

STATE OF MINNESOTA

# Journal of the Senate

EIGHTY-FIRST LEGISLATURE

---

FIFTY-SIXTH DAY

St. Paul, Minnesota, Monday, May 3, 1999

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

## CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Christine M. Bellefeuille.

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

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

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

The President declared a quorum present.

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

## REPORTS OF COMMITTEES

**Senator Johnson, D.J. from the Committee on Taxes**, to which was referred the following appointment as reported in the Journal for January 7, 1999:

### TAX COURT

Raymond R. Krause

Reports the same back with the recommendation that the appointment be confirmed.

Senator Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

**Senator Johnson, D.J. from the Committee on Taxes**, to which was referred the following appointment as reported in the Journal for February 25, 1999:

DEPARTMENT OF REVENUE  
COMMISSIONER

Matthew G. Smith

Reports the same back with the recommendation that the appointment be confirmed.

Senator Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

### MOTIONS AND RESOLUTIONS

Senator Pogemiller moved that the name of Senator Krentz be added as a co-author to S.F. No. 2242. The motion prevailed.

Senator Moe, R.D. moved that H.F. No. 2333 be taken from the table. The motion prevailed.

**H.F. No. 2333:** A bill for an act relating to education; prekindergarten through grade 12; providing for general education; special programs; lifework development; facilities and technology; education excellence; other programs; nutrition programs; libraries; education policy; and state agencies; appropriating money; amending Minnesota Statutes 1998, sections 13.46, subdivision 2; 43A.18, subdivision 4a; 119A.01, subdivisions 1 and 2; 120A.22, subdivision 5; 120A.24, subdivision 1; 120A.41; 121A.15, subdivision 1; 121A.23; 121A.45, subdivision 2; 122A.07, subdivision 1; 122A.18, by adding a subdivision; 122A.28; 122A.60, subdivision 3; 122A.61, subdivisions 1 and 2; 123A.05, subdivision 2; 123A.48, subdivision 10; 123B.195; 123B.36, subdivision 1; 123B.49, subdivision 4; 123B.53, subdivisions 4, 5, and 6; 123B.54; 123B.57, subdivision 4; 123B.61; 123B.75, by adding a subdivision; 123B.79, by adding a subdivision; 123B.92, subdivision 9; 123B.93; 124C.55, by adding a subdivision; 124D.10, subdivisions 3, 4, 5, 6, 10, 11, and by adding a subdivision; 124D.11, subdivisions 4, 6, 7, 8, and by adding a subdivision; 124D.453, subdivision 3; 124D.454; 124D.68, subdivision 9; 124D.69, subdivision 1; 124D.87; 124D.88, subdivision 3; 124D.94, subdivisions 3, 6, and 7; 125A.09, subdivision 4; 125A.50, subdivisions 2 and 5; 125A.75, subdivision 8; 125A.76, subdivisions 1, 4, and 5; 125A.79, subdivisions 1, 2, and by adding subdivisions; 125B.05, subdivision 3; 125B.20; 126C.05, subdivisions 1, 3, 15, and by adding a subdivision; 126C.10, subdivisions 1, 2, 3, 4, 10, 14, 19, 21, and by adding subdivisions; 126C.12; 126C.13, subdivisions 1 and 2; 126C.15; 126C.17, subdivisions 2, 5, and 6; 126C.40, subdivision 4; 126C.42, subdivisions 1 and 2; 126C.46; 126C.63, subdivisions 5 and 8; 126C.69, subdivisions 2 and 9; 127A.44, subdivision 2; 127A.45, subdivisions 2, 3, 4, 13, and by adding a subdivision; 127A.47, subdivisions 2 and 7; 127A.49, subdivisions 2 and 3; 128C.01, subdivisions 4 and 5; 128C.02, by adding a subdivision; 128C.12, subdivision 1; 128C.20; and 626.556, by adding a subdivision; Laws 1993, chapter 224, article 3, section 32, as amended; Laws 1995, First Special Session chapter 3, article 12, section 7, as amended; Laws 1996, chapter 412, article 1, section 35; Laws 1997, First Special Session chapter 4, article 1, section 61, subdivisions 1, 2, 3, as amended, and 4; article 2, section 51, subdivision 29, as amended; article 8, section 4; article 9, section 13; and Laws 1998, chapter 397, article 12, section 8; chapter 398, article 6, sections 38 and 39; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A; 124D; 125A; 125B; 128C; and 134; repealing Minnesota Statutes 1998, sections 120B.05; 122A.31, subdivision 4; 123B.05; 123B.64, subdivisions 1, 2, 3, and 4; 123B.92, subdivisions 2, 4, 6, 7, 8, and 10; 124D.112; 124D.113; 124D.116; 124D.24; 124D.25; 124D.26; 124D.27; 124D.28; 124D.29; 124D.30; 124D.32; 124D.453; 124D.65, subdivision 3; 124D.67; 124D.70; 124D.90; 125A.76, subdivision 6; 125A.77; 125A.79, subdivision 3; 126C.05, subdivision 4; 126C.06; 127A.45, subdivision 5; 134.155; 135A.081; Laws 1995, First Special Session chapter 3, article 3, section 11; Laws 1997, First Special Session chapter 4, article 1, section 62, subdivision 5; article 2, section 51, subdivision 10; article 3, section 5; and article 8, section 5; and Laws 1998, chapter 398, article 2, section 57.

### SUSPENSION OF RULES

Senator Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 2333 and that the rules of the Senate be so far suspended as to give H.F. No. 2333 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 2333 was read the second time.

Senator Pogemiller moved to amend H.F. No. 2333 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 2333, and insert the language after the enacting clause, and the title, of S.F. No. 2242, the second engrossment.

The motion prevailed. So the amendment was adopted.

Senator Pogemiller then moved to amend H.F. No. 2333, as amended by the Senate May 3, 1999, as follows:

(The text of the amended House File is identical to S.F. No. 2242.)

Page 70, delete section 10

Page 113, line 3, delete "1.02" and insert "1.04"

Page 117, line 7, delete "1.044" and insert "1.05"

Page 117, line 8, delete "1.02" and insert "1.06"

Page 144, line 4, delete "subdivision 7" and insert "subdivisions 7 and 8"

Re-number the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Pogemiller then moved to amend H.F. No. 2333, as amended by the Senate May 3, 1999, as follows:

(The text of the amended House File is identical to S.F. No. 2242.)

Page 59, line 7, delete "\$25" and insert "\$20"

Page 59, line 8, delete "\$39" and insert "\$40"

The motion prevailed. So the amendment was adopted.

Senator Pogemiller then moved to amend H.F. No. 2333, as amended by the Senate May 3, 1999, as follows:

(The text of the amended House File is identical to S.F. No. 2242.)

Page 183, after line 23, insert:

"Subd. 16. [ALTERNATIVE FACILITIES DESIGN GRANT.] For an alternative facilities design grant to a school district for the purpose of constructing a new school using monolithic dome construction techniques:

<u>\$1,500,000</u>	<u>.....</u>	<u>2000</u>
--------------------	--------------	-------------

The commissioner shall award a grant to a school district for the purpose of demonstrating that a school constructed using monolithic dome construction techniques can provide operating and construction savings for school districts throughout the state. The school district shall agree to



Page 62, line 13, delete "\$3,085,000" and insert "\$3,360,000"

Page 62, after line 13, insert:

" \$1,405,000                      ....                      2001 "

Page 62, line 15, after "\$10,000" insert "in fiscal year 2000"

Page 62, line 17, after "\$50,000" insert "in fiscal year 2000"

Page 62, line 19, delete "\$120,000" and insert "\$65,000 in fiscal year 2000 and \$50,000 in fiscal year 2001"

Page 62, line 21, after "\$60,000" insert "in fiscal year 2000 and \$5,000 in fiscal year 2001"

Page 62, line 23, after "\$75,000" insert "in fiscal year 2000"

Page 62, line 25, after "\$300,000" insert "in fiscal year 2000"

Page 62, line 27, after "\$10,000" insert "in fiscal year 2000"

Page 62, line 29, after "\$20,000" insert "in fiscal year 2000"

Page 62, line 31, after "\$15,000" insert "in fiscal year 2000"

Page 62, line 33, after "\$10,000" insert "in fiscal year 2000"

Page 62, line 35, after "\$40,000" insert "in fiscal year 2000"

Page 63, line 1, delete "\$250,000" and insert "\$155,000 in fiscal year 2000 and \$95,000 in fiscal year 2001"

Page 63, line 3, after "\$135,000" insert "in fiscal year 2000"

Page 63, line 5, after "\$30,000" insert "in fiscal year 2000 and \$5,000 in fiscal year 2001"

Page 63, line 7, after "\$10,000" insert "in fiscal year 2000"

Page 63, line 9, after "\$40,000" insert "in fiscal year 2000"

Page 63, line 11, after "\$25,000" insert "in fiscal year 2000"

Page 63, lines 13 and 15, after "\$15,000" insert "in fiscal year 2001"

Page 63, line 17, delete "\$210,000" and insert "\$115,000 in fiscal year 2000 and \$95,000 in fiscal year 2001"

Page 63, line 19, after "\$20,000" insert "in fiscal year 2001"

Page 63, line 21, delete "\$85,000" and insert "\$75,000 in fiscal year 2000 and \$10,000 in fiscal year 2001"

Page 63, line 23, delete "\$400,000" and insert "\$225,000 in fiscal year 2000 and \$170,000 in fiscal year 2001"

Page 63, line 25, delete "\$920,000" and insert "\$470,000 in fiscal year 2000 and \$450,000 in fiscal year 2001"

Page 63, lines 27 and 29, after "\$10,000" insert "in fiscal year 2000"

Page 63, line 31, after "\$20,000" insert "in fiscal year 2000"

Page 63, line 33, after "\$30,000" insert "in fiscal year 2000"

Page 63, line 35, delete "\$125,000" and insert "\$95,000 in fiscal year 2000 and \$30,000 in fiscal year 2001"

Page 64, line 1, after "\$15,000" insert "in fiscal year 2000"

Page 64, line 2, delete "and"

Page 64, line 3, after "\$10,000" insert "in fiscal year 2000"

Page 64, line 4, delete the period and insert a semicolon

Page 64, after line 4, insert:

"(32) \$215,000 in fiscal year 2001 is for a grant to independent school district No. 112, Chaska;

(33) \$10,000 in fiscal year 2000 is for a grant to independent school district No. 204, Kason-Mantorville;

(34) \$10,000 in fiscal year 2000 and \$10,000 in fiscal year 2001 is for a grant to independent school district No. 21, Audubon;

(35) \$10,000 in fiscal year 2000 is for a grant to independent school district No. 23, Frazee-Vergas;

(36) \$105,000 in fiscal year 2001 is for a grant to independent school district No. 25, Pine Point;

(37) \$10,000 in fiscal year 2001 is for a grant to independent school district No. 84, Sleepy Eye;

(38) \$15,000 in fiscal year 2000 is for a grant to independent school district No. 113, Walker-Akeley-Hackensack;

(39) \$20,000 in fiscal year 2000 is for a grant to independent school district No. 116, Pillager;

(40) \$35,000 in fiscal year 2000 is for a grant to independent school district No. 129, Montevideo;

(41) \$30,000 in fiscal year 2000 is for a grant to independent school district No. 139, Rush City;

(42) \$15,000 in fiscal year 2000 is for a grant to independent school district No. 186, Pequot Lakes;

(43) \$20,000 in fiscal year 2000 is for a grant to independent school district No. 203, Hayfield;

(44) \$80,000 in fiscal year 2000 is for a grant to independent school district No. 206, Alexandria;

(45) \$35,000 in fiscal year 2000 is for a grant to independent school district No. 252, Cannon Falls;

(46) \$25,000 in fiscal year 2000 is for a grant to independent school district No. 332, Mora;

(47) \$15,000 in fiscal year 2000 is for a grant to independent school district No. 391, Cleveland;

(48) \$10,000 in fiscal year 2000 is for a grant to independent school district No. 409, Tyler;

(49) \$80,000 in fiscal year 2000 is for a grant to independent school district No. 423, Hutchinson;

(50) \$10,000 in fiscal year 2000 is for a grant to independent school district No. 424, Lester Prairie;

(51) \$90,000 in fiscal year 2000 is for a grant to independent school district No. 432, Mahnomen;

- (52) \$10,000 in fiscal year 2000 is for a grant to independent school district No. 485, Royalton;
- (53) \$20,000 in fiscal year 2000 is for a grant to independent school district No. 533, Dover-Eyota;
- (54) \$10,000 in fiscal year 2000 is for a grant to independent school district No. 542, Battle Lake;
- (55) \$35,000 in fiscal year 2000 is for a grant to independent school district No. 548, Pelican Rapids;
- (56) \$40,000 in fiscal year 2000 is for a grant to independent school district No. 549, Perham;
- (57) \$15,000 in fiscal year 2000 is for a grant to independent school district No. 578, Pine City;
- (58) \$25,000 in fiscal year 2000 is for a grant to independent school district No. 593, Crookston;
- (59) \$10,000 in fiscal year 2000 is for a grant to independent school district No. 595, East Grand Forks;
- (60) \$10,000 in fiscal year 2000 is for a grant to independent school district No. 604, Mentor;
- (61) \$10,000 in fiscal year 2000 is for a grant to independent school district No. 648, Danube;
- (62) \$10,000 in fiscal year 2000 and \$65,000 in fiscal year 2001 is for a grant to independent school district No. 654, Renville;
- (63) \$110,000 in fiscal year 2000 and \$40,000 in fiscal year 2001 is for a grant to independent school district No. 727, Big Lake;
- (64) \$15,000 in fiscal year 2000 is for a grant to independent school district No. 810, Plainview;
- (65) \$20,000 in fiscal year 2000 is for a grant to independent school district No. 811, Wabasha;
- (66) \$40,000 in fiscal year 2000 is for a grant to independent school district No. 813, Lake City;
- (67) \$20,000 in fiscal year 2000 is for a grant to independent school district No. 858, St. Charles;
- (68) \$145,000 in fiscal year 2000 is for a grant to independent school district No. 911, Cambridge;
- (69) \$80,000 in fiscal year 2000 is for a grant to independent school district No. 2144, Chisago Lakes area;
- (70) \$35,000 in fiscal year 2000 is for a grant to independent school district No. 2534, Bird Island-Olivia-Lake Lillian;
- (71) \$35,000 in fiscal year 2000 is for a grant to independent school district No. 2758, Redwood Falls;
- (72) \$10,000 in fiscal year 2000 is for a grant to independent school district No. 2860, Blue Earth area; and
- (73) \$20,000 in fiscal year 2000 is for a grant to independent school district No. 2862, Jackson-Lakefield."

Page 128, delete section 76

Page 139, line 3, delete "\$39,330,000" and insert "\$39,300,000"

Page 139, line 29, delete "\$56,659,000" and insert "\$58,604,000"

Page 139, line 31, delete "\$5,666,000" and insert "\$4,693,000"

Page 139, line 32, delete "\$50,993,000" and insert "\$53,911,000"

Page 139, line 33, delete "\$8,484,000" and insert "\$5,990,000"

Page 139, line 34, delete "\$76,354,000" and insert "\$78,848,000"

Page 196, after line 24, insert:

"If the appropriation amount attributable to either year is insufficient, the amount paid to schools must be prorated among eligible charter schools."

Page 196, after line 36, insert:

"If the appropriation amount attributalbe to either year is insufficient, the amount paid to schools must be prorated among eligible charter schools."

Page 197, line 12, delete "\$6,850,000" and insert "\$5,650,000"

Page 197, line 21, delete "\$850,000" and insert "\$1,100,000"

Page 199, line 10, delete "\$13,668,000" and insert "\$14,364,000"

Page 203, line 35, delete the third comma and insert a period

Page 203, delete line 36

Page 204, delete lines 1 and 2

Page 226, line 33, delete "\$1,000" and insert "\$3,000"

Page 226, line 35, delete "\$1,500" and insert "\$2,000"

Page 259, line 6, delete "up to five"

Page 265, line 22, after "Buffalo" insert "for Montrose elementary school"

Page 298, delete section 7

Page 300, delete lines 23 to 27

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Pogemiller then moved to amend H.F. No. 2333, as amended by the Senate May 3, 1999, as follows:

(The text of the amended House File is identical to S.F. No. 2242.)

Page 170, lines 19 to 21, reinstate the stricken language

The motion prevailed. So the amendment was adopted.

### CALL OF THE SENATE

Senator Pogemiller imposed a call of the Senate for the balance of the proceedings on H.F. No. 2333. The Sergeant at Arms was instructed to bring in the absent members.

Senator Runbeck moved to amend H.F. No. 2333, as amended by the Senate May 3, 1999, as follows:

(The text of the amended House File is identical to S.F. No. 2242.)

Page 179, delete lines 3 to 7

Page 179, line 8, delete "3" and insert "2"

Page 179, delete lines 14 to 18

Page 179, line 19, delete "5" and insert "3"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 24 and nays 39, as follows:

Those who voted in the affirmative were:

Belanger	Johnson, D.E.	Larson	Olson	Scheevel
Day	Kierlin	Lesewski	Ourada	Stevens
Dille	Kiscaden	Limmer	Pariseau	Terwilliger
Fischbach	Kleis	Neuville	Robling	Ziegler
Frederickson	Knutson	Oliver	Runbeck	

Those who voted in the negative were:

Anderson	Higgins	Langseth	Piper	Solon
Berg	Johnson, D.H.	Lessard	Pogemiller	Spear
Berglin	Johnson, D.J.	Lourey	Price	Stumpf
Betzold	Junge	Metzen	Ranum	Ten Eyck
Cohen	Kelley, S.P.	Moe, R.D.	Robertson	Vickerman
Flynn	Kelly, R.C.	Murphy	Sams	Wiener
Foley	Krentz	Novak	Samuelson	Wiger
Hanson	Laidig	Pappas	Scheid	

The motion did not prevail. So the amendment was not adopted.

Senator Runbeck then moved to amend H.F. No. 2333, as amended by the Senate May 3, 1999, as follows:

(The text of the amended House File is identical to S.F. No. 2242.)

Page 266, after line 26, insert:

"Section 1. [125B.22] [INTERNET ACCESS FOR STUDENTS.]

All school district computers with access to the Internet available for student use, to the maximum extent possible under the law, must be equipped to restrict, including by use of available software filtering technology, all access by students to material that is reasonably believed to be obscene or child pornography or material harmful to minors under federal or state law.

Sec. 2. [134.47] [INTERNET ACCESS FOR CHILDREN.]

(a) All public library computers with access to the Internet available for use by children under the age of 18, to the maximum extent possible under the law, must be equipped to restrict, including by use of available software filtering technology, all access by children to material that is reasonably believed to be obscene or child pornography or material harmful to minors under federal or state law.

(b) This section does not apply to libraries of post-secondary institutions."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

Senator Pogemiller moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 30 and nays 32, as follows:

Those who voted in the affirmative were:

Belanger	Hanson	Kleis	Neuville	Runbeck
Berg	Johnson, D.E.	Knutson	Oliver	Scheevel
Day	Johnson, D.H.	Larson	Olson	Stevens
Dille	Kelly, R.C.	Lesewski	Ourada	Ten Eyck
Fischbach	Kierlin	Lessard	Pariseau	Terwilliger
Frederickson	Kiscaden	Limmer	Robling	Ziegler

Those who voted in the negative were:

Anderson	Janezich	Metzen	Price	Spear
Berglin	Johnson, D.J.	Moe, R.D.	Ranum	Stumpf
Betzold	Junge	Murphy	Robertson	Vickerman
Cohen	Kelley, S.P.	Novak	Sams	Wiener
Flynn	Laidig	Pappas	Samuelson	
Foley	Langseth	Piper	Scheid	
Higgins	Lourey	Pogemiller	Solon	

The motion did not prevail. So the amendment was not adopted.

Senator Kiscaden moved to amend H.F. No. 2333, as amended by the Senate May 3, 1999, as follows:

(The text of the amended House File is identical to S.F. No. 2242.)

Page 212, after line 21, insert:

"Sec. 2. [120B.015] [ENSURING FREEDOM OF CHOICE IN EDUCATION.]

(a) The state shall not prescribe high school graduation standards for nonpublic schools except as described in Minnesota Statutes 1998, section 120A.22, and related provisions.

(b) In any contracts involving the Goals 2000: Educate America Act, the Improving America's Schools Act of 1994, the School-to-Work Opportunities Act of 1994, or the Workforce Investment Act of 1998, nonpublic schools will not be mandated to implement the graduation rule.

*(Effective Date: Section 2 (120B.015) is effective the day following final enactment.)"*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 27 and nays 28, as follows:

Those who voted in the affirmative were:

Belanger	Hanson	Limmer	Robling	Terwilliger
Berg	Kiscaden	Metzen	Runbeck	Vickerman
Day	Kleis	Neuville	Sams	Ziegler
Dille	Knutson	Oliver	Samuelson	
Fischbach	Langseth	Olson	Scheevel	
Frederickson	Lessard	Pariseau	Stevens	

Those who voted in the negative were:

Anderson	Higgins	Laidig	Piper	Spear
Berglin	Janezich	Lourey	Pogemiller	Stumpf
Betzold	Johnson, D.E.	Moe, R.D.	Price	Ten Eyck
Cohen	Johnson, D.H.	Murphy	Ranum	Wiener
Flynn	Junge	Novak	Robertson	
Foley	Kelley, S.P.	Pappas	Solon	

The motion did not prevail. So the amendment was not adopted.

Senator Ten Eyck moved to amend H.F. No. 2333, as amended by the Senate May 3, 1999, as follows:

(The text of the amended House File is identical to S.F. No. 2242.)

Page 212, delete line 11 and insert "year prior to ~~September 1~~ before Labor Day, except as provided under"

Page 212, line 13, strike "September 1" and insert "Labor Day"

Page 212, line 17, delete "September 1" and insert "Labor Day"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 23 and nays 37, as follows:

Those who voted in the affirmative were:

Berg	Janezich	Langseth	Metzen	Stumpf
Dille	Johnson, D.H.	Larson	Murphy	Ten Eyck
Fischbach	Johnson, D.J.	Lessard	Sams	Vickerman
Flynn	Junge	Limmer	Samuelson	
Hanson	Knutson	Lourey	Solon	

Those who voted in the negative were:

Anderson	Higgins	Neuville	Pogemiller	Spear
Belanger	Johnson, D.E.	Novak	Price	Stevens
Berglin	Kelley, S.P.	Oliver	Ranum	Terwilliger
Betzold	Kierlin	Olson	Robertson	Wiener
Cohen	Kiscaden	Ourada	Robling	Ziegler
Day	Kleis	Pappas	Runbeck	
Foley	Laidig	Pariseau	Scheevel	
Frederickson	Lesewski	Piper	Scheid	

The motion did not prevail. So the amendment was not adopted.

Senator Pariseau moved to amend H.F. No. 2333, as amended by the Senate May 3, 1999, as follows:

(The text of the amended House File is identical to S.F. No. 2242.)

Page 202, after line 31, insert:

"Sec. 2. Minnesota Statutes 1998, section 121A.23, is amended to read:

121A.23 [HEALTH-RELATED PROGRAMS.]

Subdivision 1. [AIDS, HPV, and STD PROGRAM.] The commissioner of children, families, and learning, in consultation with the commissioner of health, ~~shall~~ may assist districts in developing and implementing a program to prevent and reduce the risk of acquired immune deficiency syndrome (AIDS), human papilloma virus (HPV), and sexually transmitted disease (STD). Each district must have a program that includes at least:

- (1) planning materials, guidelines, and other technically accurate and updated information;
- (2) a comprehensive, technically accurate, and updated curriculum that includes helping students to abstain from sexual activity until marriage;
- (3) cooperation and coordination among districts and SCs;
- (4) a targeting of adolescents, ~~especially those who may be at high risk of contracting AIDS, HPV, and STD~~, for prevention efforts;

- (5) involvement of parents and other community members;
- (6) in-service training for appropriate district staff and school board members;
- (7) collaboration with state agencies and organizations having an AIDS, HPV, or STD prevention or AIDS, HPV, or STD risk reduction program;
- (8) collaboration with local community health services, agencies and organizations having an AIDS, HPV, or STD prevention or AIDS, HPV, or STD risk reduction program; and
- (9) participation by state and local student organizations.

The department may provide assistance at a neutral site to a nonpublic school participating in a district's program. District programs must not conflict with the health and wellness curriculum developed under Laws 1987, chapter 398, article 5, section 2, subdivision 7.

If a district fails to develop and implement a program to prevent and reduce the risk of AIDS, HPV, or STD, the department ~~must~~ may assist the service cooperative in the region serving that district to develop or implement the program. A district-sponsored community education program may satisfy the requirements of this subdivision.

Subd. 2. [FUNDING SOURCES.] Districts may accept funds for AIDS, HPV, or STD programs developed and implemented under this section from public and private sources including public health funds and foundations, department professional development funds, federal block grants or other federal or state grants."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Scheid moved to amend the Pariseau amendment to H.F. No. 2333 as follows:

Page 1, delete lines 6 to 37

Page 2, delete lines 1 to 14 and insert:

"Sec. 2. Minnesota Statutes 1998, section 121A.23, is amended to read:

121A.23 [HEALTH-RELATED PROGRAMS.]

Subdivision 1. [~~AIDS SEXUALLY TRANSMITTED INFECTIONS PROGRAM.~~] The commissioner of children, families, and learning, in consultation with the commissioner of health, shall assist districts in developing and implementing a program to prevent and reduce the risk of acquired-immune-deficiency-syndrome sexually transmitted infections, including but not exclusive to human immune deficiency virus and human papilloma virus. Each district must have a program that includes at least:

- (1) planning materials, guidelines, and other technically accurate and updated information;
- (2) a comprehensive, technically accurate, and updated curriculum that includes helping students to abstain from sexual activity;
- (3) cooperation and coordination among districts and SCs;
- (4) a targeting of adolescents, especially those who may be at high risk of contracting AIDS a sexually transmitted infection, for prevention efforts;
- (5) involvement of parents and other community members;
- (6) in-service training for appropriate district staff and school board members;
- (7) collaboration with state agencies and organizations having ~~an AIDS a sexually transmitted infection prevention or AIDS sexually transmitted infection~~ an AIDS a sexually transmitted infection prevention or AIDS sexually transmitted infection risk reduction program;

(8) collaboration with local community health services, agencies and organizations having an AIDS a sexually transmitted infection prevention or AIDS sexually transmitted infection risk reduction program; and

(9) participation by state and local student organizations.

The department may provide assistance at a neutral site to a nonpublic school participating in a district's program. District programs must not conflict with the health and wellness curriculum developed under Laws 1987, chapter 398, article 5, section 2, subdivision 7.

If a district fails to develop and implement a program to prevent and reduce the risk of AIDS sexually transmitted infection, the department must assist the service cooperative in the region serving that district to develop or implement the program.

Subd. 2. [FUNDING SOURCES.] Districts may accept funds for AIDS sexually transmitted infection prevention programs developed and implemented under this section from public and private sources including public health funds and foundations, department professional development funds, federal block grants or other federal or state grants."

Senator Knutson questioned whether the Scheid amendment was in order.

The President ruled that the Scheid amendment was a substitute amendment, so therefore was not in order.

The question recurred on the adoption of the Pariseau amendment.

The roll was called, and there were yeas 35 and nays 28, as follows:

Those who voted in the affirmative were:

Belanger	Johnson, D.E.	Larson	Olson	Scheevel
Berg	Johnson, D.H.	Lesewski	Ourada	Stevens
Day	Johnson, D.J.	Lessard	Pariseau	Stumpf
Dille	Kierlin	Limmer	Robling	Ten Eyck
Fischbach	Kleis	Metzen	Runbeck	Terwilliger
Frederickson	Knutson	Neuville	Sams	Vickerman
Hanson	Laidig	Oliver	Samuelson	Ziegler

Those who voted in the negative were:

Anderson	Higgins	Krentz	Pappas	Scheid
Berglin	Janezich	Langseth	Piper	Solon
Betzold	Junge	Lourey	Pogemiller	Spear
Cohen	Kelley, S.P.	Moe, R.D.	Price	Wiener
Flynn	Kelly, R.C.	Murphy	Ranum	
Foley	Kiscaden	Novak	Robertson	

The motion prevailed. So the amendment was adopted.

Senator Hanson moved to amend H.F. No. 2333, as amended by the Senate May 3, 1999, as follows:

(The text of the amended House File is identical to S.F. No. 2242.)

Page 202, after line 31, insert:

"Sec. 2. [121A.24] [RESTRICTION ON DISTRIBUTION OF CONTRACEPTIVES.]

A public school may not distribute or allow to be distributed on school property contraceptives or a voucher or prescription for contraceptives to a student without the written permission of that student's parent or guardian."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Kiscaden moved to amend the Hanson amendment to H.F. No. 2333 as follows:

Page 1, line 10, delete "without the written" and insert "unless the district has protocols for obtaining the"

The question was taken on the adoption of the Kiscaden amendment to the Hanson amendment.

The roll was called, and there were yeas 37 and nays 25, as follows:

Those who voted in the affirmative were:

Anderson	Janezich	Langseth	Pappas	Spear
Berg	Johnson, D.H.	Lourey	Piper	Stumpf
Berglin	Junge	Metzen	Pogemiller	Ten Eyck
Betzold	Kelley, S.P.	Moe, R.D.	Price	Terwilliger
Cohen	Kelly, R.C.	Murphy	Ranum	Wiener
Flynn	Kierlin	Oliver	Robertson	
Foley	Kiscaden	Olson	Runbeck	
Higgins	Krentz	Ourada	Scheid	

Those who voted in the negative were:

Belanger	Hanson	Laidig	Neuville	Scheevel
Day	Johnson, D.E.	Larson	Pariseau	Solon
Dille	Johnson, D.J.	Lesewski	Robling	Stevens
Fischbach	Kleis	Lessard	Sams	Vickerman
Frederickson	Knutson	Limmer	Samuelson	Ziegler

The motion prevailed. So the amendment to the amendment was adopted.

Senator Price moved to amend the Hanson amendment to H.F. No. 2333 as follows:

Page 1, line 8, delete everything after "distribute"

Page 1, line 9, delete everything before "a"

Senator Pogemiller moved that H.F. No. 2333 be laid on the table. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Senator Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1058 a Special Order to be heard immediately.

### SPECIAL ORDER

**S.F. No. 1058:** A bill for an act relating to capital improvements; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature with certain conditions; authorizing the sale of state bonds; appropriating money; amending Minnesota Statutes 1998, section 16A.642, subdivision 1; Laws 1998, chapter 404, section 7, subdivision 23; and Laws 1998, First Special Session chapter 1, article 3, section 8; proposing coding for new law in Minnesota Statutes, chapter 41A.

Senator Berg moved to amend S.F. No. 1058 as follows:

Page 6, delete lines 33 to 37

Page 7, delete lines 1 to 9

The motion did not prevail. So the amendment was not adopted.

Senator Kierlin moved to amend S.F. No. 1058 as follows:

Page 2, after line 14, insert:

"Subdivision 1. To the board of trustees of the Minnesota state colleges and universities for the purposes specified in this section

9,830,000"

Page 2, line 15, before "Moorhead" insert "Subd. 2."

Page 2, after line 22, insert:

"Subd. 3. Winona State University Boiler System Replacement

6,100,000

To replace or renovate the boiler system at Winona state university."

Correct the appropriation summary and the bond sale authorization accordingly

### CALL OF THE SENATE

Senator Langseth imposed a call of the Senate for the balance of the proceedings on S.F. No. 1058. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 26 and nays 37, as follows:

Those who voted in the affirmative were:

Belanger	Kierlin	Lesewski	Pariseau	Terwilliger
Day	Kiscaden	Limmer	Robertson	Ziegler
Dille	Kleis	Neuville	Robling	
Fischbach	Knutson	Oliver	Runbeck	
Frederickson	Laidig	Olson	Scheevel	
Johnson, D.E.	Larson	Ourada	Stevens	

Those who voted in the negative were:

Anderson	Higgins	Krentz	Piper	Spear
Berg	Hottinger	Langseth	Pogemiller	Stumpf
Berglin	Janezich	Lessard	Price	Ten Eyck
Betzold	Johnson, D.H.	Lourey	Ranum	Vickerman
Cohen	Johnson, D.J.	Metzen	Sams	Wiener
Flynn	Junge	Moe, R.D.	Samuelson	
Foley	Kelley, S.P.	Novak	Scheid	
Hanson	Kelly, R.C.	Pappas	Solon	

The motion did not prevail. So the amendment was not adopted.

S.F. No. 1058 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 52 and nays 11, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Larson	Pariseau	Solon
Berg	Janezich	Lesewski	Piper	Spear
Berglin	Johnson, D.E.	Lessard	Pogemiller	Stevens
Betzold	Johnson, D.J.	Limmer	Price	Stumpf
Cohen	Junge	Lourey	Ranum	Ten Eyck
Dille	Kelley, S.P.	Metzen	Robertson	Terwilliger
Flynn	Kelly, R.C.	Moe, R.D.	Robling	Vickerman
Foley	Kierlin	Neuville	Sams	Wiener
Frederickson	Krentz	Novak	Samuelson	
Hanson	Laidig	Olson	Scheevel	
Higgins	Langseth	Pappas	Scheid	

Those who voted in the negative were:

Belanger	Johnson, D.H.	Kleis	Oliver	Runbeck
Day	Kiscaden	Knutson	Ourada	Ziegler
Fischbach				

So the bill, as amended, was passed and its title was agreed to.

Senator Langseth moved that S.F. No. 1058 be laid on the table. The motion prevailed.

### MOTIONS AND RESOLUTIONS - CONTINUED

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

### MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2067:

**H.F. No. 2067:** A bill for an act relating to juvenile justice; when an extended jurisdiction juvenile offender has stayed sentence executed for violation of stay no credit is granted for time in juvenile facility; amending Minnesota Statutes 1998, section 260.126, subdivision 5.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Westerberg, Stanek and Mahoney have been appointed as such committee on the part of the House.

House File No. 2067 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 3, 1999

Senator Ranum moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2067, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 174, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 174 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 3, 1999

### CONFERENCE COMMITTEE REPORT ON H.F. NO. 174

A bill for an act relating to the Paynesville area hospital district; authorizing the district to annex the city of Richmond to the district.

April 22, 1999

The Honorable Steve Sviggum  
Speaker of the House of Representatives

The Honorable Allan H. Spear  
President of the Senate

We, the undersigned conferees for H.F. No. 174, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Doug Stang, Steve Dehler, Al Juhnke

Senate Conferees: (Signed) Michelle L. Fischbach, Jim Vickerman, Dallas C. Sams

Senator Fischbach moved that the foregoing recommendations and Conference Committee Report on H.F. No. 174 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 174 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 70, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 70 is herewith transmitted to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 3, 1999

**CONFERENCE COMMITTEE REPORT ON H.F. NO. 70**

A bill for an act relating to public safety; authorizing law enforcement agencies to sell forfeited firearms, ammunition, and firearm accessories to firearms dealers; allowing certain agencies to retain forfeited money for crime prevention use; amending Minnesota Statutes 1998, section 609.5315, subdivisions 1 and 2.

April 28, 1999

The Honorable Steve Sviggum  
Speaker of the House of Representatives

The Honorable Allan H. Spear  
President of the Senate

We, the undersigned conferees for H.F. No. 70, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H.F. No. 70 be further amended as follows:

Page 1, line 11, before "If" insert "(a) Subject to paragraph (b),"

Page 2, after line 12, insert:

"(b) Notwithstanding paragraph (a), the Hennepin or Ramsey county sheriff may not sell firearms, ammunition, or firearms accessories if the policy is disapproved by the applicable county board."

We request adoption of this report and repassage of the bill.

House Conferees: (Signed) Roxann Daggett, David Tomassoni

Senate Conferees: (Signed) Pat Pariseau, John C. Hottinger, Allan H. Spear

Senator Pariseau moved that the foregoing recommendations and Conference Committee Report on H.F. No. 70 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 70 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 53 and nays 10, as follows:

Those who voted in the affirmative were:

Belanger	Johnson, D.J.	Lessard	Pariseau	Solon
Berg	Junge	Limmer	Piper	Spear
Day	Kierlin	Lourey	Pogemiller	Stevens
Dille	Kiscaden	Metzen	Price	Stumpf
Fischbach	Kleis	Moe, R.D.	Robertson	Ten Eyck
Frederickson	Knutson	Murphy	Robling	Terwilliger
Hanson	Krentz	Neuville	Runbeck	Vickerman
Hottinger	Laidig	Novak	Sams	Wiener
Janezich	Langseth	Oliver	Samuelson	Ziegler
Johnson, D.E.	Larson	Olson	Scheevel	
Johnson, D.H.	Lesewski	Ourada	Scheid	

Those who voted in the negative were:

Anderson	Betzold	Flynn	Higgins	Kelly, R.C.
Berglin	Cohen	Foley	Kelley, S.P.	Ranum

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### REPORTS OF COMMITTEES

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

**S.F. No. 2232:** A bill for an act relating to landlord and tenant; recodifying the landlord and tenant law; amending Minnesota Statutes 1998, sections 72A.20, subdivision 23; 82.24, subdivision 7; 144.9504, subdivision 7; 144A.13, subdivision 2; 144D.06; 216C.30, subdivision 5; 299C.67, subdivisions 5 and 7; 299C.69; 327C.02, subdivision 2a; 327C.03, subdivision 4; 327C.10, subdivision 1; 327C.11, subdivision 1; 363.033; 462A.05, subdivision 15; 462C.05, subdivision 8; 469.156; 471A.03, subdivision 6; 481.02, subdivision 3; 484.013, subdivision 2; 487.17; 487.24; 488A.01, subdivisions 4a and 5; 488A.11; 488A.18, subdivisions 4 and 6; 491A.01, subdivision 9; 514.977; 515B.3-116; 515B.4-111; 576.01, subdivision 2; 609.33, subdivision 6; and 609.5317, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 504B; repealing Laws 1998, chapter 253, sections 1 to 79.

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

Page 47, lines 18, 27, and 28, delete "property" and insert "premises"

Page 47, lines 20 and 25, delete the second "property" and insert "premises"

Page 48, line 5, delete "property" and insert "premises"

Page 48, line 8, delete the second "property" and insert "premises"

Page 48, line 19, delete "property" and insert "premises" in both places

Page 49, lines 6 and 15, delete the second "property" and insert "premises"

Page 49, lines 16, 28, and 30, delete "property" and insert "premises"

And when so amended the bill do pass.

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

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1330 and the Conference Committee Report thereon were reported to the Senate.

#### **CONFERENCE COMMITTEE REPORT ON S.F. NO. 1330**

A bill for an act relating to financial institutions; regulating fees, charges, and time periods; authorizing certain part-time banking locations; authorizing reverse stock splits; making corrections and conforming changes; amending Minnesota Statutes 1998, sections 46.041, subdivisions 1 and 3; 46.048, subdivisions 1 and 2b; 46.131, subdivision 10; 47.0156; 47.101, subdivision 3; 47.20, subdivision 6b; 47.203; 47.204, subdivision 1; 47.27, subdivision 3; 47.52; 47.54, subdivisions 2 and 3; 47.59, subdivision 12; 47.60, subdivision 3; 48.15, subdivisions 2a and 3; 48A.15, subdivision 1; 49.36, subdivision 1; 52.01; 53.03, subdivisions 1, 6, and 7; 55.04, subdivision 2; 56.02; 56.131, subdivision 1; 59A.03, subdivision 2; 168.67; 168.71; 303.25, subdivision 5; 332.15, subdivisions 2 and 3; 332.17; and 332.30; proposing coding for new law in Minnesota Statutes, chapters 48; 52; and 334.

April 28, 1999

The Honorable Allan H. Spear  
President of the Senate

The Honorable Steve Sviggum  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1330, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1330 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 46.041, subdivision 1, is amended to read:

Subdivision 1. [FILING; FEE; PUBLIC INSPECTION.] The incorporators of a bank proposed to be organized under the laws of this state shall execute and acknowledge a written application in the form prescribed by the commissioner of commerce. The application must be signed by two or more of the incorporators and request a certificate authorizing the proposed bank to transact business at the place and in the name stated in the application. The applicant shall file the application with the department with a ~~\$1,000~~ \$8,000 filing fee and a ~~\$500~~ investigation fee. The commissioner may waive the fee for a bank to be located in a low- or moderate-income area as defined in Code of Federal Regulations, title 12, part 25(1), (n)(1) and (n)(2) and where no other depository institution operates an office. If the proposed bank is being organized in connection with a reorganization or merger of an existing bank, the filing fee is \$2,000. The fees must be turned over by the commissioner to the state treasurer and credited to the general fund. The application file must be public, with the exception of financial data on individuals which is private under the Minnesota Government Data Practices Act and data defined as trade secret information under section 13.37, subdivision 1, paragraph (b), which must be given nonpublic classification upon written request by the applicant.

Sec. 2. Minnesota Statutes 1998, section 46.041, subdivision 3, is amended to read:

Subd. 3. [COMMENTS, REQUESTS FOR HEARING.] Within ~~24~~ 15 days after the notice of application has been published, any person may submit to the commissioner either or both written comments on an application and a written request for a hearing on the application. The request must state the nature of the issues or facts to be presented and the reasons why written submissions would be insufficient to make an adequate presentation to the commissioner. Comments challenging the legality of an application should be submitted separately in writing.

Written requests for hearing must be evaluated by the commissioner who may grant or deny the request. A hearing must generally be granted only if it is determined that written submissions would be inadequate or that a hearing would otherwise be beneficial to the decision-making process. A hearing may be limited to issues considered material by the commissioner.

If a request for a hearing has been denied, the commissioner shall notify the applicant and all interested persons stating the reasons for denial. Interested parties may submit to the commissioner with simultaneous copies to the applicant additional written comments on the application within 14 days after the date of the notice of denial. The applicant shall be provided an additional seven days after the 14-day deadline has expired within which to respond to any comments submitted within the 14-day period. A copy of any response submitted by the applicant shall also be mailed simultaneously by the applicant to the interested parties. The commissioner may waive the additional seven-day comment period if so requested by the applicant.

Sec. 3. Minnesota Statutes 1998, section 46.048, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] Whenever a change in the outstanding voting stock of a banking institution will result in control or in a change in the control of the banking institution, the person acquiring control of the banking institution, including an out-of-state bank holding company, shall file notice of the proposed acquisition of control with the commissioner of

commerce at least 60 days before the actual effective date of the change, except that the commissioner may extend the 60-day period an additional 30 days if in the commissioner's judgment any material information submitted is substantially inaccurate or the acquiring party has not furnished all the information required. The notice must be accompanied by a filing fee of \$3,000 payable to the commissioner of commerce, unless the person filing the notice has been associated with the banking institution as an officer or director for at least three years, in which case the filing fee is \$1,000. No filing fee is required of a person required to file a notice because of a stock redemption or other transaction by others that caused the change in control. As used in this section, the term "control" means the power to directly or indirectly direct or cause the direction of the management or policies of the banking institution. A change in ownership of capital stock that would result in direct or indirect ownership by a stockholder or an affiliated group of stockholders of less than 25 percent of the outstanding capital stock is not considered a change of control. If there is any doubt as to whether a change in the outstanding voting stock is sufficient to result in control or to effect a change in the control, the doubt shall be resolved in favor of reporting the facts to the commissioner. The commissioner shall use the criteria established by the Financial Institution Regulatory and Interest Rate Control Act of 1978, United States Code, title 12, section 1817(j), and the regulations adopted under it, when reviewing the acquisition and determining if the acquisition should or should not be disapproved. Within three days after making the decision to disapprove a proposed acquisition, the commissioner shall notify the acquiring party in writing of the disapproval. The notice must provide a statement of the basis for the disapproval.

Sec. 4. Minnesota Statutes 1998, section 46.048, subdivision 2b, is amended to read:

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

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

(2) the commissioner shall accept public comment on a notice for a period of not less than 30 ~~21~~ days from the date of the publication required by clause (1).

Sec. 5. Minnesota Statutes 1998, section 46.131, subdivision 10, is amended to read:

Subd. 10. Each financial institution described in subdivision 2 shall pay a fee of ~~\$25~~ \$50 to the commissioner of commerce upon application to the commissioner for approval of a change in its certificate, charter, articles of incorporation, bylaws, powers or license. Money collected by the commissioner under this subdivision shall be deposited in the general fund.

Sec. 6. Minnesota Statutes 1998, section 47.0156, is amended to read:

47.0156 [CLOSING EFFECTING A PERMANENT CESSATION OF BUSINESS.]

The permanent closing of a financial institution as defined in section 47.015 or 47.0151 for purposes, or with a result, other than authorized in sections 47.015 to 47.0155 is unlawful unless at least ~~90~~ 60 days' written notice is given to the commissioner.

Sec. 7. Minnesota Statutes 1998, section 47.101, subdivision 3, is amended to read:

Subd. 3. [APPLICATIONS TO DEPARTMENT OF COMMERCE.] An application by a banking institution to relocate its main office other than those provided for in subdivision 2 shall be accompanied by a filing fee of \$3,000 payable to the commissioner of commerce and approved or disapproved by the commissioner of commerce as provided for in sections 46.041 and 46.044.

Sec. 8. Minnesota Statutes 1998, section 47.20, subdivision 6b, is amended to read:

Subd. 6b. [DELINQUENCY OR LATE PAYMENT FEES.] Charges or fees for late payments on conventional loans shall be governed by chapter 51A for all lenders. A lender making a conventional loan may assess and collect fees for late payments according to the provision of section 47.59.

Sec. 9. Minnesota Statutes 1998, section 47.203, is amended to read:

47.203 [FEDERAL PREEMPTION OVERRIDE.]

The provisions of Public Law Number 96-221, title V, part A, section 501(a)(1) (United States Code, title 12, section 1735f-7a), do not apply with respect to a loan, mortgage, credit sale or advance made in this state after June 2, 1981, nor with respect to a loan, mortgage, credit sale or advance secured by real property located in this state and made after June 2, 1981.

Sec. 10. Minnesota Statutes 1998, section 47.204, subdivision 1, is amended to read:

Subdivision 1. [NO USURY LIMITS.] Notwithstanding any law to the contrary, no limitation on the rate or amount of interest, discount points, finance charges, or other charges shall apply to a loan, mortgage, credit sale, or advance which would have been exempt from the laws of this state pursuant to Public Law Number 96-221, title V, part A, section 501 (United States Code, title 12, section 1735f-7a), as amended as of June 2, 1981, but for section 47.203 and which is made in this state after June 2, 1981.

Sec. 11. [47.207] [PRIVATE MORTGAGE INSURANCE.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given:

(a) "Current fair market value" means the value of the mortgagor's property determined by an appraisal conducted within 90 days of a mortgagor's written request for cancellation of private mortgage insurance. The appraisal shall be conducted by a real estate appraiser, licensed or certified by a state or federal agency, who is reasonably acceptable to the servicer. The appraisal may be conducted at either the request of the lender, mortgagor, or servicer. The mortgagor is responsible for the cost of the appraisal.

(b) "Lender" means a person who makes or holds a residential mortgage loan.

(c) "Private mortgage insurance" means insurance paid for by the mortgagor, including any mortgage guaranty insurance, against the nonpayment of, or default on, a residential mortgage loan, other than mortgage insurance made available under the federal National Housing Act, United States Code, title 38, or title V of the federal Housing Act of 1949. "Private mortgage insurance" does not mean lender-paid mortgage insurance.

(d) "Residential mortgage loan" means a loan secured by either: (1) a mortgage on residential real property; or (2) by certificates of stock or other evidence of ownership interest in and proprietary lease from corporations, partnerships, or other forms of business organizations formed for the purpose of cooperative ownership of residential real property.

(e) "Servicer" means a person who, through any medium or mode of communication, engages in the collection or remittance for, or the right or obligation to collect or remit for, a lender, mortgagee, note owner, noteholder, or for a person's own account, of payments, interest, principal, and escrow items such as insurance and taxes for property subject to a residential mortgage loan.

Subd. 2. [RIGHT TO CANCEL PRIVATE MORTGAGE INSURANCE.] With respect to an existing or future residential mortgage loan, a mortgagor shall have the right to elect, in writing, to cancel private mortgage insurance in connection with a residential mortgage loan if all of the following terms and conditions have been met:

(1) the current unpaid principal balance of the mortgage is 80 percent or less of the current fair market value of the property;

(2) the mortgagor has not:

(i) been 60 days or longer past due on a mortgage payment during the 12-month period beginning 24 months before the date on which the servicer receives the mortgagor's written request for cancellation; or

(ii) been 30 days or longer past due on a mortgage payment during the 12 months preceding the date on which the servicer receives the mortgagor's written request for cancellation;

(3) the mortgage was made at least 24 months prior to the receipt of a request for cancellation;

(4) the property securing the mortgage loan is owner-occupied; and

(5) the mortgage has not been pooled with other mortgages in order to constitute, in whole or in part, collateral for bonds issued by the state of Minnesota or any political subdivision of the state of Minnesota or of any agency of any political subdivision of the state of Minnesota.

Subd. 3. [NOTICE OF RIGHT TO CANCEL PRIVATE MORTGAGE INSURANCE.] (a) With respect to each existing or future residential mortgage loan, a servicer must provide an annual written notice to the mortgagor currently paying premiums for private mortgage insurance. The notice must be in 12-point type or greater and appear substantially as follows:

NOTICE OF RIGHT TO CANCEL PRIVATE MORTGAGE INSURANCE

If you currently pay private mortgage insurance premiums, you may have the right under federal law or Minnesota law to cancel the insurance and stop paying premiums. This would **reduce your total monthly payment.**

You may have the right to cancel private mortgage insurance if the principal balance of your loan is 80 percent or less of the current market value of your home. Under Minnesota law, the value of your property can be determined by a professional appraisal. You need to pay for this appraisal, but in most cases you will be able to recover this cost in less than a year if your mortgage insurance is canceled.

If you wish to learn whether you are eligible to cancel this insurance, please contact us at (enter address and phone number of servicer).

(b) The notice required by this subdivision must be on its own page, but a disclosure notice concerning private mortgage insurance required by federal law may be included on the same page as the disclosure notice required by this subdivision. The page containing the notice required by this subdivision may be included with other disclosures or notices required by federal law that are sent to the mortgagor.

(c) If the mortgage has been pooled with other mortgages in order to constitute, in whole or in part, collateral for bonds issued by the state of Minnesota or any political subdivision of the state of Minnesota or of any agency of any political subdivision of the state of Minnesota and notice of right to cancel private mortgage insurance is required under federal law, no notice under this subdivision is required.

Subd. 4. [SERVICER RESPONSE TO CANCELLATION REQUEST.] (a) Within 30 days of receipt of a mortgagor's written request to cancel private mortgage insurance, a servicer shall:

(1) provide a written notice to the insurer to cancel the private mortgage insurance and written notice to the mortgagor that a request for cancellation has been sent to the insurer if the servicer determines that the private mortgage insurance should be canceled;

(2) provide a written response to the mortgagor identifying all additional information needed from the mortgagor if the servicer reasonably needs more information from the mortgagor to determine whether the mortgagor is eligible for cancellation of private mortgage insurance; or

(3) provide a written notice to the mortgagor of the reasons for the servicer's refusal to cancel the private mortgage insurance if the servicer determines that the mortgagor does not meet the requirements for cancellation of private mortgage insurance.

(b) If a lender, or any other person involved in the mortgage transaction, receives a written request for cancellation of private mortgage insurance, the lender or other person shall promptly forward the mortgagor's request for cancellation to the servicer, if the servicer is known to the lender or other person. If the servicer is not known to the lender or other person, the lender or

other person shall advise the mortgagor to contact the company to which the mortgagor sends the monthly payment.

Subd. 5. [LENDER CHARGES; RETURN OF UNEARNED PREMIUM.] (a) A lender requiring or offering private mortgage insurance shall make available to the borrower or other person paying the insurance premium the same premium payment plans as are available to the lender in paying the private mortgage insurance premium.

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

(c) A lender or servicer shall not charge the mortgagor a fee or other consideration for cancellation of the private mortgage insurance or for any of the acts required by this section, except that the lender or servicer shall have the right to recover the cost of an appraisal if the mortgagor elects to have the lender or servicer perform or arrange for the appraisal.

Subd. 6. [INTERPRETATION.] Nothing in this section shall be deemed to be inconsistent with the federal Homeowner's Protection Act of 1998, codified at United States Code, title 12, sections 4901 to 4910, within the meaning of "inconsistent" as used in section 9 of that act, codified at United States Code, title 12, section 4908.

Sec. 12. Minnesota Statutes 1998, section 47.27, subdivision 3, is amended to read:

Subd. 3. "Savings association" shall have the meaning set forth in section ~~51.01~~ 51A.02, subdivision ~~2~~ 7.

Sec. 13. Minnesota Statutes 1998, section 47.52, is amended to read:

47.52 [AUTHORIZATION.]

(a) With the prior approval of the commissioner, any bank doing business in this state may establish and maintain detached facilities provided the facilities are located within: (1) the municipality in which the principal office of the applicant bank is located; or (2) 5,000 feet of its principal office measured in a straight line from the closest points of the closest structures involved; or (3) a municipality in which no bank is located at the time of application; or (4) a municipality having a population of more than 10,000; or (5) a municipality having a population of 10,000 or less, as determined by the commissioner from the latest available data from the state demographer, or for municipalities located in the seven-county metropolitan area from the metropolitan council, and all the banks having a principal office in the municipality have consented in writing to the establishment of the facility.

(b) A detached facility shall not be closer than 50 feet to a detached facility operated by any other bank and shall not be closer than 100 feet to the principal office of any other bank, the measurement to be made in the same manner as provided above. This paragraph shall not be applicable if the proximity to the facility or the bank is waived in writing by the other bank and filed with the application to establish a detached facility.

(c) A bank is allowed, in addition to other facilities, part-time deposit-taking locations at elementary and secondary schools located within the municipality in which the main banking house or a detached facility is located if they are established in connection with student education programs approved by the school administration and consistent with safe, sound banking practices.

(d) In addition to other facilities, a bank may operate part-time locations at nursing homes and senior citizen housing facilities located within the municipality in which the main banking house or a detached facility is located, if they are operated in a manner consistent with safe, sound banking practices.

Sec. 14. Minnesota Statutes 1998, section 47.54, subdivision 2, is amended to read:

Subd. 2. [APPROVAL ORDER.] If no objection is received by the commissioner within ~~24~~ 15

days after the publication and mailing of the notices, the commissioner shall issue an order approving the application without a hearing if it is found that (a) the applicant bank meets current industry standards of capital adequacy, management quality, and asset condition, (b) the establishment of the proposed detached facility will improve the quality or increase the availability of banking services in the community to be served, and (c) the establishment of the proposed detached facility will not have an undue adverse effect upon the solvency of existing financial institutions in the community to be served. Otherwise, the commissioner shall deny the application. Any proceedings for judicial review of an order of the commissioner issued under this subdivision without a contested case hearing shall be conducted pursuant to the provisions of the Administrative Procedure Act relating to judicial review of agency decisions, sections 14.63 to 14.69, and the scope of judicial review in such proceedings shall be as provided therein. Nothing herein shall be construed as requiring the commissioner to conduct a contested case hearing if no written objection is timely received by the commissioner from a bank within three miles of the proposed location of the detached facility.

Sec. 15. Minnesota Statutes 1998, section 47.54, subdivision 3, is amended to read:

Subd. 3. [OBJECTIONS; HEARING.] If any bank within three miles of the proposed location of the detached facility objects in writing within ~~21~~ 15 days, the commissioner shall consider the objection. If the objection also requests a hearing, the objector must include the nature of the issues or facts to be presented and the reasons why written submissions would be insufficient to make an adequate presentation to the commissioner. Comments challenging the legality of an application should be submitted separately in writing.

Written requests for hearing must be evaluated by the commissioner who may grant or deny the request. A hearing must generally be granted only if it is determined that written submissions would be inadequate or that a hearing would otherwise be beneficial to the decision-making process. A hearing may be limited to issues considered material by the commissioner.

If a request for a hearing has been denied, the commissioner shall notify the applicant and all interested persons stating the reasons for denial. Interested parties may submit to the commissioner with simultaneous copies to the applicant additional written comments on the application within 14 days after the date of the notice of denial. The applicant shall be provided an additional seven days after the 14-day deadline has expired within which to respond to any comments submitted within the 14-day period. A copy of any response submitted by the applicant shall also be mailed simultaneously by the applicant to the interested parties. The commissioner may waive the additional seven-day comment period if so requested by the applicant.

Sec. 16. Minnesota Statutes 1998, section 47.59, subdivision 12, is amended to read:

Subd. 12. [CONSUMER PROTECTIONS.] (a) Financial institutions shall comply with the requirements of the federal Truth in Lending Act, United States Code, title 15, sections 1601 to 1693, as the same may be amended from time to time, in connection with a consumer loan or credit sale for a consumer purpose where the federal Truth in Lending Act is applicable. A financial institution shall give the following disclosure to the borrower in writing at the time an open-end credit account is established if the financial institution imposes a loan fee, points, or similar charge that relates to the opening of the account which is not included in the annual percentage rate given pursuant to the federal Truth in Lending Act: "YOU HAVE BEEN ASSESSED FINANCE CHARGES, OR POINTS, WHICH ARE NOT INCLUDED IN THE ANNUAL PERCENTAGE RATE. THESE CHARGES MAY BE REFUNDED, IN WHOLE OR IN PART, IF YOU DO NOT USE YOUR LINE OF CREDIT OR IF YOU REPAY YOUR LINE OF CREDIT EARLY. THESE CHARGES INCREASE THE COST OF YOUR CREDIT."

(b) Financial institutions shall comply with the following consumer protection provisions in connection with a consumer loan or credit sale for a consumer purpose: sections 325G.02 to 325G.05; 325G.06 to 325G.11; 325G.15 to 325G.22; and 325G.29 to 325G.36, and Code of Federal Regulations, title 12, part 535, where those statutes or regulations are applicable.

(c) An assignment of a consumer's earnings by the consumer to a financial institution as payment or as security for payment of a debt arising out of a consumer loan or consumer credit

sale is unenforceable by the financial institution except where the assignment: (1) by its terms is revocable at the will of the consumer; (2) is a payroll deduction plan or preauthorized payment plan, beginning at the time of the transaction, in which the consumer authorizes a series of wage deductions as a method of making each payment; or (3) applies only to wages or other earnings already earned at the time of the assignment.

Sec. 17. Minnesota Statutes 1998, section 47.60, subdivision 3, is amended to read:

Subd. 3. [FILING.] Before a person other than a financial institution as defined by section 47.59 engages in the business of making consumer small loans, the person shall file with the commissioner as a consumer small loan lender. The filing must be on a form prescribed by the commissioner together with a fee of \$150 \$250 for each place of business and contain the following information in addition to the information required by the commissioner:

(1) evidence that the filer has available for the operation of the business at the location specified, liquid assets of at least \$50,000; and

(2) a biographical statement on the principal person responsible for the operation and management of the business to be certified.

Revocation of the filing and the right to engage in the business of a consumer small loan lender is the same as in the case of a regulated lender license in section 56.09.

Sec. 18. [48.056] [REVERSE STOCK SPLIT.]

Subdivision 1. [POWER TO EFFECT.] (a) A banking institution may effect a reverse stock split by reducing its outstanding shares of stock if the commissioner finds that the transaction:

(1) has a legitimate business purpose including, but not limited to, reducing corporate expenses, simplifying corporate procedures, or becoming a qualified S corporation under the Internal Revenue Code of 1986, as amended through December 31, 1998; and

(2) complies with safe and sound banking practices.

(b) The stock reduction is effective upon approval by the shareholders and the commissioner and filing with the commissioner and with the secretary of state, of the articles of amendment to the certificate of incorporation of the banking institution.

Subd. 2. [FRACTIONAL SHARES.] A banking institution may issue fractions of a share as a result of a reverse stock split by reducing its outstanding shares of stock according to this subdivision. If a banking institution inserts into its certificate of incorporation a provision prohibiting the issue of fractions of a share, it shall pay in cash the value of fractions of a share as of the time when persons entitled to receive the fractions are determined.

Subd. 3. [PAR VALUE.] Notwithstanding section 300.30, a banking institution proceeding under this subdivision may divide its capital into shares greater than \$100 each.

Subd. 4. [RIGHTS OF DISSENTING STOCKHOLDERS.] A stockholder of the banking institution not voting in favor of the amendment of the certificate of incorporation of the banking institution to effect a reverse stock split that will impact upon the stockholder's voting rights in the banking institution may, at the meeting of the stockholders held on the amendment, or within 20 days after the meeting, object to the stock reduction and demand payment for that person's stock. If the stock reduction takes effect at any time after this demand, the stockholder may, at any time within 60 days after the demand, apply to the district court in the county of the banking institution's principal place of business for the appointment of three persons to appraise the value of that person's stock. The court shall appoint the appraisers and designate the time and place of their first meeting, give directions with regard to their proceedings the court considers proper, and direct the time and manner in which payment must be made of the value of that person's stock to the stockholder. The appraisers shall meet at the time and place designated, after being duly sworn to discharge their duties honestly and faithfully, make and certify a written estimate of the value of the stock at the time of the appraisal, and deliver one copy to the banking institution and another to

the stockholder. The stockholder and the banking institution shall each pay one-half of the charges and expenses of the appraisers.

Sec. 19. Minnesota Statutes 1998, section 48.15, subdivision 2a, is amended to read:

Subd. 2a. [AUTHORIZED ACTIVITIES.] The commissioner may authorize a state bank to undertake any activities, exercise any powers, or make any investments that are authorized ~~activities, powers, or investments by chapter 50, as of August 1, 1995, for any state savings bank doing business in this state, or that become authorized activities, powers, or investments by chapter 50, for state savings banks after August 1, 1995.~~ The commissioner may not authorize state banks to engage in any banking activity prohibited by the laws of this state.

Sec. 20. Minnesota Statutes 1998, section 48.15, subdivision 3, is amended to read:

Subd. 3. [LIMITS ON AUTHORITY TO ACT AS PAYING AGENT FOR PUBLIC ISSUERS.] No such bank shall act as paying agent of any municipality or other public issuer of obligations, other than an issuer within whose corporate limits the principal office of the bank is situated, unless the bank is authorized to execute the powers conferred in section 48.38 48A.07.

Sec. 21. Minnesota Statutes 1998, section 48.24, subdivision 7, is amended to read:

Subd. 7. Obligations of any ~~person, copartnership, limited liability company, association, or corporation~~ individual or organization, however organized, in the form of notes or drafts secured by shipping ~~documents or instruments transferring or securing title covering feeder livestock~~ which is free from all other encumbrances, when the market value of the livestock securing the obligation at the time of the making of the loan is not less than 115 percentum of the face amount of the notes covered by such documents, shall be subject under this subdivision to a limitation of 20 percent of capital and surplus in addition to 20 percent of capital and surplus as included in provisions of subdivision 1. Feeder livestock loans as referred to in this subdivision is defined to include only obligations secured by liens or giving title to cattle, sheep, goats, hogs or poultry being fattened for market, but excluding dairy cattle, milk goats, poultry used for production of eggs, or barnyard or work animals.

Sec. 22. Minnesota Statutes 1998, section 48.24, is amended by adding a subdivision to read:

Subd. 10. [GRAIN FORWARD SALE CONTRACTS; LENDING LIMITS.] Obligations of any individual or organization, however organized, where the note is secured by a perfected first lien on stored grain and a perfected assignment of the proceeds of a forward contract for sale of the grain (1) with a recognized commodity buyer or broker, reasonably satisfactory to the bank, (2) where the delivery of grain under the contract will occur within 270 days, (3) where the grain is insured for full value against loss by fire or other casualty, and (4) where the value of the forward contract exceeds 115 percent of the face amount of the secured note, is subject under this subdivision to a limitation of ten percent of capital and surplus in addition to the 20 percent of capital and surplus as included in subdivision 1.

Sec. 23. Minnesota Statutes 1998, section 48A.15, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] A trust company organized under the laws of this state or a state bank and trust may, after completing the notification procedure required by this subdivision, establish and maintain a trust service office at any office in this state or of any other state or national bank. A state bank may, after completing the notification procedure required by this subdivision, permit a trust company organized under the laws of this state or a state bank and trust or a national bank in this state that is authorized to exercise trust powers to establish and maintain a trust service office at any of its banking offices.

The trust company or state bank and trust and a state bank at which a trust service office is to be established according to this section shall jointly file, on forms provided by the commissioner, a notification of intent to establish a trust service office. The notification must be accompanied by a filing fee of \$100 payable to the commissioner, to be deposited in the general fund of the state. No trust service office shall be established according to this section if disallowed by order of the commissioner within ~~45~~ 30 days of the filing of a complete and acceptable notification of intent to

establish a trust service office. An order of the commissioner to disallow the establishment of a trust service office under this section is subject to judicial review under sections 14.63 to 14.69.

Sec. 24. Minnesota Statutes 1998, section 49.36, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS.] This consolidation or merger agreement and certified copy of the proceedings of the meetings of the respective boards of directors, at which the making of the agreement was authorized, must be submitted to the commissioner of commerce for approval with a fee of ~~\$250~~ \$2,000 payable to the commissioner of commerce. The agreement shall not be effective until so approved by the commissioner. The commissioner shall take action after the documents are submitted, and is entitled to further information from any party to the transaction as may be requested by the commissioner, or as may be obtained upon a hearing directed by the commissioner.

Sec. 25. Minnesota Statutes 1998, section 52.01, is amended to read:

52.01 [ORGANIZATION.]

Any seven residents of the state may apply to the commissioner of commerce for permission to organize a credit union.

A credit union is a cooperative society, incorporated for the twofold purpose of promoting thrift among its members and creating a source of credit for them at legitimate rates of interest for provident purposes.

A credit union is organized in the following manner:

(1) The applicants execute, in duplicate, a certificate of organization by the terms of which they agree to be bound, which shall state:

- (a) the name and location of the proposed credit union;
- (b) the names and addresses of the subscribers to the certificate and the number of shares subscribed by each;

(2) The applicants submit the following in the form prescribed by the commissioner of commerce:

- (a) a statement of the common bond of the proposed credit union;
- (b) the number of potential members;
- (c) the geographic dispersion of the potential members;
- (d) evidence of interest, including willingness of potential members to assume responsibility for leadership and service;
- (e) a two-year forecast of probable levels of assets, shares and deposits, and income and expense;
- (f) the availability of other credit union services to the potential members;
- (g) other information the commissioner requires;

(3) They next prepare and adopt bylaws for the general governance of the credit union consistent with the provisions of this chapter, and execute them in duplicate;

(4) The certificate and the bylaws, both executed in duplicate, are forwarded to the commissioner of commerce with a ~~\$100 application fee~~ \$1,000 application fee, which may be waived by the commissioner for a credit union to be located in a low- or moderate-income area as defined in Code of Federal Regulations, title 12, part 25(1), (n)(1) and (n)(2) and where no other depository institution operates an office;

(5) The commissioner of commerce shall, within 60 days of the receipt of the certificate, the information required by paragraph (2), and the bylaws determine whether they comply with the provisions of this chapter, and whether or not the organization of the credit union in question would benefit its members, be economically feasible, and be consistent with the purposes of this chapter;

(6) Thereupon the commissioner of commerce shall notify the applicants of the decision. If it is favorable, the commissioner shall upon receipt of a commitment for insurance of accounts as required by section 52.24, subdivision 2, issue a certificate of approval, attached to the duplicate certificate of organization, and return them with the duplicate bylaws to the applicants. If it is unfavorable, the applicants may, within 60 days after the decision, appeal for a review in a court of competent jurisdiction;

(7) The applicants shall thereupon file the duplicate of the certificate of organization, with the certificate of approval attached thereto, with the secretary of state, who shall make a record of the certificate and return it, with a certificate of record attached thereto, to the commissioner of commerce for permanent records; and

(8) Thereupon the applicants shall be a credit union incorporated in accordance with the provisions of this chapter.

In order to simplify the organization of credit unions, the commissioner of commerce shall prepare approved forms of certificate of organization and bylaws, consistent with this chapter, which may be used by credit union incorporators for their guidance, and on written application of seven residents of the state, shall supply them without charge with a blank certificate of organization and a copy of the form of suggested bylaws.

Sec. 26. Minnesota Statutes 1998, section 52.05, subdivision 2, is amended to read:

Subd. 2. [APPLICATION.] Any ~~25~~ 15 persons representing a group may apply to the commissioner, advising the commissioner of the common bond of the group and its number of potential members, for a determination whether it is feasible for the group to form a credit union. Upon a determination that it is not feasible to organize because the number of potential members is too small, the applicants will be certified by the commissioner as eligible to petition for membership in an existing credit union capable of serving the group. If the credit union so petitioned resolves to accept the group into membership, it shall follow the bylaw amendment and approval procedure set forth in section 52.02.

The commissioner shall adopt rules to implement this subdivision. These rules must provide that:

(1) for the purpose of this subdivision, groups with a potential membership of less than 1,500 will be considered too small to be feasible as a separate credit union, unless there are compelling reasons to the contrary, relevant to the objectives of this subdivision;

(2) groups with a potential membership in excess of 1,500 will be considered in light of all circumstances relevant to the objectives of this subdivision; and

(3) all group applications, except for applications from groups made up of members of existing credit unions or groups made up of people who have a common employer which qualifies them for membership in an existing credit union, will be considered separately from any consideration of the membership provisions of existing credit unions; except that, groups made up of members of an existing credit union may be certified under this subdivision with the agreement of the credit union.

Sec. 27. [52.212] [SENIOR CITIZEN LOCATIONS.]

In addition to its primary member location, a credit union may operate part-time locations in nursing homes and senior citizen housing facilities if they are operated in a manner consistent with safe and sound practices.

Sec. 28. Minnesota Statutes 1998, section 53.03, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION, FEE, NOTICE.] Any corporation hereafter organized as an industrial loan and thrift company, shall, after compliance with the requirements set forth in sections 53.01 and 53.02, file a written application with the department of commerce for a certificate of authorization. A corporation that will not sell or issue thrift certificates for investment as permitted by this chapter need not comply with subdivision 2b. The application must be in the form prescribed by the department of commerce. The application must be made in the name of the corporation, executed and acknowledged by an officer designated by the board of directors of the corporation, requesting a certificate authorizing the corporation to transact business as an industrial loan and thrift company, at the place and in the name stated in the application. At the time of filing the application the applicant shall pay ~~a \$1,000 filing fee and a \$500 investigation fee~~ \$1,500 filing fee if the corporation will not sell or issue thrift certificates for investment, and a filing fee of \$8,000 if the corporation will sell or issue thrift certificates for investment. The fees must be turned over by the commissioner to the state treasurer and credited to the general fund. The applicant shall also submit a copy of the bylaws of the corporation, its articles of incorporation and all amendments thereto at that time. An application for powers under subdivision 2b must also require that a notice of the filing of the application must be published once within 30 days of the receipt of the form prescribed by the department of commerce, at the expense of the applicant, in a qualified newspaper published in the municipality in which the proposed industrial loan and thrift company is to be located, or, if there be none, in a qualified newspaper likely to give notice in the municipality in which the company is proposed to be located. If the department of commerce receives a written objection to the application from any person within ~~21~~ 15 days of the notice having been fully published, the commissioner shall proceed in the same manner as required under section 46.041, subdivisions 3 and 4, relating to state banks.

Sec. 29. Minnesota Statutes 1998, section 53.03, subdivision 6, is amended to read:

Subd. 6. [AMENDED CERTIFICATES, THRIFT CERTIFICATES FOR INVESTMENT, APPLICATION, FEE, NOTICE.] Upon approval by the commissioner of commerce of a commitment for insurance or guarantee of certificates to be held for investment as required in section 53.10, subdivision 3, an industrial loan and thrift company may apply to the department of commerce for an amended certificate of authorization and consent to sell and issue thrift certificates for investment.

The application, in triplicate, must be in the form prescribed by the department of commerce and filed in its office. At the time of filing the application, the applicant shall pay a filing fee of ~~\$500~~ \$8,000 and if an application is contested, 50 percent of an additional fee equal to the actual costs incurred by the department of commerce in approving or disapproving the application, payable to the state treasurer and credited by the treasurer to the general fund, must be paid by the applicant and 50 percent equally by the intervening parties. A notice of the filing of the application must be published once within 30 days of the receipt of the form prescribed by the department of commerce, at the expense of the applicant, in a newspaper published in the municipality in which the place of business under the application is located, or if there is none, in a newspaper published at the county seat of the county in which the place of business is located. Not more than one place of business maintained under a certificate of authorization may be the subject of an application.

Sec. 30. Minnesota Statutes 1998, section 53.03, subdivision 7, is amended to read:

Subd. 7. [OBJECTION TO APPLICATION.] Upon receiving written objection to the application from any person within ~~20~~ 15 days of the notice having been fully published, the department of commerce shall order a contested case hearing to be conducted on the application.

Sec. 31. Minnesota Statutes 1998, section 55.04, subdivision 2, is amended to read:

Subd. 2. [APPLICATION FOR LICENSE.] Application for license shall be in writing, under oath, and in the form prescribed by the commissioner of commerce, and contain the name and address, both of the residence and place of business, of the applicant, and if the applicant is a partnership or unincorporated association, of every member thereof, and if a corporation, of each

officer and director thereof; also the county and municipality, with street and number, if any, where the business is to be conducted; and further information the commissioner of commerce requires. The applicant at the time of making application shall pay to the commissioner the sum of \$250 as a fee for investigating the application, and the additional sum of \$150 as an annual license fee for a period terminating on the last day of the current calendar year. ~~If the application is filed after June 30 in any year the additional sum shall be only \$75.~~

Sec. 32. Minnesota Statutes 1998, section 56.02, is amended to read:

56.02 [APPLICATION FEE.]

Application for license shall be in writing, under oath, and in the form prescribed by the commissioner, and contain the name and the address, both of the residence and place of business, of the applicant and, if the applicant is a copartnership or association, of every member thereof, and if a corporation, of each officer and director thereof; also the county and municipality, with street and number, if any, where the business is to be conducted, and such further information as the commissioner may require. The applicant at the time of making application, shall pay to the commissioner the sum of ~~\$250~~ \$500 as a fee for investigating the application, and the additional sum of \$150 ~~\$250~~ as an annual license fee for a period terminating on the last day of the current calendar year; ~~provided, that if the application is filed after June 30 in any year the additional sum shall be only \$75.~~ In addition to the annual license fee, every licensee hereunder shall pay to the commissioner the actual costs of each examination, as provided for in section 56.10. All moneys collected by the commissioner under this chapter shall be turned over to the state treasurer and credited by the treasurer to the general fund of the state.

Every applicant shall also prove, in form satisfactory to the commissioner, that the applicant has available for the operation of the business at the location specified in the application, liquid assets of at least \$50,000.

Sec. 33. Minnesota Statutes 1998, section 56.131, subdivision 1, is amended to read:

Subdivision 1. [INTEREST RATES AND CHARGES.] (a) On any loan in a principal amount not exceeding \$100,000 or 15 percent of a Minnesota corporate licensee's capital stock and surplus as defined in section 53.015, if greater, a licensee may contract for and receive interest, finance charges, and other charges as provided in section 47.59.

(b) Loans may be interest-bearing or precomputed.

(c) Notwithstanding section 47.59 to the contrary, to compute time on interest-bearing and precomputed loans, including, but not limited to the calculation of interest, a day is considered 1/30 of a month when calculation is made for a fraction of a calendar month. A year is 12 calendar months. A calendar month is that period from a given date in one month to the same numbered date in the following month, and if there is no same numbered date, to the last day of the following month. When a period of time includes a whole month and a fraction of a month, the fraction of a month is considered to follow the whole month.

In the alternative, for interest-bearing loans, a licensee may charge interest at the rate of 1/365 of the agreed annual rate for each actual day elapsed.

(d) With respect to interest-bearing loans and notwithstanding section 47.59:

(1) Interest must be computed on unpaid principal balances outstanding from time to time, for the time outstanding. Each payment must be applied first to the accumulated interest and the remainder of the payment applied to the unpaid principal balance; provided however, that if the amount of the payment is insufficient to pay the accumulated interest, the unpaid interest continues to accumulate to be paid from the proceeds of subsequent payments and is not added to the principal balance.

(2) Interest must not be payable in advance or compounded. However, if part or all of the consideration for a new loan contract is the unpaid principal balance of a prior loan, then the principal amount payable under the new loan contract may include any unpaid interest which has

accrued. The unpaid principal balance of a precomputed loan is the balance due after refund or credit of unearned interest as provided in paragraph (e), clause (3). The resulting loan contract is deemed a new and separate loan transaction for all purposes.

(e) With respect to precomputed loans and notwithstanding section 47.59 to the contrary:

(1) Loans must be repayable in substantially equal and consecutive monthly installments of principal and interest combined, except that the first installment period may be more or less than one month by not more than 15 days, and the first installment payment amount may be larger than the remaining payments by the amount of interest charged for the extra days and must be reduced by the amount of interest for the number of days less than one month to the first installment payment; and monthly installment payment dates may be omitted to accommodate borrowers with seasonal income.

(2) Payments may be applied to the combined total of principal and precomputed interest until the loan is fully paid. Payments must be applied in the order in which they become due.

(3) If the maturity of the loan is accelerated for any reason and judgment is entered, the licensee shall credit the borrower with the same refund as if prepayment in full had been made on the date the judgment is entered.

(4) Following the final installment as originally scheduled or deferred, the licensee, for any loan contract which has not previously been converted to interest-bearing under ~~clause (7) paragraph (g)~~, may charge interest on any balance remaining unpaid, including unpaid default or deferment charges, at the single annual percentage rate permitted by this subdivision until fully paid.

(5) With respect to a loan secured by an interest in real estate, and having a maturity of more than 60 months, the original schedule of installment payments must fully amortize the principal and interest on the loan. The original schedule of installment payments for any other loan secured by an interest in real estate must provide for payment amounts that are sufficient to pay all interest scheduled to be due on the loan.

~~(6) (f) A licensee may contract for and collect a delinquency charge as provided for in section 47.59, subdivision 6, paragraph (a), clause (4).~~

~~(7) (g) A licensee may grant extensions, deferments, or conversions to interest-bearing as provided in section 47.59, subdivision 5.~~

Sec. 34. Minnesota Statutes 1998, section 58.04, subdivision 1, is amended to read:

Subdivision 1. [RESIDENTIAL MORTGAGE ORIGINATOR LICENSING REQUIREMENTS.] (a) Beginning August 1, 1999, no person shall act as a residential mortgage originator, or make residential mortgage loans without first obtaining a license from the commissioner according to the licensing procedures provided in this chapter.

(b) The following persons are exempt from the residential mortgage originator licensing requirements:

(1) an employee of one mortgage originator licensee or one person holding a certificate of exemption;

(2) a person engaged solely in commercial mortgage activities;

(3) a person licensed as a real estate broker under chapter 82, and an individual licensee who is licensed to the broker if:

(i) the individual licensee acts only under the name, authority, and supervision of the broker to whom the licensee is licensed;

(ii) the broker obtains a certificate of exemption according to section 58.05, subdivision 2;

(iii) the broker does not collect an advance fee for its residential mortgage-related activities; and

(iv) the residential mortgage origination activities are incidental to the real estate licensee's primary activities as a real estate broker or salesperson;

(4) an individual licensed as a property/casualty or life/health insurance agent under chapter 60K if:

(i) the insurance agent acts on behalf of only one residential mortgage originator, which is in compliance with chapter 58;

(ii) the insurance agent has entered into a written contract with the mortgage originator under the terms of which the mortgage originator agrees to accept responsibility for the insurance agent's residential mortgage-related activities;

(iii) the insurance agent obtains a certificate of exemption under section 58.05, subdivision 2; and

(iv) the insurance agent does not collect an advance fee for the insurance agent's residential mortgage-related activities;

(5) a person making no more than five residential mortgage loans with its own funds, during any 12-month period;

~~(5)~~ (6) a financial institution as defined in section 58.02, subdivision 10;

~~(6)~~ (7) an agency of the federal government, or of a state or municipal government;

~~(7)~~ (8) an employee or employer pension plan making loans only to its participants;

~~(8)~~ (9) a person acting in a fiduciary capacity, such as a trustee or receiver, as a result of a specific order issued by a court of competent jurisdiction; or

~~(9)~~ (10) a person exempted by order of the commissioner.

Sec. 35. Minnesota Statutes 1998, section 58.06, subdivision 2, is amended to read:

Subd. 2. [APPLICATION CONTENTS.] The application must contain the name and complete business address or addresses of the license applicant. If the license applicant is a partnership, limited liability partnership, association, limited liability company, corporation, or other form of business organization, the application must contain the names and complete business addresses of each partner, member, director, and principal officer. The application must also include a description of the activities of the license applicant, in the detail and for the periods the commissioner may require. The application must also include all of the following:

(a) an affirmation under oath that the applicant:

(1) will maintain competent staff and adequate staffing levels, through direct employees or otherwise, to meet the requirements of this chapter;

(2) will advise the commissioner of any material changes to the information submitted in the most recent application within ten days of the change;

(3) will advise the commissioner in writing immediately of any bankruptcy petitions filed against or by the applicant or licensee;

(4) is financially solvent ~~and in compliance with net worth requirements;~~

(5) complies with federal and state tax laws;

(6) complies with sections 345.31 to 345.60, the Minnesota unclaimed property law; and

- (7) is, or that a person in control of the license applicant is, at least 18 years of age;
- (b) information as to the mortgage lending, servicing, or brokering experience of the applicant and persons in control of the applicant;
- (c) information as to criminal convictions, excluding traffic violations, of persons in control of the license applicant;
- (d) whether a court of competent jurisdiction has found that the applicant or persons in control of the applicant have engaged in conduct evidencing gross negligence, fraud, misrepresentation, or deceit in performing an act for which a license is required under this chapter;
- (e) whether the applicant or persons in control of the applicant have been the subject of: an order of suspension or revocation, cease and desist order, or injunctive order, or order barring involvement in an industry or profession issued by this or another state or federal regulatory agency or by the Secretary of Housing and Urban Development within the ten-year period immediately preceding submission of the application; and
- (f) other information required by the commissioner.

Sec. 36. Minnesota Statutes 1998, section 58.08, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT OF RESIDENTIAL MORTGAGE ORIGINATORS.] A residential mortgage originator licensee engaging in servicing a residential mortgage loan shall continuously maintain a surety bond or irrevocable letter of credit in an amount not less than \$50,000 in a form approved by the commissioner, issued by an insurance company or bank authorized to do so in this state. The bond must be available for the recovery of expenses, fines, and fees levied by the commissioner under this chapter relating to servicing, and for losses or damages incurred by borrowers as the result of a licensee's servicing-related noncompliance with the requirements of this chapter, sections 325D.43 to 325D.48, and 325F.67 to 325F.69, or breach of contract.

The bond or irrevocable letter of credit must be submitted with the originator's license application, and evidence of continued coverage must be submitted with each renewal. Any change in the bond or letter of credit must be submitted for approval by the commissioner, within ten days of its execution.

Sec. 37. Minnesota Statutes 1998, section 59A.03, subdivision 2, is amended to read:

Subd. 2. The applicant at the time of making application, shall pay to the commissioner the sum of \$250 as a fee for investigating the application, and the additional sum of ~~\$100~~ \$200 as an annual licensee fee for a period terminating on May 31 of each year. In addition to the annual license fee, every licensee shall pay to the commissioner the actual costs of each examination as may be required to be conducted under the terms of sections 59A.01 to 59A.15.

Sec. 38. Minnesota Statutes 1998, section 60K.11, subdivision 1, is amended to read:

Subdivision 1. [GROUNDS.] The commissioner may by order take any or all of the following actions:

- (1) deny, suspend, or revoke an insurance agent or agency license;
- (2) censure the licensee; or
- (3) impose a civil penalty as provided for in section 45.027, subdivision 6.

In order to take this action the commissioner must find that the order is in the public interest and that the applicant, licensee, or in the case of an insurance agency, partner, director, shareholder, officer, or agent of that insurance agency:

- (i) does not intend to or is not in good faith carrying on the business of an insurance agent;

(ii) has filed an application for a license which is incomplete in any material respect or contains any statement which, in light of the circumstances under which it is made, contains any misrepresentation, or is false, misleading, or fraudulent;

(iii) has engaged in an act or practice, whether or not such act or practice involves the business of insurance, which demonstrates that the applicant or licensee is untrustworthy, financially irresponsible, or otherwise incompetent or unqualified to act as an insurance agent or agency;

(iv) has pled guilty, with or without explicitly admitting guilt, pled nolo contendere, or been convicted of a felony, gross misdemeanor, or misdemeanor involving moral turpitude, including, but not limited to, assault or similar conduct;

(v) has violated or failed to comply with any of the provisions of the insurance laws including chapter 45 or chapters 60A to 72A or any rule or order under those chapters;

(vi) is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the insurance business;

(vii) has violated or failed to comply with any order of the insurance regulator of any other state or jurisdiction;

(viii) has had an insurance agent or agency license denied, suspended, or revoked, has been censured or reprimanded, has been the subject of any other discipline imposed by, or has paid or has been required to pay a monetary penalty or fine to, another state or jurisdiction;

(ix) has misrepresented the terms of any actual or proposed insurance contract;

(x) has engaged in any fraudulent, coercive, deceptive, or dishonest act or practice whether or not such act or practice involves the business of insurance;

(xi) has improperly withheld, misappropriated, or converted to the licensee's or applicant's own use any money belonging to a policyholder, insurer, beneficiary, or other person; or

(xii) has forged another's name to any document whether or not the document relates to an application for insurance or a policy of insurance; or

(xiii) has, while performing residential mortgage activity regulated under chapter 58, violated any notification, disclosure, or recordkeeping requirement, or any standard of conduct, imposed by chapter 58.

Sec. 39. Minnesota Statutes 1998, section 118A.01, subdivision 2, is amended to read:

Subd. 2. [GOVERNMENT ENTITY.] "Government entity" means a county, city, town, school district, hospital district, public authority, public corporation, public commission, special district, any other political subdivision, except an entity whose investment authority is specified under chapter 11A or 356A.

For the purposes of sections 118A.02 and 118A.03 only, the term includes an American Indian tribal government entity located within a federally recognized American Indian reservation.

Sec. 40. Minnesota Statutes 1998, section 168.67, is amended to read:

168.67 [SALES FINANCE COMPANY; LICENSE, FEES, REFUND.]

(a) No person shall engage in the business of a sales finance company in this state without a license therefor as provided in sections 168.66 to 168.77 provided, however, that no bank, trust company, savings bank, savings association, or credit union, whether state or federally chartered, industrial loan and thrift company, or licensee under the Minnesota Regulated Loan Act authorized to do business in this state shall be required to obtain a license under sections 168.66 to 168.77.

(b) The application for a license shall be in writing, under oath and in the form prescribed by

the administrator. The application shall contain the name of the applicant; date of incorporation, if incorporated; the address where the business is or is to be conducted and similar information as to any branch office of the applicant; the name and resident address of the owner or partners, or, if a corporation or association, of the directors, trustees and principal officers, and other pertinent information the administrator requires.

(c) The licensee fee for the fiscal year beginning July 1 and ending June 30 of the following year, or any part thereof shall be the sum of ~~\$150~~ \$250 for the principal place of business of the licensee, and the sum of ~~\$75~~ \$125 for each branch of the licensee, maintained in this state. Any licensee who proves to the satisfaction of the administrator, by affidavit or other proof satisfactory to the administrator, that during the 12 calendar months of the immediately preceding fiscal year, for which the license has been paid that the licensee has not held retail installment contracts exceeding \$15,000 in amount, shall be entitled to a refund of that portion of each license fee paid in excess of \$25. The administrator shall certify to the commissioner of finance that the licensee is entitled to a refund, and payment thereof shall be made by the state treasurer. The amount necessary to pay for the refundment of the license fee is appropriated out of the general fund. All license fees received by the administrator under sections 168.66 to 168.77 shall be deposited with the state treasurer.

(d) Each license shall specify the location of the office or branch and must be conspicuously displayed there. In case the location be changed, the administrator shall endorse the change of location on the license.

(e) Upon the filing of such application, and the payment of the fee, the administrator shall issue a license to the applicant to engage in the business of a sales finance company under and in accordance with the provisions of sections 168.66 to 168.77 for a period which shall expire the last day of June next following the date of its issuance. The license shall not be transferable or assignable. No licensee shall transact any business provided for by sections 168.66 to 168.77 under any other name.

Sec. 41. Minnesota Statutes 1998, section 168.71, is amended to read:

168.71 [MOTOR VEHICLE RETAIL INSTALLMENT CONTRACT.]

(a)(1) Every retail installment contract shall be in writing, shall contain all the agreements of the parties, shall be signed by the retail buyer and seller, and a copy signed by the retail buyer shall be furnished to such retail buyer at the time the retail buyer executes the contract. The copy signed by both the retail buyer and retail seller shall be provided to the retail buyer within seven days after delivery of the vehicle. With respect to any contract executed prior to August 1, 1996, which has not been paid in full by the retail buyer, the retail seller shall provide such retail buyer a copy signed by both the retail buyer and retail seller within 120 days after August 1, 1996.

(2) No provisions for confession of judgment or power of attorney therefor contained in any retail installment contract or contained in a separate agreement relating thereto, shall be valid or enforceable.

(3) The holder of a precomputed retail installment contract may, if the contract so provides, collect a delinquency and collection charge on each installment in arrears for a period not less than ten days in an amount not in excess of five percent of each installment or \$5, whichever is greater. In addition to such delinquency and collection charge, the retail installment contract, whether interest-bearing or precomputed, may provide for the payment of attorneys' fees not exceeding 15 percent of the amount due and payable under such contract where such contract is referred to an attorney not a salaried employee of the holder of the contract for collection plus the court costs.

(4) Unless written notice has been given to the retail buyer of actual or intended assignment of a retail installment contract, payment thereunder or tender thereof made by the retail buyer to the last known holder of such contract shall be binding upon all subsequent holders or assignees.

(5) Upon written request from the retail buyer, the holder of the retail installment contract shall give or forward to the retail buyer a written statement of the dates and amounts of payments and

the total amount unpaid under such contract. A retail buyer shall be given a written receipt for any payment when made in cash.

(b) The retail installment contract shall contain the following items:

(1) the cash sale price of the motor vehicle which is the subject matter of the retail installment contract;

(2) the total amount of the retail buyer's down payment, whether made in money or goods, or partly in money or partly in goods;

(3) the difference between items one and two;

(4) the charge, if any, included in the transaction to pay the balance of an existing purchase money motor vehicle lien which exceeds the value of the trade-in amount, or for any insurance and other benefits not included in clause (1), specifying the types of coverage and taxes, fees, and charges that actually are or will be paid to public officials or government agencies, including those for perfecting, releasing, or satisfying a security interest if such taxes, fees, or charges are not included in clause (1);

(5) principal balance, which is the sum of items three and four;

(6) the amount of the finance charge;

(7) the total of payments payable by the retail buyer to the retail seller and the number of installment payments required and the amount of each installment expressed in dollars or percentages, and date of each payment necessary finally to pay the total of payments which is the sum of item five and item six.

Provided, however, that said items one to seven inclusive need not be stated in the terms, sequence or order set forth above. Provided further, that clauses (6) and (7) may be disclosed on the assumption that all scheduled payments under the contract will be made when due.

In lieu of the above clauses, the retail seller may give the retail buyer disclosures which satisfy the requirements of the Federal Truth-In-Lending Act in effect as of the time of the contract, notwithstanding whether or not that act applies to the transaction.

(c) Every retail seller or sales finance company, if a charge for insurance on the motor vehicle is included in a retail installment contract shall within 30 days after execution of the retail installment contract send or cause to be sent to the retail buyer a policy or policies or certificate of insurance, which insurance shall be written by a company authorized to do business in this state, clearly setting forth the amount of the premium, the kind or kinds of insurance and the scope of the coverage and all the terms, exceptions, limitations, restrictions and conditions of the contract or contracts of the insurance. The buyer of a motor vehicle under a retail installment contract shall have the privilege of purchasing such insurance from an agent or broker of the buyer's own selection and selecting an insurance company mutually acceptable to the seller and the buyer; provided, however, that the inclusion of the cost of the insurance premium in the retail installment contract when the buyer selects the agent, broker or company, shall be optional with the seller.

(d) Any sales finance company hereunder may purchase or acquire from any retail seller any retail installment contract on such terms and conditions as may be mutually agreed upon between them.

(e) An acknowledgment by the retail buyer of the delivery of any such copy or notice as required in subsection (a) contained in the body of the statement or contract shall be conclusive proof of delivery in any action or proceeding by or against any assignee of a retail installment contract.

Sec. 42. Minnesota Statutes 1998, section 303.25, subdivision 5, is amended to read:

Subd. 5. [SOLICITATION OF BUSINESS.] A foreign trust association ~~may not maintain an~~

~~office within this state, but it may solicit business within this state if banking or trust associations or corporations organized under the laws of this state or national banking associations maintaining their principal offices in this state may solicit business in the state in which the foreign trust association maintains its principal office. For purposes of this subdivision, solicitation of business includes the activities authorized for state or national banking associations exercising fiduciary powers maintaining their principal offices in this state considered a representative trust office established under section 48.476 48A.14. A foreign trust association must follow the procedures in section 48A.18 to establish a trust office and the procedures in section 48A.19 to establish a representative trust office.~~

Sec. 43. Minnesota Statutes 1998, section 332.15, subdivision 2, is amended to read:

Subd. 2. [LICENSE FOR EACH LOCATION.] Each person operating a debt prorating service shall obtain a license for each location and place of business, including each branch office. Such person shall submit a separate application for each place of business. The full license fee shall be payable only for one such place of business. For each additional place of business the license fee shall be \$25 ~~\$100~~.

Sec. 44. Minnesota Statutes 1998, section 332.15, subdivision 3, is amended to read:

Subd. 3. [FEES.] Each applicant, at the time of making such application, shall pay to the commissioner the sum of \$50 ~~\$100~~ as a fee for investigation of the applicant, and the additional sum of \$100 ~~\$250~~ as a license fee. If the application is denied, said license fee shall be returned to the applicant.

Sec. 45. Minnesota Statutes 1998, section 332.17, is amended to read:

332.17 [RENEWAL OF LICENSE.]

Each licensee under the provisions of sections 332.12 to 332.29 shall, not more than 60 nor less than 30 days before its license is to expire, make application to the commissioner for renewal of its license. Such application for renewal shall be on a form prescribed by the commissioner and shall be accompanied by payment of the sum of \$25 ~~as a fee for investigation of the renewal applicant, the additional sum of \$100~~ \$250 as a license fee, and a bond as required in the case of an original application. The commissioner may investigate the licensee and determine its continued fitness as in the case of an original application. If the commissioner shall renew the license, said renewal shall be effective for one year from the date on which the previous license expired.

Sec. 46. Minnesota Statutes 1998, section 332.30, is amended to read:

332.30 [ACCELERATED MORTGAGE PAYMENT PROVIDER; BOND REQUIREMENTS.]

(a) Before beginning business in this state, an accelerated mortgage payment provider, as defined in section 332.13, subdivision 2, clause (10), shall submit to the commissioner of commerce an authorization fee of \$250 and either:

(1) a surety bond in which the accelerated mortgage payment provider is the obligor, in an amount determined by the commissioner; or

(2) if the commissioner agrees to accept it, a deposit:

(i) in cash in an amount equivalent to the bond amount; or

(ii) of authorized securities, as defined in section 50.14, with an aggregate market value equal to the bond amount. The cash or securities must be deposited with the state treasurer.

(b) The amount of the bond required by the commissioner shall vary with the amount of Minnesota client funds held or to be held by the obligor. For new businesses, the bond must be no less than \$100,000, except as provided in section 332.301. The commissioner may increase the required bond amount upon 30 days' notice to the accelerated mortgage payment provider.

(c) If a bond is submitted, it must name as surety an insurance company authorized to transact fidelity and surety business in this state. The bond must run to the state of Minnesota for the use of the state and of any person who may have a claim against the obligor arising out of the obligor's activities as an accelerated mortgage payment provider. The bond must be conditioned that the obligor will not commit any fraudulent act and will faithfully conform to and abide by the provisions of accelerated mortgage payment agreements with Minnesota residents.

If an accelerated mortgage payment provider has failed to account to a mortgagor or distribute funds to the mortgagee as required by an accelerated mortgage payment agreement, the mortgagor or the mortgagor's legal representative or receiver or the commissioner shall have, in addition to any other legal remedies, a right of action in the name of the debtor on the bond or the security given pursuant to this section.

Sec. 47. [334.21] [MOTOR VEHICLE LEASE AGREEMENTS.]

A motor vehicle lease agreement may include the outstanding balance from a prior motor vehicle loan or lease.

Sec. 48. [CHISAGO LAKES TOWNSHIP; DETACHED BANKING FACILITY.]

With the prior approval of the commissioner of commerce, a bank operating its principal office in Marine on St. Croix may establish and maintain not more than one detached facility in Chisago Lakes township. A bank desiring to establish such a detached facility must follow the approval procedure prescribed in Minnesota Statutes, section 47.54. The establishment of a detached facility under this section is subject to Minnesota Statutes, sections 47.51 to 47.57, except to the extent those sections are inconsistent with this section.

Sec. 49. [REPEALER.]

(a) Minnesota Statutes 1998, section 47.20, subdivision 14, is repealed.

(b) Minnesota Statutes 1998, section 58.07, is repealed.

Sec. 50. [EFFECTIVE DATE.]

Sections 1 to 7, 14, 15, 17, 23 to 25, 28 to 32, 37, 40, and 43 to 46 are effective July 1, 1999. Sections 11 and 49, paragraph (a), are effective July 29, 1999. Section 48 takes effect the day after compliance by the governing body of Chisago Lakes township with Minnesota Statutes, section 645.021, subdivision 3. Sections 8 to 10, 12, 13, 16, 18, 19, 20 to 22, 26, 27, 33, 35, 36, 41, 42, 47, and 49, paragraph (b), are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to financial institutions; regulating fees, charges, investments, and time periods; authorizing certain part-time banking locations; authorizing reverse stock splits; regulating mortgage insurance and loans; modifying the application requirements for credit unions; making corrections and conforming changes; regulating deposit and investment of local public funds; modifying a definition; authorizing a detached facility in Chisago Lakes Township; amending Minnesota Statutes 1998, sections 46.041, subdivisions 1 and 3; 46.048, subdivisions 1 and 2b; 46.131, subdivision 10; 47.0156; 47.101, subdivision 3; 47.20, subdivision 6b; 47.203; 47.204, subdivision 1; 47.27, subdivision 3; 47.52; 47.54, subdivisions 2 and 3; 47.59, subdivision 12; 47.60, subdivision 3; 48.15, subdivisions 2a and 3; 48.24, subdivision 7, and by adding a subdivision; 48A.15, subdivision 1; 49.36, subdivision 1; 52.01; 52.05, subdivision 2; 53.03, subdivisions 1, 6, and 7; 55.04, subdivision 2; 56.02; 56.131, subdivision 1; 58.04, subdivision 1; 58.06, subdivision 2; 58.08, subdivision 1; 59A.03, subdivision 2; 60K.11, subdivision 1; 118A.01, subdivision 2; 168.67; 168.71; 303.25, subdivision 5; 332.15, subdivisions 2 and 3; 332.17; and 332.30; proposing coding for new law in Minnesota Statutes, chapters 47; 48; 52; and 334; repealing Minnesota Statutes 1998, sections 47.20, subdivision 14; and 58.07."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Sam G. Solon, William V. Belanger, Jr., James P. Metzen

House Conferees: (Signed) Bill Haas, Gregory M. Davids, Bernard L. "Bernie" Lieder

Senator Solon moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1330 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1330 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1471 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1471

A bill for an act relating to landlords and tenants; requiring certain limitations on tenant screening fees; proposing coding for new law in Minnesota Statutes, chapter 504.

April 28, 1999

The Honorable Allan H. Spear  
President of the Senate

The Honorable Steve Sviggum  
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1471, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 1471 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [504.301] [APPLICANT SCREENING FEE.]

Subdivision 1. [LIMIT ON NUMBER OF APPLICANT SCREENING FEES.] A landlord or the landlord's agent may not charge an applicant a screening fee when the landlord knows or

should have known that no rental unit is available at that time or will be available within a reasonable future time.

Subd. 2. [RETURN OF APPLICANT SCREENING FEE.] If the landlord or the landlord's agent does not perform a personal reference check or does not obtain a consumer credit report or tenant screening report, the landlord or the landlord's agent shall return any amount of the screening fee that is not used for those purposes. The screening fee may be returned by mail, may be destroyed upon the applicant's request if paid by check, or may be made available for the applicant to retrieve.

Subd. 3. [DISCLOSURES TO APPLICANT.] A landlord or the landlord's agent, prior to taking an application fee from a prospective tenant, must disclose on the application form or orally the name, address, and telephone number of the tenant screening service the owner will use, unless the owner does not use a tenant screening service.

Subd. 4. [REMEDIES.] In addition to any other remedies, a landlord who violates this section is liable to the applicant for the application fee plus a civil penalty of up to \$100, civil court filing costs, and reasonable attorney fees incurred to enforce this remedy.

Sec. 2. [REPEALER.]

Minnesota Statutes 1998, section 504.30, subdivision 5, is repealed."

Delete the title and insert:

"A bill for an act relating to landlords and tenants; requiring certain limitations on tenant screening fees; proposing coding for new law in Minnesota Statutes, chapter 504; repealing Minnesota Statutes 1998, section 504.30, subdivision 5."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Steve L. Murphy, Dave Johnson, Warren Limmer

House Conferees: (Signed) Julie Storm, Peg Larsen, Gary W. Kubly

Senator Murphy moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1471 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1471 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

**RECESS**

Senator Moe, R.D. moved that the Senate do now recess until 3:30 p.m. The motion prevailed. The hour of 3:30 p.m. having arrived, the President called the Senate to order.

**CALL OF THE SENATE**

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

**MOTIONS AND RESOLUTIONS - CONTINUED**

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

**INTRODUCTION AND FIRST READING OF SENATE BILLS**

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

**Senators Krentz, Samuelson, Anderson, Pariseau and Olson introduced--**

**S.F. No. 2245:** A bill for an act relating to water; providing for a task force to study surface water management.

Referred to the Committee on Environment and Natural Resources.

**Senators Larson, Oliver, Runbeck, Day and Belanger introduced--**

**S.F. No. 2246:** A bill for an act relating to workers' compensation; making the workers' compensation reinsurance association a division of the department of commerce; transferring certain powers and responsibilities; amending Minnesota Statutes 1998, sections 79.34, subdivisions 1, 2, 2a, and 6; 79.35; 79.36; 79.361, subdivision 1; 79.37; 79.371, subdivision 2; and 79.38, subdivision 1; repealing Minnesota Statutes 1998, sections 79.362; 79.371, subdivision 1; 79.38, subdivisions 2 and 3; and 79.39.

Referred to the Committee on Commerce.

**Senators Samuelson, Stevens, Sams, Lourey and Terwilliger introduced--**

**S.F. No. 2247:** A bill for an act relating to human services; expanding the SAIL program and requiring additional SAIL initiatives; modifying the administration of the congregate housing services projects; appropriating money; amending Minnesota Statutes 1998, sections 256.9751; and 256B.0917, by adding a subdivision.

Referred to the Committee on Health and Family Security.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Messages From the House and First Reading of House Bills.

**MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 184, 1357, 1268, 411, 1115, 376 and 1746.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 3, 1999

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2234, and repassed said bill in accordance with the report of the Committee, so adopted.

**S.F. No. 2234:** A bill for an act relating to public administration; making deficiency appropriations for state government operations; transferring money; appropriating money.

Senate File No. 2234 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 3, 1999

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 718, 1326 and 2027.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 3, 1999

**FIRST READING OF HOUSE BILLS**

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

**H.F. No. 718:** A bill for an act relating to professions; regulating advanced practice registered nursing; amending Minnesota Statutes 1998, sections 62A.15, subdivision 3a; 148.171; 148.191, subdivision 2; 148.235; 148.261, subdivisions 1 and 5; 148.262, subdivision 1; 148.263, subdivisions 3 and 4; 148.271; 148.281, subdivision 1; 148.283; 245.462, subdivision 18; and 245.4871, subdivision 27; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Rules, chapter 6340.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 225, now on General Orders.

**H.F. No. 1326:** A bill for an act relating to human services; modifying licensing and reporting requirements; amending Minnesota Statutes 1998, sections 245A.04, subdivision 3a; 245A.08, subdivision 5; 256E.08, by adding a subdivision; and 626.556, subdivisions 10i, and 11c.

Referred to the Committee on Health and Family Security.

**H.F. No. 2027:** A bill for an act relating to local government; permitting the city of St. Peter to lay dark fiber optic cable.

Referred to the Committee on Local and Metropolitan Government.

**MOTIONS AND RESOLUTIONS - CONTINUED**

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Messages From the House and First Reading of House Bills.

**MESSAGES FROM THE HOUSE**

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 2205.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 3, 1999

**FIRST READING OF HOUSE BILLS**

The following bill was read the first time.

**H.F. No. 2205:** A bill for an act relating to public administration; authorizing spending for public purposes; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature; authorizing certain improvements and transfers between accounts; providing a procedure for political subdivisions' request for capital assistance; making technical corrections; amending earlier authorizations; reauthorizing a project; authorizing bonds; providing for certain public pension associations' facilities; providing for storage and retention of certain documents; authorizing certain easements; providing for certain port authority leases or management contracts; requesting an investigation and report; authorizing a certain college project; appropriating money with certain conditions and directions; amending Minnesota Statutes 1998, sections 16A.69, subdivision 2; 16B.30; 136F.36, by adding a subdivision; 136F.60, by adding a subdivision; 353.03, subdivision 4; 354.06, subdivision 7; and 457A.04, by adding a subdivision; Laws 1998, chapter 404, sections 3, subdivision 17; 5, subdivision 4; 7, subdivisions 23 and 26; 13, subdivision 12; and 27, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 16A; and 356.

**SUSPENSION OF RULES**

Senator Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 2205 and that the rules of the Senate be so far suspended as to give H.F. No. 2205 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 2205 was read the second time.

Senator Langseth moved to amend H.F. No. 2205 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 2205, and insert the language after the enacting clause, and the title, of S.F. No. 1058, the second engrossment, as amended by the Senate May 3, 1999.

The motion prevailed. So the amendment was adopted.

H.F. No. 2205 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 51 and nays 12, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Larson	Pariseau	Spear
Berg	Janezich	Lesewski	Piper	Stevens
Berglin	Johnson, D.E.	Lessard	Pogemiller	Stumpf
Betzold	Johnson, D.J.	Limmer	Price	Ten Eyck
Cohen	Junge	Lourey	Ranum	Terwilliger
Dille	Kelley, S.P.	Metzen	Robertson	Vickerman
Flynn	Kelly, R.C.	Moe, R.D.	Sams	Wiener
Foley	Kierlin	Murphy	Samuelson	
Frederickson	Krentz	Neuville	Scheevel	
Hanson	Laidig	Olson	Scheid	
Higgins	Langseth	Pappas	Solon	

Those who voted in the negative were:

Belanger	Johnson, D.H.	Knutson	Ourada	Runbeck
Day	Kiscaden	Oliver	Robling	Ziegler
Fischbach	Kleis			

So the bill, as amended, was passed and its title was agreed to.

### CALL OF THE SENATE

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Senator Pogemiller moved that H.F. No. 2333 be taken from the table. The motion prevailed.

**H.F. No. 2333:** A bill for an act relating to education; prekindergarten through grade 12; providing for general education; special programs; lifework development; facilities and technology; education excellence; other programs; nutrition programs; libraries; education policy; and state agencies; appropriating money; amending Minnesota Statutes 1998, sections 13.46, subdivision 2; 43A.18, subdivision 4a; 119A.01, subdivisions 1 and 2; 120A.22, subdivision 5; 120A.24, subdivision 1; 120A.41; 121A.15, subdivision 1; 121A.23; 121A.45, subdivision 2; 122A.07, subdivision 1; 122A.18, by adding a subdivision; 122A.28; 122A.60, subdivision 3; 122A.61, subdivisions 1 and 2; 123A.05, subdivision 2; 123A.48, subdivision 10; 123B.195; 123B.36, subdivision 1; 123B.49, subdivision 4; 123B.53, subdivisions 4, 5, and 6; 123B.54; 123B.57, subdivision 4; 123B.61; 123B.75, by adding a subdivision; 123B.79, by adding a subdivision; 123B.92, subdivision 9; 123B.93; 124C.55, by adding a subdivision; 124D.10, subdivisions 3, 4, 5, 6, 10, 11, and by adding a subdivision; 124D.11, subdivisions 4, 6, 7, 8, and by adding a subdivision; 124D.453, subdivision 3; 124D.454; 124D.68, subdivision 9; 124D.69, subdivision 1; 124D.87; 124D.88, subdivision 3; 124D.94, subdivisions 3, 6, and 7; 125A.09, subdivision 4; 125A.50, subdivisions 2 and 5; 125A.75, subdivision 8; 125A.76, subdivisions 1, 4, and 5; 125A.79, subdivisions 1, 2, and by adding subdivisions; 125B.05, subdivision 3; 125B.20; 126C.05, subdivisions 1, 3, 15, and by adding a subdivision; 126C.10, subdivisions 1, 2, 3, 4, 10, 14, 19, 21, and by adding subdivisions; 126C.12; 126C.13, subdivisions 1 and 2; 126C.15; 126C.17, subdivisions 2, 5, and 6; 126C.40, subdivision 4; 126C.42, subdivisions 1 and 2; 126C.46; 126C.63, subdivisions 5 and 8; 126C.69, subdivisions 2 and 9; 127A.44, subdivision 2; 127A.45, subdivisions 2, 3, 4, 13, and by adding a subdivision; 127A.47, subdivisions 2 and 7; 127A.49, subdivisions 2 and 3; 128C.01, subdivisions 4 and 5; 128C.02, by adding a subdivision; 128C.12, subdivision 1; 128C.20; and 626.556, by adding a subdivision; Laws 1993, chapter 224, article 3, section 32, as amended; Laws 1995, First Special Session chapter 3, article 12, section 7, as amended; Laws 1996, chapter 412, article 1, section 35; Laws 1997, First Special Session chapter 4, article 1, section 61, subdivisions 1, 2, 3, as amended, and 4; article 2, section 51, subdivision 29, as amended; article 8, section 4; article 9, section 13; and Laws 1998, chapter 397, article 12, section 8; chapter 398, article 6, sections 38 and 39; proposing coding for new law in Minnesota Statutes, chapters 120B; 121A; 124D; 125A; 125B; 128C; and 134; repealing

Minnesota Statutes 1998, sections 120B.05; 122A.31, subdivision 4; 123B.05; 123B.64, subdivisions 1, 2, 3, and 4; 123B.92, subdivisions 2, 4, 6, 7, 8, and 10; 124D.112; 124D.113; 124D.116; 124D.24; 124D.25; 124D.26; 124D.27; 124D.28; 124D.29; 124D.30; 124D.32; 124D.453; 124D.65, subdivision 3; 124D.67; 124D.70; 124D.90; 125A.76, subdivision 6; 125A.77; 125A.79, subdivision 3; 126C.05, subdivision 4; 126C.06; 127A.45, subdivision 5; 134.155; 135A.081; Laws 1995, First Special Session chapter 3, article 3, section 11; Laws 1997, First Special Session chapter 4, article 1, section 62, subdivision 5; article 2, section 51, subdivision 10; article 3, section 5; and article 8, section 5; and Laws 1998, chapter 398, article 2, section 57.

Senator Price withdrew his amendment to the Hanson amendment.

Senator Hanson withdrew her amendment, as amended.

Senator Pogemiller moved to amend H.F. No. 2333, as amended by the Senate May 3, 1999, as follows:

(The text of the amended House File is identical to S.F. No. 2242.)

Page 9, line 8, after the period, insert "A district in statutory operating debt is exempt from reserving basic revenue according to this section."

The motion prevailed. So the amendment was adopted.

Senator Pogemiller then moved to amend H.F. No. 2333, as amended by the Senate May 3, 1999, as follows:

(The text of the amended House File is identical to S.F. No. 2242.)

Page 9, line 8, after the period, insert "A district may waive the requirement to reserve their basic revenue under this section if a majority vote of the licensed teachers in the district and a majority vote of the school board agree to a resolution to waive the requirement."

Senator Pogemiller then moved to amend the Pogemiller amendment to H.F. No. 2333 as follows:

Page 1, line 5, after "may" insert "annually"

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the adoption of the Pogemiller amendment, as amended. The motion prevailed. So the amendment, as amended, was adopted.

Senator Pogemiller then moved to amend H.F. No. 2333, as amended by the Senate May 3, 1999, as follows:

(The text of the amended House File is identical to S.F. No. 2242.)

Page 256, after line 13, insert:

"Sec. 58. Laws 1997 First Special Session chapter 4, article 7, section 43, is amended to read:

Sec. 43. [PROTECTIVE SOFTWARE.]

Subdivision 1. [SOFTWARE RECOMMENDATIONS.] The commissioner of children, families, and learning shall research, evaluate, and make recommendations to school districts on computer software products that filter, block, or otherwise prevent the use of school computers for the transmission of any comment, request, suggestion, proposal, image, or other communication which is:

- (1) obscene, indecent, or sexually explicit; or
- (2) intended to promote or incite violence against other living persons.

Subd. 2. [SCHOOL DISTRICTS.] Within one year of the commissioner completing the requirements of subdivision 1, each school district must adopt a policy on Internet usage which includes restricting access to materials that are obscene, sexually explicit, or intended to promote or incite violence."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

### CALL OF THE SENATE

Senator Pogemiller imposed a call of the Senate for the balance of the proceedings on H.F. No. 2333. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the amendment.

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

Those who voted in the affirmative were:

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

The motion prevailed. So the amendment was adopted.

Senator Pogemiller moved to amend the Pariseau amendment to H.F. No. 2333, adopted by the Senate May 3, 1999, as follows:

Page 1, line 9, strike "AIDS" and delete ", HPV, and STD" and insert "SEXUALLY TRANSMITTED DISEASES"

Page 1, line 11, delete the new language and reinstate the stricken language

Page 1, line 13, strike "acquired immune deficiency"

Page 1, line 14, strike "syndrome" and delete the new language

Page 1, line 15, delete the new language and insert "sexually transmitted infections and diseases, including but not exclusive to human immune deficiency virus and human papilloma virus"

Page 1, line 23, reinstate the stricken language

Page 1, line 24, strike "AIDS" and delete ", HPV, and STD" and insert "sexually transmitted infections and diseases"

Page 1, delete line 30 and insert "having an AIDS a sexually transmitted infection and disease prevention or AIDS sexually transmitted infection and disease risk"

Page 1, line 33, strike "an AIDS" and delete ", HPV, or STD" and insert "a sexually transmitted infection and disease"

Page 1, line 34, strike "AIDS" and delete ", HPV, or STD" and insert "sexually transmitted infection and disease"

Page 2, line 5, strike "AIDS" and delete ", HPV, or STD" and insert "sexually transmitted infection and disease"

Page 2, line 6, delete the new language and reinstate the stricken language

Page 2, lines 7 to 9, delete the new language

Page 2, line 11, strike "AIDS" and delete ", HPV, or STD" and insert "sexually transmitted infection and disease prevention"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

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

The motion prevailed. So the amendment was adopted.

Senator Lesewski moved to amend H.F. No. 2333, as amended by the Senate May 3, 1999, as follows:

(The text of the amended House File is identical to S.F. No. 2242.)

Page 212, after line 21, insert:

"Sec. 2. [120B.015] [NONAPPLICABILITY TO NONPUBLIC AND HOME SCHOOLS.]

(a) The state shall not prescribe graduation standards, including basic skills requirements or the profile of learning under section 120B.02, for nonpublic schools or home schools in which a child is provided instruction in compliance with section 120A.22.

(b) In any contracts involving the Goals 2000: Educate America Act, the Improving America's Schools Act of 1994, the School-to-Work Opportunities Act of 1994, or the Workforce Investment Act of 1998, nonpublic and home schools will not be mandated to implement the results-oriented graduation rule.

*(Effective Date: Section 2 (120B.015) is effective the day following final enactment.)"*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 30 and nays 33, as follows:

Those who voted in the affirmative were:

Belanger	Hanson	Larson	Olson	Samuelson
Berg	Kierlin	Lesewski	Ourada	Scheevel
Day	Kiscaden	Lessard	Pariseau	Solon
Dille	Kleis	Limmer	Robling	Stevens
Fischbach	Knutson	Neuville	Runbeck	Terwilliger
Frederickson	Krentz	Oliver	Sams	Ziegler

Those who voted in the negative were:

Berglin	Janezich	Laidig	Pappas	Spear
Betzold	Johnson, D.E.	Langseth	Piper	Stumpf
Cohen	Johnson, D.H.	Lourey	Pogemiller	Ten Eyck
Flynn	Johnson, D.J.	Metzen	Price	Vickerman
Foley	Junge	Moe, R.D.	Ranum	Wiener
Higgins	Kelley, S.P.	Murphy	Robertson	
Hottinger	Kelly, R.C.	Novak	Scheid	

The motion did not prevail. So the amendment was not adopted.

Senator Scheevel moved to amend H.F. No. 2333, as amended by the Senate May 3, 1999, as follows:

(The text of the amended House File is identical to S.F. No. 2242.)

Page 221, after line 17, insert:

"Sec. 13. Minnesota Statutes 1998, section 122A.40, subdivision 5, is amended to read:

Subd. 5. [PROBATIONARY PERIOD.] The first three consecutive years of a teacher's first teaching experience in Minnesota in a single district is deemed to be a probationary period of employment, and after completion thereof, the probationary period in each district in which the teacher is thereafter employed shall be one year. The school board must adopt a plan for written evaluation of teachers during the probationary period. Evaluation must occur at least three times each year for a teacher performing services on 120 or more school days, at least two times each year for a teacher performing services on 60 to 119 school days, and at least one time each year for a teacher performing services on fewer than 60 school days. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school must not be included in determining the number of school days on which a teacher performs services. During the probationary period any annual contract with any teacher may or may not be renewed as the school board shall see fit. However, the board must give any such teacher whose contract it declines to renew for the following school year written notice to that effect before ~~June~~ July 1. If the teacher requests reasons for any nonrenewal of a teaching contract, the board must give the teacher its reason in writing, including a statement that appropriate supervision was furnished describing the nature and the extent of such supervision furnished the teacher during the employment by the board, within ten days after receiving such request. The school board may, after a hearing held upon due notice, discharge a teacher during the probationary period for cause, effective immediately, under section 122A.44.

Sec. 14. Minnesota Statutes 1998, section 122A.40, subdivision 7, is amended to read:

Subd. 7. [TERMINATION OF CONTRACT AFTER PROBATIONARY PERIOD.] A teacher who has completed a probationary period in any district, and who has not been discharged or advised of a refusal to renew the teacher's contract pursuant to subdivision 5, shall have a continuing contract with such district. Thereafter, the teacher's contract must remain in full force and effect, except as modified by mutual consent of the board and the teacher, until terminated by a majority roll call vote of the full membership of the board prior to April 1 upon one of the grounds specified in subdivision 9 or ~~prior to June~~ July 1 upon one of the grounds specified in subdivision 10 or 11, or until the teacher is discharged pursuant to subdivision 13, or by the written resignation of the teacher submitted prior to April 1. If an agreement as to the terms and conditions of employment for the succeeding school year has not been adopted pursuant to the provisions of sections 179A.01 to 179A.25 prior to March 1, the teacher's right of resignation is extended to the 30th calendar day following the adoption of said contract in compliance with section 179A.20, subdivision 5. Such written resignation by the teacher is effective as of June 30 if submitted prior to that date and the teachers' right of resignation for the school year then beginning shall cease on July 15. Before a teacher's contract is terminated by the board, the board must notify the teacher in writing and state its ground for the proposed termination in reasonable detail together with a statement that the teacher may make a written request for a hearing before the board within 14 days after receipt of such notification. If the grounds are those specified in subdivision 9 or 13, the notice must also state a teacher may request arbitration under subdivision

15. Within 14 days after receipt of this notification the teacher may make a written request for a hearing before the board or an arbitrator and it shall be granted upon reasonable notice to the teacher of the date set for hearing, before final action is taken. If no hearing is requested within such period, it shall be deemed acquiescence by the teacher to the board's action. Such termination shall take effect at the close of the school year in which the contract is terminated in the manner aforesaid. Such contract may be terminated at any time by mutual consent of the board and the teacher and this section does not affect the powers of a board to suspend, discharge, or demote a teacher under and pursuant to other provisions of law.

Sec. 15. Minnesota Statutes 1998, section 122A.40, subdivision 16, is amended to read:

Subd. 16. [DECISION.] After the hearing, the board must issue a written decision and order. If the board orders termination of a continuing contract or discharge of a teacher, its decision must include findings of fact based upon competent evidence in the record and must be served on the teacher, accompanied by an order of termination or discharge, prior to April 1 in the case of a contract termination for grounds specified in subdivision 9, prior to ~~June~~ July 1 for grounds specified in subdivision 10 or 11, or within ten days after conclusion of the hearing in the case of a discharge. If the decision of the board or of a reviewing court is favorable to the teacher, the proceedings must be dismissed and the decision entered in the board minutes, and all references to such proceedings must be excluded from the teacher's record file.

Sec. 16. Minnesota Statutes 1998, section 122A.41, subdivision 4, is amended to read:

Subd. 4. [PERIOD OF SERVICE AFTER PROBATIONARY PERIOD; DISCHARGE OR DEMOTION.] After the completion of such probationary period, without discharge, such teachers as are thereupon reemployed shall continue in service and hold their respective position during good behavior and efficient and competent service and must not be discharged or demoted except for cause after a hearing.

A probationary teacher is deemed to have been reemployed for the ensuing school year, unless the school board in charge of such school gave such teacher notice in writing before ~~June~~ July 1 of the termination of such employment. ~~In event of such notice the employment terminates at the close of the school sessions of the current school year."~~

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Limmer moved to amend H.F. No. 2333, as amended by the Senate May 3, 1999, as follows:

(The text of the amended House File is identical to S.F. No. 2242.)

Page 202, after line 31, insert:

"Sec. 2. [121A.24] [RESTRICTION ON DISTRIBUTION OF CONTRACEPTIVES.]

A public school may not distribute or allow to be distributed on school property contraceptives or a voucher or prescription for contraceptives to a student without the written permission of that student's parent or guardian."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Kiscaden moved to amend the Limmer amendment to H.F. No. 2333 as follows:

Page 1, line 10, delete "without the written" and insert "unless the district has protocols for obtaining the"

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the Limmer amendment, as amended.

The roll was called, and there were yeas 31 and nays 33, as follows:

Those who voted in the affirmative were:

Belanger	Johnson, D.E.	Lesewski	Pariseau	Vickerman
Berg	Kierlin	Lessard	Robling	Wiger
Day	Kiscaden	Limmer	Runbeck	Ziegler
Dille	Kleis	Neuville	Samuelson	
Fischbach	Knutson	Oliver	Stevens	
Frederickson	Krentz	Olson	Ten Eyck	
Hanson	Larson	Ourada	Terwilliger	

Those who voted in the negative were:

Anderson	Hottinger	Laidig	Piper	Scheid
Berglin	Janezich	Langseth	Pogemiller	Solon
Betzold	Johnson, D.H.	Lourey	Price	Spear
Cohen	Johnson, D.J.	Metzen	Ranum	Stumpf
Flynn	Junge	Moe, R.D.	Robertson	Wiener
Foley	Kelley, S.P.	Murphy	Sams	
Higgins	Kelly, R.C.	Pappas	Scheevel	

The motion did not prevail. So the Limmer amendment, as amended, was not adopted.

Senator Wiger moved to amend the fourth Pogemiller amendment to H.F. No. 2333, adopted by the Senate May 3, 1999, as follows:

Page 1, line 19, after the period, insert "Before the commissioner may award a grant, the district's contract with the manufacturer must include at least a 20-year warranty on the construction of the facility."

Senator Scheevel moved to amend the Wiger amendment to H.F. No. 2333 as follows:

Page 1, line 5, delete "20-year" and insert "ten-year"

Page 1, line 6, delete "construction" and insert "outer fabric"

The motion did not prevail. So the amendment to the amendment was not adopted.

The question recurred on the adoption of the Wiger amendment.

The roll was called, and there were yeas 58 and nays 5, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Belanger	Dille	Laidig	Murphy	Stevens
----------	-------	--------	--------	---------

The motion prevailed. So the amendment was adopted.

H.F. No. 2333 was read the third time, as amended.

With the unanimous consent of the Senate, Senator Day moved to amend H.F. No. 2333, as amended by the Senate May 3, 1999, as follows:

(The text of the amended House File is identical to S.F. No. 2242.)

Page 180, after line 8, insert:

"Sec. 30. [PROJECT QUALIFICATION; TRITON.]

Subdivision 1. [ELIGIBILITY.] Notwithstanding Minnesota Statutes, section 123B.57, independent school district No. 2125, Triton, may include all unreimbursed costs associated with the testing, evaluation, removal and replacement of building fixtures and equipment necessitated by the discovery of mold in a school building in its health and safety plan not to exceed \$400,000.

Subd. 2. [COST RECOVERY.] Independent school district No. 2125, Triton, must pursue all reasonable options to recover expenses resulting from the mold from its insurance company, the subcontractors, and any other parties responsible for the damage caused by the mold.

*(Effective date: Section 30 (Triton) is effective the day following final enactment.)"*

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Pogemiller moved to amend the Day amendment to H.F. No. 2333 as follows:

Page 1, after line 20, insert:

"Page 197, line 12, delete "\$5,650,000" and insert "\$5,578,000"

The motion prevailed. So the amendment to the amendment was adopted.

The question recurred on the adoption of the Day amendment, as amended. The motion prevailed. So the amendment, as amended, was adopted.

H.F. No. 2333 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

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

So the bill, as amended, was passed and its title was agreed to.

### MOTIONS AND RESOLUTIONS - CONTINUED

Senator Pogemiller moved that S.F. No. 2242, No. 33 on General Orders, be stricken and laid on the table. The motion prevailed.

**RECESS**

Senator Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

**APPOINTMENTS**

Senator Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 2225: Senators Samuelson, Berglin, Kiscaden, Junge and Oliver.

H.F. No. 2067: Senators Ranum, Pappas and Knutson.

Senator Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

**MEMBERS EXCUSED**

Senator Johnson, J.B. was excused from the Session of today. Senator Janezich was excused from the Session of today from 10:00 a.m. to 12:50 p.m. Senator Hottinger was excused from the Session of today from 10:00 a.m. to 2:30 p.m. Senator Marty was excused from the Session of today at 11:40 a.m. Senator Wiger was excused from the Session of today from 12:15 to 5:00 p.m. Senator Krentz was excused from the Session of today from 12:30 to 1:05 p.m. Senator Murphy was excused from the Session of today from 2:15 to 2:45 p.m. Senator Novak was excused from the Session of today from 4:00 to 5:00 p.m.

**ADJOURNMENT**

Senator Moe, R.D. moved that the Senate do now adjourn until 9:00 a.m., Tuesday, May 4, 1999. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate



# INDEX TO DAILY JOURNAL

Monday, May 3, 1999

## MESSAGES FROM THE HOUSE AND FIRST READINGS OF HOUSE FILES

S.F. Nos.	Message Page	H.F. Nos.	Message Page	1st Reading Page
184	2347	70	2321	
376	2347	174	2320	
411	2347	718	2347	2347
1115	2347	1326	2347	2347
1268	2347	2027	2347	2347
1357	2347	2067	2320	
1746	2347	2205	2348	2348
2234	2347			

## SUSPENSION OF RULES

S.F. Nos.	Page	H.F. Nos.	Page
		2205	2348
		2333	2307

## REPORTS OF COMMITTEES AND SECOND READINGS

S.F. Nos.	Report Page	2nd Reading Page	H.F. Nos.	Report Page	2nd Reading Page
2232	2323				

## MOTIONS AND RESOLUTIONS

S.F. Nos.	Page	H.F. Nos.	Page
1330	2323	2333	2306
1471	2344	2333	2307
2242	2306	2333	2349
2242	2356		

## APPOINTMENTS TO CONFERENCE COMMITTEES

S.F. Nos.	Page	H.F. Nos.	Page
2225	2357	2067	2357

**SPECIAL ORDERS**

S.F. Nos.	Page	H.F. Nos.	Page
1058	.....2318		

**CONFERENCE COMMITTEE REPORTS AND THIRD READINGS**

S.F. Nos.	Page	H.F. Nos.	Page
1330	.....2323	70	..... 2322
1471	.....2344	174	..... 2320

**INTRODUCTION AND FIRST READING OF SENATE BILLS**

S.F. Nos. 2245 to 2247	.....Page 2346
------------------------	----------------