STATE REGISTER

Volume 10

Printing Schedule

Submission Deadlines

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<td>Monday 2 June</td>
<td>Monday 9 June</td>
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*Deadline extensions may be possible at the editor’s discretion; however, none will be made beyond the second Wednesday (12 calendar days) preceding the issue date for rules, proposed rules and executive orders, or beyond the Wednesday (5 calendar days) preceding the issue date for official notices. Requests for deadline extensions should be made only in valid emergency situations.

**Notices of public hearings on proposed rules and notices of intent to adopt rules without a public hearing are published in the Proposed Rules section and must be submitted two weeks prior to the issue date.

Instructions for submission of documents may be obtained from the Office of the State Register, 504 Rice Street, St. Paul, Minnesota 55103, (612) 296-4273.

The State Register is published by the State of Minnesota, Minnesota Documents Division, 117 University Avenue, St. Paul, Minnesota 55155, pursuant to Minn. Stat. § 14.46. Publication is weekly, on Mondays, with an index issue in September. In accordance with expressed legislative intent that the State Register be self-supporting, the subscription rate has been established at $130.00 per year, postpaid to points in the United States. Second class postage paid at St. Paul, Minnesota. Publication Number 326630. (ISSN 0146-7751) No refunds will be made in the event of subscription cancellation. Single issues may be obtained at $3.25 per copy.

Subscribers who do not receive a copy of an issue should notify the State Register Circulation Manager immediately at (612) 296-0931. Copies of back issues may not be available more than two weeks after publication.

The State Register is the official publication of the State of Minnesota, containing executive orders of the governor, proposed and adopted rules of state agencies, and official notices to the public. Judicial notice shall be taken of material published in the State Register.

FOR LEGISLATIVE NEWS

Publications containing news and information from the Minnesota Senate House of Representatives are available free to concerned citizens and the news media. To be placed on the mailing list, write or call the offices listed below:

SENATE

*Briefly-Preview*—Senate news and committee calendar; published weekly during legislative sessions.

*Perspectives*—Publication about the Senate.

Contact: Senate Public Information Office
Room 111 State Capitol, St. Paul, MN 55155
(612) 296-0504

HOUSE

*Session Weekly*—House committees, committee assignments of individual representatives; news on committee meetings and action. House action and bill introductions

*This Week*—weekly interim bulletin of the House.

Contact: House Information Office
Room 175 State Office Building, St. Paul, MN 55155
(612) 296-2146

Cover graphic: Minnesota State Capitol, Ink drawing by Ric James.
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How to Follow State Agency Rulemaking Action in the State Register

State agencies must publish notice of their rulemaking action in the State Register. If an agency seeks outside opinion before promulgating new rules or rule amendments, it must publish a NOTICE OF INTENT TO SOLICIT OUTSIDE OPINION also.

The PROPOSED RULES section contains:
- Calendar of public hearings on proposed rules.
- Proposed new rules (including notice of hearing and/or notice of intent to adopt rules without a hearing).
- Proposed amendments to rules already in existence in the Minnesota Rules.
- Proposed emergency rules.
- Withdrawal of proposed rules (option; not required).

The ADOPTED RULES section contains:
- Notice of adoption of new rules and rule amendments adopted without change from the previously published proposed rules. (Unchanged adopted rules are not republished in full in the State Register unless an agency requests this.)
- Adopted amendments to new rules or rule amendments (adopted changes from the previously published proposed rules).
- Notice of adoption of emergency rules.
- Adopted amendments to emergency rules (changes made since the proposed version was published).
- Extensions of emergency rules beyond their original effective date.

The OFFICIAL NOTICES section includes (but is not limited to):
- Notice of intent to solicit outside opinion before promulgating rules.
- Additional hearings on proposed rules not listed in original proposed rules calendar.

ALL ADOPTED RULES and ADOPTED AMENDMENTS TO EXISTING RULES published in the State Register and filed with the Secretary of State before April 8, 1985 are published in the Minnesota Rules/1985. ADOPTED RULES and ADOPTED AMENDMENTS TO EXISTING RULES filed after April 8, 1985 will be included in a supplement scheduled for publication in Spring, 1986. Proposed and adopted EMERGENCY (formerly called TEMPORARY) RULES appear in the State Register but are generally not published in the Minnesota Rules due to the short-term nature of their legal effectiveness. Those that are long-term may be published.

The State Register publishes partial and cumulative listings of rule in the MINNESOTA RULES AMENDMENTS AND ADDITIONS list on the following schedule:

| Issues 1-13, inclusive | Issue 39, cumulative for 1-39 |
| Issue 14-25, inclusive | Issues 40-51, inclusive |
| Issue 26, cumulative for 1-26 | Issue 52, cumulative for 1-52 |
| Issues 27-38, inclusive |

The listings are arranged in the same order as the table of contents of the Minnesota Rules/1985.

NOTE: This listing includes all proposed and adopted rules printed in this issue except emergency rules and errata for this issue. Please see those sections for the appropriate rule numbers.
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(CITE 10 S.R. 2345)
ADOPTED RULES

The adoption of a rule becomes effective after the requirements of Minn. Stat. § 14.14-14.28 have been met and five working days after the rule is published in State Register, unless a later date is required by statutes or specified in the rule.

If an adopted rule is identical to its proposed form as previously published, a notice of adoption and a citation to its previous State Register publication will be printed.

If an adopted rule differs from its proposed form, language which has been deleted will be printed with strikeouts and new language will be underlined. The rule's previous State Register publication will be cited.

An emergency rule becomes effective five working days after the approval of the Attorney General as specified in Minn. Stat. § 14.33 and upon the approval of the Revisor of Statutes as specified in § 14.36. Notice of approval by the Attorney General will be published as soon as practicable, and the adopted emergency rule will be published in the manner provided for adopted rules under § 14.18.

Department of Commerce

Adopted Rule Governing Authorization to Issue Medical Malpractice Insurance

The rule proposed and published at State Register, Volume 10, Number 36, pages 1774-1776, March 3, 1986 (10 S.R. 1774) is adopted as proposed.

Department of Natural Resources

Adopted Rules Relating to Boat and Water Safety

Notice of Adoption

The rule amendment published in the State Register (10 S.R. 1905), on March 17, 1986 is now adopted as proposed.

OFFICIAL NOTICES

Pursuant to the provisions of Minn. Stat. § 15.0412, subd. 6, an agency, in preparing proposed rules, may seek information or opinion from sources outside the agency. Notices of intent to solicit outside opinion must be published in the State Register and all interested persons afforded the opportunity to submit data or views on the subject, either orally or in writing.

The State Register also publishes other official notices of state agencies, notices of meetings, and matters of public interest.

Department of Commerce

Notice of Temporary Activation of the Minnesota Joint Underwriting Association to Insure Specified Classes of Business

Notice is hereby given that, pursuant to Minnesota Statutes, section 621.21, the Minnesota Joint Underwriting Association (MJUA) and the Market Assistance Plan (MAP) are activated to provide assistance to the following classes of business unable to obtain liability insurance from private insurers:

- day care providers
- foster parents
- foster homes
- developmental achievement centers
- group homes
- sheltered workshops
- citizen participation groups
- recreational facilities
- electrical inspectors
- architects
- design engineers
- asbestos abatement contractors
- environmental contractors
volunteer guardianship providers
directors and officers of nonprofit agencies
home health aides
crane operators

The MJUA and MAP are activated to provide assistance to the above classes of business for a period of 180 days following publication of this notice. Pursuant to the requirements of Minnesota Statutes 621.22, a hearing before an administrative law judge will be held to determine whether activation should continue beyond 180 days. Notice of the time, date, and place of the hearing will appear in the State Register at a later date.

Questions regarding the MJUA, the MAP, or this notice should be directed to:

David Corum
Research Analyst
Minnesota Department of Commerce
500 Metro Square Building
St. Paul, MN 55101
(612) 297-3301

Michael A. Hatch
Commissioner

Energy and Economic Development Department
Business Financial Management Division

Notice of Tax Exempt Financing Issuance Authority

Notice of Availability
Pursuant to Minn. Laws 1986, Ch. 465, Article I, Section 22

The Department gives notice that the amounts of tax exempt financing issuance authority available to qualified issuers as of May 19, 1986, is as follows:

Competitive Pool (Existing Law)
Pursuant to Minn. Laws 1986, Ch. 465, Article 1, Section 13

<table>
<thead>
<tr>
<th>For:</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pollution Control/Waste Management Projects</td>
<td>$ 70,064,560</td>
</tr>
<tr>
<td>Commercial Redevelopment Projects</td>
<td>$ 95,312,980</td>
</tr>
<tr>
<td>Total Pool Available (Priority to Manufacturing Projects)</td>
<td>$ 305,422,800</td>
</tr>
</tbody>
</table>

Competitive Pool (Federal Volume Limitation Act)
Pursuant to Minn. Laws 1986, Ch. 465, Article 1, Section 19

<table>
<thead>
<tr>
<th>For:</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Pollution Control/Waste Management Projects</td>
<td>$ 59,856,247</td>
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<tr>
<td>Commercial Redevelopment/Multifamily Housing Projects</td>
<td>$ 101,008,432</td>
</tr>
<tr>
<td>Total Pool Available (Priority to a-General Obligation Projects, b-Manufacturing Projects)</td>
<td>$ 290,741,237</td>
</tr>
</tbody>
</table>

KEY: PROPOSED RULES SECTION — Underlining indicates additions to existing rule language. Strike outs indicate deletions from existing rule language. If a proposed rule is totally new, it is designated “all new material.” ADOPTED RULES SECTION — Underlining indicates additions to proposed rule language. Strike outs indicate deletions from proposed rule language.
OFFICIAL NOTICES

Qualified 501c(3) Bond Pool (Federal Volume Limitation Act)

Pursuant to Minn. Laws 1986, Ch. 465, Article 1, Section 20

Total Pool Available $78,300,000

Pursuant to Minn. Laws 1986, Ch. 465, Article 1, Section 13, Subd. 2, Section 19, Subd. 2, Section 20, Subd. 3, and Section 21, Subd. 2, issuers requesting allocations of issuance authority must submit applications, any applicable deposit and any other supporting documents required. Application forms are available from the Department upon request.

Department of Health
Emergency Medical Services Division

Outside Opinion Sought on Emergency Medical Services Licensure Application

As of May 26, 1986 a complete application was received from the City of West St. Paul for a basic life support transportation service license to serve the City of West St. Paul, Minnesota.

Minnesota Statutes, Section 144.802, requires in part that the Commissioner of Health publish the notice at the applicant’s expense in the State Register.

Each municipality, county, community health services agency, and any other interested person wishing to comment on this application may submit comments to the Metropolitan Health Board, 7th and Robert, St. Paul, Minnesota 55101, Attn: Paul Riddle. The comments must reach the Health Systems Agency before June 26, 1986 or be submitted at the public hearing.

After a public hearing has been held, the Health Systems Agency shall recommend that the Commissioner of Health grant or deny a license or recommend that a modified license be granted. The Health Systems Agency shall make the recommendations and reasons available to any individual requesting them.

Within 30 days of receipt of the recommendation to the Commissioner of Health, the Commissioner shall grant or deny the license to the applicant.

State Board of Investment
Notice of Investment Advisory Council Meeting

The State Board of Investment will meet on Thursday, June 12, 1986 at 8:00 A.M. in Room 118, State Capitol, Saint Paul, MN.

The Investment Advisory Council will meet at 2:00 P.M. on Tuesday, June 3, 1986, in the MEA Building, 41 Sherburne Avenue, Conference Room “A”, Saint Paul, MN.

Labor and Industry
Prevailing Wage Division

Notice of Certified Prevailing Wage Rates for Commercial Construction

On June 1, 1986 the commissioner will certify prevailing wage rates for commercial construction projects in the following Minnesota counties: Anoka, Benton, Big Stone, Carver, Chippewa, Chisago, Dakota, Douglas, Grant, Hennepin, Isanti, Kanabec, Kandiyohi, McLeod, Meeker, Mille Lacs, Morrison, Pine, Pope, Ramsey, Scott, Sherburne, Stearns, Stevens, Swift, Todd, Traverse, Washington and Wright.

A copy of the determined wage rates for Minnesota counties may be obtained by contacting the State Register and Public Documents Division, 117 University Avenue, St. Paul, Minnesota 55155, phone (612) 297-3000. The charges for the cost of copying and mailing are $0.50 for the first county and $0.30 for any subsequent copies of the same or other counties. For all 87 counties the charge is $25.00. A sales tax of 6% must be added to all orders.

A check or money order payable to the State of Minnesota must accompany each request.

Steve Keefe, Commissioner
Department of Labor & Industry
Public Utilities Commission

Outside Opinion Sought Concerning Amendments to Rules Governing the Certificate of Need Program for Electric Generating Facilities and High Voltage Transmission Lines

Notice is hereby given that the Minnesota Public Utilities Commission (the Commission) is considering amendments to Minnesota Rules, parts 4220.0100 to 4220.4100, governing the criteria for assessment of need and the contents of applications for certificates of need for large electric generating facilities and large high voltage transmission lines. These amendments will be promulgated under the authority of Minn. Stat. § 14.06 (1984), which authorizes the Commission to adopt rules setting forth the procedures which affect the public; Minn. Stat. § 216A.05, which authorizes the Commission to prescribe rules with respect to the control and conduct of the businesses coming within its jurisdiction; and Minn. Stat. § 216B.243, which requires the Commission to adopt rules and procedures regarding the certificate of need process.

The proposed amendments may address any of the sections of the rules, including: 1) definitions; 2) procedures for determining substantial completeness of applications; 3) the criteria for assessment of need; 4) application fees; 5) alternatives to proposed facilities; 6) technical, economic and environmental data for proposed facilities and reasonable alternatives; and 7) certificate of need modifications.

The Commission desires comments on any or all of these matters being considered. Interested or affected persons or groups may submit written statements of information or comment. Written statements should be addressed to:

David Jacobson
Minnesota Public Utilities Commission
780 American Center Building
160 East Kellogg Boulevard
St. Paul, MN 55101

All written statements of information and comment will be accepted during normal business hours (8:00 a.m.–4:30 p.m.) until June 27, 1986. In order to be considered, comments must be received no later than 4:30 p.m. on Friday, June 27, 1986. Any written material received by the Commission shall become part of the rulemaking record to be submitted to the attorney general or administrative law judge in the event that the rules are amended.

19 May 1986

Mary Ellen Hennen, Executive Secretary

Department of Transportation

Notice of Petition of City of Winona for a Variance from State Aid Standards for Street Width

Notice is hereby given that the City Council of the City of Winona has made a written request to the Commissioner of Transportation pursuant to Minnesota Rules § 8820.3300 for a variance from minimum standards for a resurfacing project on Municipal State Aid Street 108 (Huff Street) from Sarnia Street to Broadway Street.

The request is for a variance from Minnesota Rules for State Aid Operations § 8820.9919 adopted pursuant to Minnesota Statutes Chapter 161 and 162, so as to permit a street width of 36 feet instead of the required width of 56 feet with parallel parking on one side.

Any person may file a written objection to the variance request with the Commissioner of Transportation, Transportation Building, St. Paul, Minnesota 55155.

If a written objection is received within 20 days from the date of this notice in the State Register, the variance can be granted only after a contested case hearing has been held on the request.

15 May 1986

Richard P. Braun
Commissioner of Transportation

(CITE 10 S.R. 2349)
Pursuant to the provisions of Minn. Stat. § 16.09K, subd. 3, an agency must make reasonable effort to publicize the availability of any consultant services contract or professional and technical services contract which has an estimated cost of over $2,000.

Department of Administration procedures require that notice of any consultant services contract or professional and technical services contract which has an estimated cost of over $10,000 be printed in the State Register. These procedures also require that the following information be included in the notice: name of contact person, agency name and address, description of project and tasks, cost estimate, and final submission date of completed contract proposal. Certain quasi-state agencies are exempted from some of the provisions of this statute.

Commodities contracts with an estimated value of $5,000 or more are listed under the Procurement Division, Department of Administration. All bids are open for 7-10 days before bidding deadline. For bid specifics, time lines, and other general information, contact the appropriate buyers by calling 296-6152. If the appropriate buyer is not available, contact Harvey Leach or Barbara Jolly at 296-3779.

### Department of Administration Procurement Division

### Contracts and Requisitions Open for Bid

Call 296-6152 for Referral to Specific Buyers.

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<th>Commodity for Bid</th>
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<th>Department or Division</th>
<th>Delivery Point</th>
<th>Requisition #</th>
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<td>Mankato</td>
<td>26-137-03507 Rebid</td>
</tr>
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<td>Displays</td>
<td>May 27, 1986</td>
<td>Agriculture</td>
<td>St. Paul</td>
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</tr>
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<td>May 28, 1986</td>
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<tr>
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<td>May 28, 1986</td>
<td>Mn Pollution Control Agency</td>
<td>Roselle</td>
<td>02-310-14760 Price-Contract</td>
</tr>
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<td>May 28, 1986</td>
<td>Transportation—Aeronautics</td>
<td>St. Paul</td>
<td>79-000-52811</td>
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<td>May 28, 1986</td>
<td>Transportation</td>
<td>Various</td>
<td>29-002-12007 Price-Contract</td>
</tr>
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<td>May 28, 1986</td>
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<td>Various</td>
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</tr>
<tr>
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<td>May 28, 1986</td>
<td>State University System</td>
<td>Mankato</td>
<td>26-071-16564-7516-21</td>
</tr>
<tr>
<td>Explore Mn Minnetours</td>
<td>May 28, 1986</td>
<td>Winona State University</td>
<td>Hibbing</td>
<td>27-143-48513</td>
</tr>
<tr>
<td>Modular HPCL Systems</td>
<td>May 28, 1986</td>
<td>Community College</td>
<td>Int'l Falls</td>
<td>27-155-48267</td>
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<tr>
<td>Detection System</td>
<td>May 28, 1986</td>
<td>Rainy River Community College</td>
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<tr>
<td>Custom Built Fiberglass Canoe</td>
<td>May 29, 1986</td>
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</tr>
<tr>
<td>Purchase of Photocopy Machine</td>
<td>May 29, 1986</td>
<td>Austin Community College</td>
<td>Austin</td>
<td>27-139-49131</td>
</tr>
<tr>
<td>Purchase of Photocopy Machine</td>
<td>May 29, 1986</td>
<td>State University System</td>
<td>Bemidji</td>
<td>26-070-11619</td>
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<tr>
<td>Vending Machines</td>
<td>May 29, 1986</td>
<td>Transportation—Jobs &amp; Training</td>
<td>Bloomington</td>
<td>21-700-12459</td>
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<tr>
<td>Purchase of Photocopy Machine</td>
<td>May 29, 1986</td>
<td>State University</td>
<td>St. Cloud</td>
<td>26-073-18450</td>
</tr>
<tr>
<td>Repair Skid Pad</td>
<td>May 29, 1986</td>
<td>State University</td>
<td>St. Cloud</td>
<td>26-073-18815</td>
</tr>
<tr>
<td>Telephone System</td>
<td>May 29, 1986</td>
<td>North Hennepin Community College</td>
<td>Minneapolis</td>
<td>02-430-47194 Rebid</td>
</tr>
<tr>
<td>Outboard Motors</td>
<td>May 30, 1986</td>
<td>Natural Resources</td>
<td>Various</td>
<td>29-000-43775</td>
</tr>
<tr>
<td>Telephone System</td>
<td>May 30, 1986</td>
<td>Correctional Facility</td>
<td>Shakopee</td>
<td>02-430-47198</td>
</tr>
<tr>
<td>Purchase of Data Entry Computer</td>
<td>May 30, 1986</td>
<td>Revenue</td>
<td>St. Paul</td>
<td>67-150-11403</td>
</tr>
<tr>
<td>System</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Car</td>
<td>May 30, 1986</td>
<td>Natural Resources</td>
<td>Grand Rapids</td>
<td>29-002-12121 Rebid</td>
</tr>
</tbody>
</table>
**Department of Human Services**

**Notice of Availability of Information Management Resources Contract for Backup Systems Analysis Services**

The Minnesota Department of Human Services is requesting a proposal from qualified firms to provide backup systems analysis services to be used by the Department on an as-needed basis. This will involve basic systems analysis, using systems development methodology and structured systems design. This may involve backup technical assistance or consultation to a staff analyst of the Department on specific phases of a project, or taking responsibility for implementing specific project phases. This work will be assigned at the discretion of the Department. The total amount expended for these services will not exceed $200,000.00 for fiscal year 1987 (i.e., July 1, 1986 through June 30, 1987). Proposals limited to a part of this work will be considered (i.e., responders are not required to commit to services totalling the entire $200,000.00). The Department reserves the right to contract this work out to several responders, or to award the entire amount to one responder.

The full text of the Request For Proposal is available on request. Inquiries and responses must be directed to:

Norbert A. Bohn, Director
Management Resources
Space Center
444 Lafayette Road
Saint Paul, Minnesota 55101
(612) 296-6429

Responses must be received no later than 4 p.m. on June 16, 1986.

**Department of Human Services**

**Cambridge Regional Human Services Center**

**Notice of Request for Proposal for Medical Services**

Notice is hereby given that Cambridge Regional Human Services Center, Dept. of Human Services is seeking the following services for the period July 1, 1986 through June 30, 1987. These services are to be performed as requested by the Administration of the Cambridge Regional Human Services Center.

This request for proposals does not obligate the state to complete the projects, and the state reserves the right to cancel the solicitation if it is considered to be in its best interest.

1. Services of a qualified interpreter are sought to provide consultation to the hearing impaired residents, provide manual sign language inservice to the staff, participate and interpret for meetings that are scheduled by the Medical Director, Speech Pathologist and other staff. Supervision of work will be provided. Estimated amount of this contract will not exceed $17,600.00.

Responses must be received by June 16, 1986.

Direct inquiries to:

Dorothy J. Johnson, Accounting Officer Supervisor
Cambridge Regional Human Services Center
Cambridge, MN 55008
Phone: (612) 689-2121 Ext. 206
STATE GRANTS

In addition to requests by state agencies for technical/professional services (published in the State Contracts section), the State Register also publishes notices about grant funds available through any agency or branch of state government. Although some grant programs specifically require printing in a statewide publication such as the State Register, there is no requirement for publication in the State Register itself.

Agencies are encouraged to publish grant notices, and to provide financial estimates as well as sufficient time for interested parties to respond.

Housing Finance Agency

Notice of Fund Availability and Request for Proposals

Elderly Home Sharing Program

Introduction

The Minnesota Housing Finance Agency announces the availability of $100,000 in grant funds to eligible sponsors for the purpose of establishing and/or operating Elderly Home Sharing Programs within the State of Minnesota. These funds were appropriated by the 1985 Minnesota Legislature.

Homesharing is an arrangement where two or more unrelated people share a dwelling, each having his or her own private space and sharing certain common living areas. A shared arrangement usually means that an elderly homeowner provides a bedroom for a renter. Homesharers may arrange a regular rental agreement or the renter may provide services for part or all of the rent. No two homesharing situations are alike; each is tailored to the needs and desires of the people involved.

The Minnesota Housing Finance Agency was established to assist in providing safe, appropriate and affordable housing for low- and moderate-income residents of Minnesota. For elderly persons, the options are often too limited. This Elderly Home Sharing Program is intended to make it possible for more elderly homeowners to remain in their homes. The MHFA will award grant funds to selected nonprofit organizations for the development and/or operation of elderly home sharing programs throughout Minnesota. These programs should match low- and moderate-income elderly homeowners with homeseekers who will contribute rent or services in exchange for sharing the home. This income and/or service should help the elderly homeowners stay in their homes longer than they would have without the tenants.

One excellent source of information for planning a Home Sharing Program is:

"Shared Housing For Older People, a Planning Manual for Match-up Programs"

available from:

National Shared Housing Resource Center, Inc.
6344 Greene Street
Philadelphia, PA 19144
(215) 848-1220

Applicant and Project Eligibility

Eligible grant applicants include nonprofit organizations that operate or propose to operate elderly home sharing programs within the State of Minnesota. Eligible applicants also include housing authorities and units of local government.

Availability of Funds

Applicants may request any size grant up to a maximum of $100,000; however, it is the intent of this demonstration to assist in the development of home sharing programs in both urban and rural sections of the State with as wide a distribution as possible.

It is assumed that the grant will be utilized for program administration for a one-year period, but applicants may propose a different time period.

Those sponsors selected to participate in this program will receive one-half of their grant amount in advance for start-up costs. The balance will be released quarterly for the term of the program, based upon quarterly program progress reports from the sponsors.

Procedure

Applicants may request application packets by contacting staff at the MHFA. Any questions concerning the program or the application forms should also be directed to MHFA staff.

Minnesota Housing Finance Agency
Park Square Court Building—Suite 300
400 Sibley Street
St. Paul, MN 55101
This Request for Proposals (RFP) is subject to all applicable federal, state and municipal laws, rules and regulations and may be amended from time to time. MHFA reserves the right to modify or withdraw this RFP at any time and is not able to reimburse any applicant for costs incurred in the preparation or submittal of applications.

Applications are due by 4:00 p.m. on July 14, 1986. Selections should be made by the end of July.

SUPREME COURT DECISIONS
Decisions Filed Friday, 16 May 1986
Compiled by Wayne O. Tschimperle, Clerk

C0-84-2016, C4-85-117 Francis L. Dennie, Appellant v. Metropolitan Medical Center, petitioner. Court of Appeals.

Trial court abused its discretion in suppressing plaintiff's expert testimony requiring dismissal of action where there was no indication that plaintiff's counsel intentionally obstructed the discovery process and no prejudice came to defendant's case.

Affirmed. Amdahl, C.J.

Concurring specially, Simonett, J.

Took no part, Coyne, J.

C2-85-1847 In re Objections to Real Property Taxes: Donald P. Helgeson and Arline Helgeson, petitioners v. County of Hennepin, respondent, Relator. Tax Court.

The Minnesota Tax Court correctly held that a condominium periodically occupied as a residence while its owners enjoyed cultural and recreational events in the metropolitan area is "seasonal/recreational" property under Minn. Stat. § 273.13, subd. (a)(1984).

Affirmed. Yetka, J.

Dissenting, Scott, J., and Coyne, J.

C6-85-1866 Eugene C. Woehler, Relator v. Packaging Corp. of America (Tenneco), and Travelers Insurance Company and Minneapolis Retail Meat Cutters & Food Handlers Health & Welfare Fund, intervenor. Workers' Compensation Court of Appeals.

The finding that employee is permanently totally disabled due solely to a nonwork-related lung condition has substantial support in the evidence as a whole.

Affirmed. Yetka, J.

Dissenting, Wahl, J., and Scott, J.

C9-84-2175 Howard F. Young v. City of Duluth, petitioner, Appellant. Court of Appeals.

Where a public employer terminates the position of employment held by a veteran, written notice under the Veterans Preference Act must be given to the veteran and the 60-day limitation period in the Veterans Preference Act does not begin to run until such notice is received.

Affirmed as modified. Scott, J.

Concurring specially, Simonett, J., Kelley, J., and Coyne, J.


The Workers' Compensation Court of Appeals lacked jurisdiction to review an order compelling employee to attend a pretrial deposition because the order is not appealable under Minn. Stat. § 176.421, subd. 1 (1984).

Reversed. Scott, J.

When an attorney breaches a fiduciary duty, but actual fraud is absent, the clients sustain no actual harm, and particularly where there are multiple client claims, the amount of the attorney's fee forfeiture may be adjusted to the degree of misconduct, having in mind the relevant factors set out in Minn. Stat. § 549.20, subd. 3 (1984).

A class action is proper here to litigate the claims of clients seeking a fee forfeiture from the defendant attorney for breach of a common fiduciary duty owed to them.

The plaintiff class is not entitled to recover interim attorney fees from defendants for bringing the class action against the defendants.

The trial court correctly rules that imposition of treble damages under Minn. Stat. §§ 481.07 and .071 (1984) was improper under the facts of this case.

Affirmed. Gilchrist, Case # C8-84-2152


Dissenting, Wahl, J., and Kelley, J.

Took no part, Coyne, J.


A warranty by a sole stockholder of a travel tour corporation which warranted that the business, to the best of his personal knowledge, was in compliance with all laws, rules, and regulations, was not breached when he personally had no knowledge of non-compliance with a recently promulgated federal regulation.

Under the facts and circumstances of this case, the seller of a business corporation did not breach a warranty as to the accuracy of a mid-year balance sheet that was not completed according to generally accepted accounting principles.

Seller of a travel tour corporation breached a contract warranty that no material fact regarding the corporation had been omitted which would reasonably affect an investor's decision to purchase the corporation by neglecting to reveal that substantial tour prepayments were due shortly after the closing of the sale.

Seller of corporation did not fraudulently represent facts in a financial statement furnished buyer prior to execution of the sale contract.

Omission by seller of travel tour corporation to reveal to buyer that substantial prepayments from the corporation were due to promoters of the tours constituted common law fraud and a violation of the Minnesota Securities Act.

Settlement of a claim with one wrongdoer, without reservation of right to pursue claims against other wrongdoers, or without other contemporaneous manifestations of intent to hold the latter, supports the trial court's conclusion that the latter was likewise discharged from liability by the release.

A sale by the sole stockholder of a business corporation of 100 percent of the corporate stock to a buyer who was to solely operate the corporation is governed by the Minnesota Securities Act.

The Minnesota Securities Act does not unconstitutionally discriminate against the seller of 100 percent stock of a corporation.

The seller of 100 percent stock of a business corporation who had no personal knowledge that the corporation was in violation of recently promulgated CAB rules was not in violation of the Minnesota Securities Act when he failed to disclose that fact to buyer.

The seller of 100 percent stock of corporation did not violate the Minnesota Securities Act by not affirmatively telling buyer that tour tickets had not been confirmed when seller gave buyer, his accountant, and his employee access to all of the records of the tours showing that the accommodations had not, in fact, been confirmed.

Amount of costs awarded successful claimant for a violation of the Minnesota Securities Act is discretionary with the trial court operating within guidelines established by Minn. Stat. § 549.02 (1982); Minn. Stat. § 357.25 (1982); as well as Part 1, Rule 11 of the Code of Rules for District Courts.

Trial court correctly applied the rate found in Minn. Stat. § 334.01 (1982) in computing prejudgment interest on an award following violation of the Minnesota Securities Act.

In computing attorney fees recoverable under the Minnesota Securities Act by a party only partially successful, the court, in addition to computing hours spent times a reasonable hourly rate, should consider other factors, including the time spent on the successful issue, and the result obtained.

The trial court properly refused to relieve buyer of corporate stock from its contract performance under the facts and circumstances of this case.

Affirmed in part, reversed in part and remanded. Kelley, J.
State of Minnesota Tax Court, Regular Division

Findings of Fact, Conclusions of Law and Order for Judgement, Dated 15 May 1986

Docket Nos. 3401 and 3402 Westinghouse Electric Corporation and Thermo King Corporation, Appellants, vs. Commissioner of Revenue, Appellee.

The above-entitled matter came on for hearing before the Honorable Earl B. Gustafson, Judge of the Minnesota Tax Court, on April 14, 1986 at the Tax Court Hearing Room at 444 Lafayette Road, St. Paul, Minnesota.

Richard I. Diamond and Gene N. Fuller, of Larkin, Hoffman, Daly and Lindgren, Ltd., appeared for appellants.

Thomas R. Muck, Deputy Attorney General, appeared for appellee.

The Court, having heard and considered the arguments of counsel and upon all of the files and records herein, now make the following:

FINDINGS OF FACT

The parties stipulated to the following facts:

1. Appellant Westinghouse Electric Corporation (Westinghouse) is a Pennsylvania corporation which does business in the State of Minnesota.

2. Appellant Thermo King Corporation (Thermo King) is a Delaware corporation, which has its principal place of business in Minnesota, and is a wholly-owned subsidiary of Westinghouse.

3. Westinghouse Electric Export Corporation (WEEX), a Delaware corporation, is a wholly-owned subsidiary of Westinghouse which elected to be treated as a domestic international sales corporation (DISC) for federal income tax purposes under 26 U.S.C. §§ 991 et seq., and was so treated for the years 1972 through 1976.

4. Westinghouse, Thermo King and WEEX keep their financial, tax and accounting records on the accrual method and all have December 31 year-ends.

5. WEEX was incorporated on December 22, 1971. It was organized and has been utilized to enable Westinghouse to receive the federal income tax benefits authorized in §§ 991-997 of the Internal Revenue Code, 26 U.S.C. §§ 991-97.

6. In the tax years prior to 1972, Westinghouse and Thermo King conducted their own export sales activity by use of a Swiss subsidiary of Westinghouse and independent or franchised foreign agents or dealers, and reported income from export sales as apportionable income on their pre-1972 Minnesota franchise tax returns.

7. For the tax years 1972 through 1976, inclusive, WEEX qualified as a DISC under Section 992(a) of the Internal Revenue Code of 1954 (the Code) and was exempt from federal income tax for such years under Section 991 of the Code. The federal tax law permitting the operation of DISC's did not take effect until January, 1972.

8. WEEX reported total income on federal form 1120-DISC for years 1972 through 1976 in the total sum of Three Hundred Twenty-two Million Eight Hundred Ninety-two Thousand Sixteen Dollars ($322,892,016). All of the business income of WEEX for the tax years 1972 through 1976, inclusive, consisted of interest earned and commissions paid to it with respect to export sales of products and related services by Westinghouse, Thermo King and other wholly-owned subsidiaries of Westinghouse.

9. The following amounts paid by Westinghouse and Thermo King, respectively, to WEEX for DISC commissions were disallowed by the Commissioner of Revenue as deduction in computing income subject to Minnesota income tax for the following years:

<table>
<thead>
<tr>
<th>Year</th>
<th>Westinghouse</th>
<th>Thermo King</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972</td>
<td>$22,343,000</td>
<td>$ 2,381,000</td>
</tr>
<tr>
<td>1973</td>
<td>$44,497,105</td>
<td>$ 2,735,820</td>
</tr>
<tr>
<td>1974</td>
<td>$44,898,004</td>
<td>$ 4,438,900</td>
</tr>
<tr>
<td>1975</td>
<td>$43,351,989</td>
<td>$ 5,601,753</td>
</tr>
<tr>
<td>1976</td>
<td>$64,096,426</td>
<td>$ 5,881,525</td>
</tr>
</tbody>
</table>

10. As the sole shareholder of WEEX, Westinghouse is the sole recipient of any distribution of WEEX income.
11. During the tax years 1972 through 1976, inclusive, WEEX had no paid employees, other than employees of Westinghouse and its subsidiaries; did not engage in any business activities in Minnesota, except as to all business activities on its behalf, if any, performed by employees of Westinghouse or Thermo King in Minnesota; nor did it employ capital, own or lease real or tangible personal property, pay real estate rentals, or maintain an office in the State of Minnesota at any time during such years.

12. Employees of Westinghouse and its subsidiaries conducted all business operations of WEEX. WEEX had no paid employees of its own. All of the sales for which WEEX received the commissions described in this Stipulation were made by employees of Westinghouse and its subsidiaries, including Thermo King. All billings and collections with respect to those sales were made by employees of Westinghouse and its subsidiaries, including Thermo King. The books and records of WEEX were kept by employees of Westinghouse and its subsidiaries. WEEX paid no salaries, but all persons performing actions on its behalf were employees of and paid by Westinghouse and its subsidiaries. WEEX had no physical assets of its own, but various expenses were allocated to WEEX for federal income tax purposes.

13. WEEX performed business by transacting producer loans and performing bookkeeping transactions related to its operation as a commission DISC. Specifically, booked to WEEX were interest income and DISC sales commissions from Westinghouse and its subsidiaries, including Thermo King. WEEX is deemed to have paid one-half of those commissions to Westinghouse as DISC dividends.

14. Pursuant to § 1.992-1(a)(6) of the Internal Revenue Code, WEEX maintained bank accounts separate from Westinghouse and at the times required by law actually transferred cash funds between it and Westinghouse and its subsidiaries, including Thermo King.

15. WEEX did not file Minnesota corporate income tax returns for years 1972 through 1976, and was not required to do so.

16. Appellants timely filed their respective Minnesota income tax returns for the years 1972 through 1976, excluding therefrom amounts paid to WEEX. On June 15, 1981, the Commissioner of Revenue rendered his Order assessing additional taxes due.

17. On June 14, 1983, appellants paid to the State of Minnesota the additional amounts so ordered, plus accrued interest to that date, in order to terminate the accrual of additional interest. Said payments do not prejudice or in any way constitute a waiver of appellants’ rights or claims to this action.

18. The Corporate Income Tax Division of the Minnesota Department of Revenue sent Westinghouse a letter dated July 5, 1984. Thereafter, for the purpose of this litigation, Westinghouse, Thermo King and WEEX have completed questionnaires from the Minnesota Department of Revenue regarding the unitary relationship between and among them.


20. For purposes of this case, Westinghouse, Thermo King and WEEX constitute a unitary business for the years at issue.

21. If Westinghouse, Thermo King and WEEX were taxed as a unitary business for the years at issue with the tax calculated on a unitary apportionment or combined reporting basis, the effect would be a refund of approximately $2,000,000 plus interest.

22. The parties agree to reserve the calculation of the precise amount of any refund until the ultimate resolution of the issues raised in the petitions herein. In the event the parties are unable to agree within thirty (30) days of the Court’s decision, the matter will be submitted to the Court for its determination.

23. The petitions in this action were timely filed on August 12, 1981, and have been consolidated for discovery and trial.

24. Westinghouse and Thermo King dismiss their appeals and withdraw that portion of their notices of appeal relating to interest income on producer loans, foreign taxes paid and dividends apportionable.

The Court finds the following additional facts:

25. Appellants filed no additional or amended returns.

26. Appellee did not abuse his discretion in failing to assess appellants’ income taxes on a unitary basis.

CONCLUSIONS OF LAW

1. The Order of the Commissioner dated June 15, 1981, relating to the income tax liability of appellant Westinghouse Electric Corporation, is hereby affirmed.
2. The Order of the Commissioner dated June 15, 1981, relating to the income tax liability of appellant Thermo King Corporation, is hereby affirmed.

LET JUDGMENT BE ENTERED ACCORDINGLY. A STAY OF 15 DAYS IS HEREBY ORDERED.

15 May 1986

BY THE COURT,

Earl B. Gustafson, Judge

Minnesota Tax Court

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