to credit bureaus and private collection agencies under contract with the commissioner; ~~and~~

(7) when necessary to locate the debtor, locate the assets of the debtor, or to enforce or implement the collection of a debt; and

(8) to the commissioner of revenue for tax administration purposes.

The commissioner and the attorney general may not disclose data that is not public to a private collection agency or other entity with whom the commissioner has contracted under section 16D.04, subdivision 4, unless disclosure is otherwise authorized by law.

Sec. 8. Minnesota Statutes 1994, section 16D.08, subdivision 2, is amended to read:

Subd. 2. **POWERS.** In addition to the collection remedies available to private collection agencies in this state, the commissioner, with legal assistance from the attorney general, may utilize any statutory authority granted to a referring agency for purposes of collecting debt owed to that referring agency. The commissioner may also use the tax collection remedies of the commissioner of revenue in sections 270.06, clauses (7) and (17), excluding the power to subpoena witnesses; 270.66; 270.69, excluding subdivisions 7 and 13; 270.70, excluding subdivision 14; 270.7001 to 270.72; and 290.92, subdivision 23, except that a continuous wage levy under section 290.92, subdivision 23, is only effective for 70 days, unless no competing wage garnishments, executions, or levies are served within the 70-day period, in which case a wage levy is continuous until a competing garnishment, execution, or levy is served in the second or a succeeding 70-day period, in which case a continuous wage levy is effective for the remainder of that period. A debtor who qualifies for cancellation of the collection penalty under section 16D.11, subdivision 3, clause (1), can apply to the commissioner for reduction or release of a continuous wage levy, if the debtor establishes that the debtor needs all or a portion of the wages being levied upon to pay for essential living expenses, such as food, clothing, shelter, medical care, or expenses necessary for maintaining employment. The commissioner's determination not to reduce or release a continuous wage levy is appealable to district court. The word "tax" or "taxes" when used in the tax collection statutes listed in this subdivision also means debts referred under this chapter. For debts other than state taxes or child support, before any of the tax collection remedies listed in this subdivision can be used, except for the remedies in section 270.06, clauses (7) and (17), if the referring agency has not already obtained a judgment or filed a lien, the commissioner must first obtain a judgment against the debtor.

Sec. 9. [16D.11] COLLECTION PENALTY.

Subdivision 1. IMPOSITION. As determined by the commissioner, a penalty shall be added to the debts referred to the commissioner or private collection agency for collection. The penalty is collectible by the commissioner or private agency from the debtor at the same time and in the same manner as the

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referred debt. The referring agency shall advise the debtor of the penalty under this section and the debtor's right to cancellation of the penalty under subdivision 3 at the time the agency sends notice to the debtor under section 16D.07. If the commissioner or private agency collects an amount less than the total due, the payment is applied proportionally to the penalty and the underlying debt. Penalties collected by the commissioner under this subdivision or retained under subdivision 6 shall be deposited in the general fund as nondedicated receipts. Penalties collected by private agencies are appropriated to the referring agency to pay the collection fees charged by the private agency. Penalty collections in excess of collection agency fees must be deposited in the general fund as nondedicated receipts.

Subd. 2. COMPUTATION. Beginning July 1, 1995, at the time a debt is referred, the amount of the penalty is equal to 15 percent of the debt, or 25 percent of the debt remaining unpaid if the commissioner or private collection agency has to take enforced collection action by serving a summons and complaint on or entering judgment against the debtor, or by utilizing any of the remedies authorized under section 16D.08, subdivision 2, except for the remedies in sections 270.06, clause (7), and 270.66 or when referred by the commissioner for additional collection activity by a private collection agency. If, after referral of a debt to a private collection agency, the debtor requests cancellation of the penalty under subdivision 3, the debt must be returned to the commissioner for resolution of the request.

Subd. 3. CANCELLATION. The penalty imposed under subdivision 1 shall be canceled and subtracted from the amount due if:

(1) the debtor's household income as defined in section 290A.03, subdivision 5, excluding the exemption subtractions in subdivision 3, paragraph (3) of that section, for the 12 months preceding the date of referral is less than twice the annual federal poverty guideline under United States Code, title 42, section 9902, subsection (2);

(2) within 60 days after the first contact with the debtor by the enterprise or collection agency, the debtor establishes reasonable cause for the failure to pay the debt prior to referral of the debt to the enterprise;

(3) a good faith dispute as to the legitimacy or the amount of the debt is made, and payment is remitted or a payment agreement is entered into within 30 days after resolution of the dispute;

(4) good faith litigation occurs and the debtor's position is substantially justified, and if the debtor does not totally prevail, the debt is paid or a payment agreement is entered into within 30 days after the judgment becomes final and nonappealable; or

(5) penalties have been added by the referring agency and are included in the amount of the referred debt.

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Subd. 4. APPEAL. Decisions of the commissioner denying an application to cancel the penalty under subdivision 3 are subject to the contested case procedure under chapter 14.

Subd. 5. REFUND. If a penalty is collected and then canceled, the amount of the penalty shall be refunded to the debtor within 30 days. The amount necessary to pay the refunds is annually appropriated to the commissioner.

Subd. 6. CHARGE TO REFERRING AGENCY. If the penalty is canceled under subdivision 3, an amount equal to the penalty is retained by the commissioner from the debt collected, and is accounted for and subject to the same provisions of this chapter as if the penalty had been collected from the debtor.

Subd. 7. ADJUSTMENT OF RATE. By June 1 of each year, the commissioner shall determine the rate of the penalty for debts referred to the enterprise during the next fiscal year. The rate is a percentage of the debts in an amount that most nearly equals the costs of the enterprise necessary to process and collect referred debts under this chapter. In no event shall the rate of the penalty when a debt is first referred exceed three-fifths of the maximum penalty, and in no event shall the rate of the maximum penalty exceed 25 percent of the debt. Determination of the rate of the penalty under this section is not rulemaking under chapter 14, and is not subject to the fee setting requirements of section 16A.1285.

Sec. 10. [16D.12] PAYMENT OF COLLECTION AGENCY FEES.

Unless otherwise expressly prohibited by law, a state agency may pay for the services of a state or private collection agency from the money collected. The portion of the money collected which must be paid to the collection agency as its collection fee is appropriated from the fund to which the collected money is due.

Sec. 11. [16D.13] INTEREST.

Subdivision 1. AUTHORITY. Unless otherwise provided by contract out of which the debt arises or by state or federal law, a state agency shall charge simple interest on debts owed to the state at the rate provided in subdivision 2 if notice has been given in accordance with this subdivision. Interest charged under this section begins to accrue on the 30th calendar day following the state agency's first written demand for payment that includes notification to the debtor that interest will begin to accrue on the debt in accordance with this section.

Subd. 2. COMPUTATION. Notwithstanding chapter 334, the rate of interest is the rate determined by the state court administrator under section 549.09, subdivision 1, paragraph (c).

Subd. 3. EXCLUSION. A state agency may not charge interest under this section on overpayments of assistance benefits under sections 256.031 to 256.0361, 256.72 to 256.87, chapters 256D and 256I, or the federal food stamp

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program. Notwithstanding this prohibition, any debts that have been reduced to judgment under these programs are subject to the interest charges provided under section 549.09.

Sec. 12. **[16D.14] VENUE.**

Subdivision 1. AUTHORIZATION. The commissioner or the attorney general may bring an action to recover debts owed to the state in Ramsey county district court or Ramsey county conciliation court at the discretion of the state. In order to bring a cause of action under this section in any county other than the county where the debtor resides or where the cause of action arose, the commissioner or the attorney general must notify the debtor as provided in subdivisions 2 to 4, unless that venue is authorized by other law.

Subd. 2. CONCILIATION COURT; CLAIMS FOR \$2,500 OR LESS. (a) Before bringing a conciliation court action for a claim for \$2,500 or less under this section in any county other than where the debtor resides or where the cause of action arose, the commissioner or the attorney general shall send a form by first class mail to the debtor's last known address notifying the debtor of the intent to bring an action in Ramsey county. The commissioner or attorney general must enclose a form for the debtor to use to request that the action not be brought in Ramsey county and a self-addressed, postage paid envelope. The form must advise the debtor of the right to request that the action not be brought in Ramsey county and that the debtor has 30 days from the date of the form to make this request.

(b) If the debtor timely returns the form requesting the action not be brought in Ramsey county, the commissioner or attorney general may only file the action in the county of the debtor's residence, the county where the cause of action arose, or as provided by other law. The commissioner or attorney general shall notify the debtor of the action taken. If the debtor does not timely return the form, venue is as chosen by the commissioner or attorney general as authorized under this section.

(c) If a judgment is obtained in Ramsey county conciliation court when the form was sent by first class mail under this subdivision and the debtor reasonably demonstrates that the debtor did not reside at the address where the form was sent or that the debtor did not receive the form, the commissioner or the attorney general shall vacate the judgment without prejudice and return any funds collected as a result of enforcement of the judgment. Evidence of the debtor's correct address include, but are not limited to, a driver's license, homestead declaration, school registration, utility bills, or a lease or rental agreement.

Subd. 3. CONCILIATION COURT CLAIMS EXCEEDING \$2,500. (a) In order to bring a conciliation court claim that exceeds \$2,500 under this section in a county other than where the debtor resides or where the cause of action arose, the commissioner or the attorney general shall serve with the conciliation court claim a change of venue form for the debtor to use to request that venue be changed and a self-addressed, postage paid return envelope. This form must

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advise the debtor that the form must be returned within 30 days of the date of service or venue will remain in Ramsey county.

(b) If the debtor timely returns the change of venue form requesting a change of venue, the commissioner or attorney general shall change the venue of the action to the county of the debtor's residence, the county where the cause of action arose, as provided by other law, or dismiss the action. The commissioner or attorney general must notify the debtor of the action taken. If the debtor does not timely return the form, venue is as chosen by the commissioner or attorney general as authorized under this section. The commissioner or the attorney general shall file the signed return receipt card or the proof of service with the court.

Subd. 4. DISTRICT COURT. (a) In order to bring a district court action under this section in any county other than where the debtor resides or where the cause of action arose, the commissioner or attorney general shall serve the change of venue form with the summons and complaint or petition commencing the collection action. Two copies of the form must be served along with a self-addressed, postage paid return envelope. The form must advise the debtor that the form must be returned within 20 days of the date of service or venue will remain in Ramsey county. If the debtor timely returns the change of venue form, the time to answer the summons and complaint or petition runs from the date of debtor's request for change of venue.

(b) If the debtor timely returns the change of venue form requesting that the action not be brought in Ramsey county, the commissioner or attorney general shall change the venue of the action to the county of the debtor's residence, the county where the cause of action arose, as provided by other law, or dismiss the action. The commissioner or attorney general shall notify the debtor of the action taken. If the debtor is served the form to change venue along with the district court summons and complaint or petition, in accordance with court rules, but does not return the form within the statutory timelines, venue is as chosen by the commissioner or attorney general as authorized under this section. The commissioner or attorney general shall file the proof of service along with the summons and complaint or petition commencing the lawsuit.

Subd. 5. FEES. No court filing fees, docketing fees, or release of judgment fees may be assessed against the state for collection actions filed under this chapter.

Sec. 13. [16D.15] COMPROMISE OF DEBT.

Unless expressly prohibited by other federal or state law, a state agency may compromise debts owed to the state, whether reduced to judgment or not, where the state agency determines that it is in the best interests of the state to do so.

Sec. 14. [16D.16] SETOFFS.

Subdivision 1. AUTHORIZATION. The commissioner or a state agency may automatically deduct the amount of a debt owed to the state from any state

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payment due to the debtor, except tax refunds, earned income tax credit, child care tax credit, prejudgment debts of \$5,000 or less, funds exempt under section 550.37, or funds owed an individual who receives assistance under the provisions of chapter 256 are not subject to setoff under this chapter. If a debtor has entered into a written payment plan with respect to payment of a specified debt, the right of setoff may not be used to satisfy that debt. Notwithstanding section 181.79, the state may deduct from the wages due or earned by a state employee to collect a debt, subject to the limitations in section 571.922.

Subd. 2. NOTICE AND HEARING. Before setoff, the commissioner or state agency shall mail written notice by certified mail to the debtor, addressed to the debtor's last known address, that the commissioner or state agency intends to set off a debt owed to the state by the debtor against future payments due the debtor from the state. For debts owed to the state that have not been reduced to judgment, if no opportunity to be heard or administrative appeal process has yet been made available to the debtor to contest the validity or accuracy of the debt, before setoff for a prejudgment debt, the notice to the debtor must advise that the debtor has a right to make a written request for a contested case hearing on the validity of the debt or the right to setoff. The debtor has 30 days from the date of that notice to make a written request for a contested case hearing to contest the validity of the debt or the right to setoff. The debtor's request must state the debtor's reasons for contesting the debt or the right to setoff. If the commissioner or state agency desires to pursue the right to setoff following receipt of the debtor's request for a hearing, the commissioner or state agency shall schedule a contested case hearing within 30 days of the receipt of the request for the hearing. If the commissioner or state agency decides not to pursue the right to setoff, the debtor must be notified of that decision.

Sec. 15. Minnesota Statutes 1994, section 491A.02, subdivision 4, is amended to read:

Subd. 4. REPRESENTATION. (a) A corporation, partnership, limited liability company, sole proprietorship, or association may be represented in conciliation court by an officer, manager, or partner or an agent in the case of a condominium, cooperative, or townhouse association, or may appoint a natural person who is an employee or commercial property manager to appear on its behalf or settle a claim in conciliation court. The state or a political subdivision of the state may be represented in conciliation court by an employee of the pertinent governmental unit without a written authorization. This Representation under this subdivision does not constitute the practice of law for purposes of section 481.02, subdivision 8. In the case of an officer, employee, commercial property manager, or agent of a condominium, cooperative, or townhouse association, an authorized power of attorney, corporate authorization resolution, corporate bylaw, or other evidence of authority acceptable to the court must be filed with the claim or presented at the hearing. This subdivision also applies to appearances in district court by a corporation or limited liability company with five or fewer shareholders or members and to any condominium, cooperative, or townhouse association, if the action was removed from conciliation court.

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(b) "Commercial property manager" means a corporation, partnership, or limited liability company or its employees who are hired by the owner of commercial real estate to perform a broad range of administrative duties at the property including tenant relations matters, leasing, repairs, maintenance, the negotiation and resolution of tenant disputes, and related matters. In order to appear in conciliation court, a property manager's employees must possess a real estate license under section 82.20 and be authorized by the owner of the property to settle all disputes with tenants and others within the jurisdictional limits of conciliation court.

(c) A commercial property manager who is appointed to settle a claim in conciliation court may not charge or collect a separate fee for services rendered under paragraph (a).

Sec. 16. PILOT PROGRAM.

The commissioner of finance shall initiate a pilot program to compare effectiveness and efficiencies of the Minnesota collection enterprise and private collection agencies. The commissioner shall issue a request for proposals and place at least \$35,000,000 of state debt with private collection agencies licensed by the commissioner of commerce under Minnesota Statutes, chapter 332 no later than January 1, 1996. For purposes of conducting this pilot, at least one-half of the private collection agencies selected must not be currently under contract with the commissioner. In placing debt with private collection agencies, the commissioner must consider the following factors in comparison to the enterprise: age and size of the debt, type of debt, and direct and indirect costs of collecting the debt. The commissioner shall report back to the legislature by February 1, 1997.

Sec. 17. EFFECTIVE DATE.

Sections 1, 3 to 7, 13, 15, and 16 are effective the day following final enactment. Section 8 is effective for debts previously referred or referred on or after the day following final enactment. Section 9 is effective for debts referred on or after July 1, 1995.

Presented to the governor May 30, 1995

Signed by the governor June 1, 1995, 2:10 p.m.

CHAPTER 255—S.F.No. 1019

An act relating to metropolitan government; establishing the metropolitan livable communities fund and providing for fund distribution; reducing the levy authority of the metropolitan mosquito control commission; providing for certain revenue sharing; regulating employee layoffs by the metropolitan mosquito control district; authorizing an economic vitality and housing initiative; amending Minnesota Statutes 1994, sections 116J.552, subdi-

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