

STATE OF MINNESOTA

# Journal of the Senate

EIGHTY-SECOND LEGISLATURE

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SEVENTY-NINTH DAY

St. Paul, Minnesota, Thursday, March 7, 2002

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

## CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Dr. Timothy D. Hart-Andersen.

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

Anderson	Higgins	Langseth	Olson	Sabo
Belanger	Hottinger	Larson	Orfield	Sams
Berg	Johnson, Dave	Lesewski	Ourada	Samuelson
Berglin	Johnson, Dean	Lessard	Pappas	Scheevel
Betzold	Johnson, Debbie	Limmer	Pariseau	Scheid
Chaudhary	Johnson, Doug	Lourey	Pogemiller	Schwab
Cohen	Kelley, S.P.	Marty	Price	Solon, Y.P.
Day	Kierlin	Metzen	Ranum	Stevens
Dille	Kinkel	Moe, R.D.	Reiter	Terwilliger
Fischbach	Kiscaden	Moua	Rest	Tomassoni
Foley	Kleis	Murphy	Ring	Vickerman
Fowler	Knutson	Neuville	Robertson	Wiener
Frederickson	Krentz	Oliver	Robling	Wiger

The President declared a quorum present.

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

## MEMBERS EXCUSED

Senators Bachmann and Stumpf were excused from the Session of today.

## 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. 3584.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted March 6, 2002

### FIRST READING OF HOUSE BILLS

The following bill was read the first time and referred to the committee indicated.

**H.F. No. 3584:** A bill for an act relating to judgments; changing the formula for certain calculations; amending Minnesota Statutes 2000, section 549.09, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 3302, now on General Orders.

### REPORTS OF COMMITTEES

Senator Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

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

**S.F. No. 2460:** A bill for an act relating to crimes; providing criminal penalties for persons who promote, advocate, and take responsibility for criminal acts under certain circumstances; amending Minnesota Statutes 2001 Supplement, section 609.495, by adding a subdivision.

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

Page 1, after line 7, insert:

"Section 1. [604.13] [DESTRUCTION OF FIELD CROP PRODUCTS, ANIMALS, AND ORGANISMS; CIVIL LIABILITY.]

Subdivision 1. [LIABILITY.] No person, other than the owner, may willfully and knowingly damage or destroy any field crop, animal, or organism product that is grown for testing or research purposes, in the context of a product development program in conjunction or coordination with a private research facility or a university or a federal, state, or local government agency. A person who violates this provision is liable for three times the value of the crop, animal, or organism damaged or destroyed, as provided in subdivisions 2 and 3. This section does not apply to crops, animals, or organisms damaged or destroyed by emergency vehicles and personnel acting in a reasonable and prudent manner.

Subd. 2. [DAMAGES; FACTORS TO CONSIDER.] In awarding damages under this section, the court shall consider the market value of the crop, animal, or organism prior to damage or destruction, and production, research, testing, replacement, and development costs directly related to the crop, animal, or organism that has been damaged or destroyed as part of the value.

Subd. 3. [DAMAGES; LIMIT.] Damages available under this section are limited to three times the market value of the crop, animal, or organism prior to damage or destruction plus three times the actual damages involving production, research, testing, replacement, and development costs directly related to the crop, animal, or organism that has been damaged or destroyed."

Page 1, line 12, delete "promotes, advocates, and"

Page 1, line 13, delete "to instigate the unlawful conduct"

Page 1, line 14, delete "of others or"

Page 1, line 16, after "person" insert "or entity"

Page 1, line 18, after the first comma, insert "plus" and delete the second comma

Page 1, line 25, after "1" insert "is effective July 1, 2002, and applies to causes of action arising on or after that date. Section 2"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon, insert "imposing special civil liability for destruction of field crop products, animals, and organisms;"

Page 1, line 6, before the period, insert "; proposing coding for new law in Minnesota Statutes, chapter 604"

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

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

**S.F. No. 3085:** A bill for an act relating to health; providing employer immunity for reference checks for certain health care providers and facilities; proposing coding for new law in Minnesota Statutes, chapter 604A.

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

Page 1, line 14, after "144A.48" insert "personal care provider organizations"

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

**Senator Marty from the Committee on Judiciary, to which was referred**

**S.F. No. 2541:** A bill for an act relating to real property; creating a curative act for conveyances by counties; providing for recording of documents written in foreign language; providing for an affidavit of custodian; proposing coding for new law in Minnesota Statutes, chapters 507; 527.

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

Page 1, line 24, delete "STATE OF MINNESOTA"

Page 1, after line 24, insert:

"State of Minnesota"

Page 2, line 17, delete "such"

Page 2, line 18, delete "so recorded" and insert "recorded under subdivision 1" and delete "thereof"

Page 2, line 21, delete "such" and insert "the"

Page 2, line 22, delete "therein" and insert "in it"

Page 2, after line 22, insert:

"Sec. 3. Minnesota Statutes 2000, section 514.99, subdivision 2, is amended to read:

Subd. 2. [NO DUTY TO ACCEPT NONCONSENSUAL COMMON LAW LIENS; NOTICE OF INVALID LIEN.] (a) No person has a duty to accept for filing or recording a claim of nonconsensual common law lien unless:

(1) the claim is accompanied by a specific order from a court of competent jurisdiction authorizing the filing of the lien;

(2) the lien statement is accompanied by an affidavit of personal service or service by certified mail of notice of the proposed lien on the subject of the lien; and

(3) the lien statement includes the mailing address of the lien claimant.

(b) If a recording officer, recording office, or governmental entity accepts for filing or recording a claim that the person has reason to believe is a nonconsensual common law lien that is not governed by paragraph (a), the person shall mail a copy of the lien to the subject of the lien within 30 days of the filing or recording, if a known address for the subject is reasonably available.

(c) No recording officer, recording office, or governmental entity is liable for the acceptance or rejection for filing or recording of a claim of nonconsensual common law lien or a notice of invalid lien, or for failing to provide notice of the lien to the subject under this subdivision."

Page 4, after line 6, insert:

"Sec. 5. [REPEALER.]

Minnesota Statutes 2000, section 514.99, subdivision 6, is repealed.

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, delete everything after the semicolon and insert "modifying provisions governing nonconsensual common law liens; removing a sunset; amending Minnesota Statutes 2000, section 514.99, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 507; 527; repealing Minnesota Statutes 2000, section 514.99, subdivision 6."

Page 1, delete line 6

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

**Senator Marty from the Committee on Judiciary, to which was referred**

**S.F. No. 3380:** A bill for an act relating to family law; enacting the Marital Agreement Act; proposing coding for new law in Minnesota Statutes, chapter 519; repealing Minnesota Statutes 2000, section 519.11.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 519.11, subdivision 1a, is amended to read:

Subd. 1a. [POSTNUPTIAL CONTRACT.] (a) Spouses who are legally married under the laws of this state may enter into a postnuptial contract or settlement which is valid and enforceable if it:

(1) complies with the requirements for antenuptial contracts or settlements in this section and in the law of this state, including, but not limited to, the requirement that it be procedurally and substantively fair and equitable both at the time of its execution and at the time of its enforcement; and

(2) complies with the requirements for postnuptial contracts or settlements in this section.

(b) A postnuptial contract or settlement that conforms with this section may determine all matters that may be determined by an antenuptial contract or settlement under the law of this state, except that a postnuptial contract or settlement may not determine the rights of any child of the spouses to child support from either spouse or rights of child custody or parenting time.

(c) A postnuptial contract or settlement is valid and enforceable only if at the time of its execution each spouse is represented by separate legal counsel.

~~(d) A postnuptial contract or settlement is valid and enforceable only if at the time of its execution each of the spouses entering into the contract or settlement has marital property titled in that spouse's name, nonmarital property, or a combination of marital property titled in that~~

~~spouse's name and nonmarital property with a total net value exceeding \$1,200,000 presumed to be unenforceable if either party commences an action for a legal separation or dissolution within two years of the date of its execution, unless the spouse seeking to enforce the postnuptial contract or settlement can establish that the postnuptial contract or settlement is fair and equitable.~~

~~(e) A postnuptial contract or settlement is not valid or enforceable if either party commences an action for a legal separation or dissolution within two years of the date of its execution.~~

(f) Nothing in this section shall impair the validity or enforceability of a contract, agreement, or waiver which is entered into after marriage and which is described in chapter 524, article 2, part 2, further, a conveyance permitted by section 500.19 is not a postnuptial contract or settlement under this section."

Delete the title and insert:

"A bill for an act relating to family law; modifying provisions governing postnuptial contracts; amending Minnesota Statutes 2000, section 519.11, subdivision 1a."

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

### **Senator Marty from the Committee on Judiciary, to which was re-referred**

**S.F. No. 3373:** A bill for an act relating to crimes; requiring public employees and officers to make prompt reports of certain unlawful actions; authorizing providing certain data to the state auditor for audit or law enforcement purposes notwithstanding provisions of the data practices act; amending Minnesota Statutes 2000, sections 6.715, subdivision 3, by adding a subdivision; 13.82, subdivision 17; 609.456, subdivision 1.

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

Page 1, after line 27, insert:

"Sec. 3. Minnesota Statutes 2001 Supplement, section 13.43, subdivision 2, is amended to read:

Subd. 2. [PUBLIC DATA.] (a) Except for employees described in subdivision 5, the following personnel data on current and former employees, volunteers, and independent contractors of a state agency, statewide system, or political subdivision and members of advisory boards or commissions is public:

(1) name; employee identification number, which must not be the employee's social security number; actual gross salary; salary range; contract fees; actual gross pension; the value and nature of employer paid fringe benefits; and the basis for and the amount of any added remuneration, including expense reimbursement, in addition to salary;

(2) job title and bargaining unit; job description; education and training background; and previous work experience;

(3) date of first and last employment;

(4) the existence and status of any complaints or charges against the employee, regardless of whether the complaint or charge resulted in a disciplinary action;

(5) the final disposition of any disciplinary action together with the specific reasons for the action and data documenting the basis of the action, excluding data that would identify confidential sources who are employees of the public body;

(6) the terms of any agreement settling any dispute arising out of an employment relationship, including a buyout agreement as defined in section 123B.143, subdivision 2, paragraph (a); except that the agreement must include specific reasons for the agreement if it involves the payment of more than \$10,000 of public money;

(7) work location; a work telephone number; badge number; and honors and awards received; and

(8) payroll time sheets or other comparable data that are only used to account for employee's work time for payroll purposes, except to the extent that release of time sheet data would reveal the employee's reasons for the use of sick or other medical leave or other not public data; ~~and city and county of residence.~~

(b) For purposes of this subdivision, a final disposition occurs when the state agency, statewide system, or political subdivision makes its final decision about the disciplinary action, regardless of the possibility of any later proceedings or court proceedings. In the case of arbitration proceedings arising under collective bargaining agreements, a final disposition occurs at the conclusion of the arbitration proceedings, or upon the failure of the employee to elect arbitration within the time provided by the collective bargaining agreement. Final disposition includes a resignation by an individual when the resignation occurs after the final decision of the state agency, statewide system, political subdivision, or arbitrator.

(c) The state agency, statewide system, or political subdivision may display a photograph of a current or former employee to a prospective witness as part of the state agency's, statewide system's, or political subdivision's investigation of any complaint or charge against the employee.

(d) A complainant has access to a statement provided by the complainant to a state agency, statewide system, or political subdivision in connection with a complaint or charge against an employee.

(e) Notwithstanding paragraph (a), clause (5), upon completion of an investigation of a complaint or charge against a public official, or if a public official resigns or is terminated from employment while the complaint or charge is pending, all data relating to the complaint or charge are public, unless access to the data would jeopardize an active investigation or reveal confidential sources. For purposes of this paragraph, "public official" means:

(1) the head of a state agency and deputy and assistant state agency heads;

(2) members of boards or commissions required by law to be appointed by the governor or other elective officers; and

(3) executive or administrative heads of departments, bureaus, divisions, or institutions.

Sec. 4. Minnesota Statutes 2000, section 13.43, is amended by adding a subdivision to read:

Subd. 15. [DISSEMINATION OF DATA TO LAW ENFORCEMENT.] Private personnel data, or data on employees that are confidential data under section 13.39, may be disseminated to a law enforcement agency for the purpose of reporting a crime or alleged crime committed by an employee, or for the purpose of assisting law enforcement in the investigation of a crime committed or allegedly committed by an employee."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete "crimes" and insert "data practices; modifying the definition of public data; regulating the dissemination of data to law enforcement"

Page 1, line 8, after the semicolon, insert "13.43, by adding a subdivision;"

Page 1, line 9, before the period, insert "; Minnesota Statutes 2001 Supplement, section 13.43, subdivision 2"

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

**Senator Marty from the Committee on Judiciary, to which was referred**

**S.F. No. 3086:** A bill for an act relating to domestic abuse; providing for affect of recognition of paternity upon temporary custody; providing a presumption concerning an order of protection; amending Minnesota Statutes 2000, sections 13.82, subdivision 5; 257.75, subdivision 3; 518.179, subdivision 2; 518B.01, subdivisions 5, 7, 13; 629.341, subdivision 4; Minnesota Statutes 2001 Supplement, sections 518B.01, subdivisions 6, 14; 629.72, subdivision 4.

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

Pages 1 to 3, delete section 2 and insert:

"Sec. 2. Minnesota Statutes 2000, section 257.75, subdivision 3, is amended to read:

Subd. 3. [EFFECT OF RECOGNITION.] ~~Subject to subdivision 2 and section 257.55, subdivision 1, paragraph (g) or (h), the~~ Except as otherwise provided in this subdivision, a recognition that has not been revoked under subdivision 2 has the force and effect of a judgment or order determining the existence of the parent and child relationship under section 257.66. If the conditions in section 257.55, subdivision 1, paragraph (g) or (h), exist, the recognition creates only a presumption of paternity for purposes of sections 257.51 to 257.74. ~~Temporary custody and temporary parenting time under section 518B.01, subdivision 6, clause (4), may not be determined based upon a recognition.~~ Once a recognition has been properly executed and filed with the state registrar of vital statistics, if there are no competing presumptions of paternity, a judicial or administrative court may not allow further action to determine parentage regarding the signator of the recognition. An action to determine custody and parenting time may be commenced pursuant to chapter 518 without an adjudication of parentage. Until an order is entered granting custody to another, the mother has sole custody. The recognition is:

(1) a basis for bringing an independent action to award custody or parenting time to either parent, establishing a child support obligation which may include up to the two years immediately preceding the commencement of the action, ordering a contribution by a parent under section 256.87, or ordering a contribution to the reasonable expenses of the mother's pregnancy and confinement, as provided under section 257.66, subdivision 3, or ordering reimbursement for the costs of blood or genetic testing, as provided under section 257.69, subdivision 2;

(2) determinative for ~~all other~~ purposes related to the existence of the parent and child relationship, except in matters arising out of section 518B.01, subdivision 6, clause (4); and

(3) entitled to full faith and credit in other jurisdictions."

Page 6, lines 2 to 8, delete the new language

Page 6, line 9, delete "proceedings" and insert "Temporary custody or parenting time under this section may not be determined based on a recognition of parentage under section 257.75, or the existence of a presumption of paternity under section 257.55, subdivision 1, paragraph (d), (e), (f), (g), (h), or (i), in the absence of a prior court order under chapter 518 or section 257.541 governing custody and parenting time"

Pages 11 to 15, delete section 8 and insert:

"Sec. 8. Minnesota Statutes 2000, section 609.748, subdivision 4, is amended to read:

Subd. 4. [TEMPORARY RESTRAINING ORDER.] (a) The court may issue a temporary restraining order ordering the respondent to cease or avoid the harassment of another person or to have no contact with that person if the petitioner files a petition in compliance with subdivision 3 and if the court finds reasonable grounds to believe that the respondent has engaged in harassment. When a petition alleges harassment as defined by subdivision 1, paragraph (a), clause (1), the petition must further allege an immediate and present danger of harassment before the court may issue a temporary restraining order under this section.

(b) Notice need not be given to the respondent before the court issues a temporary restraining order under this subdivision. A copy of the restraining order must be served on the respondent along with the order for hearing and petition, as provided in subdivision 3. If the respondent is a

juvenile, whenever possible, a copy of the restraining order, along with notice of the pendency of the case and the time and place of the hearing, shall also be served by mail at the last known address upon any parent or guardian of the juvenile respondent who is not the petitioner. A temporary restraining order may be entered only against the respondent named in the petition.

(c) The temporary restraining order is in effect until a hearing is held on the issuance of a restraining order under subdivision 5. When signed by a referee, the temporary order becomes effective upon the referee's signature. The court shall hold the hearing on the issuance of a restraining order within 14 days after the temporary restraining order is issued unless (1) the time period is extended upon written consent of the parties; or (2) the time period is extended by the court for one additional 14-day period upon a showing that the respondent has not been served with a copy of the temporary restraining order despite the exercise of due diligence or if service is made by published notice under subdivision 3 and the petitioner files the affidavit required under that subdivision."

Amend the title as follows:

Page 1, line 2, delete "affect of" and insert "the effect of a"

Page 1, line 7, after the second semicolon, insert "609.748, subdivision 4;"

Page 1, line 9, delete "subdivisions 6, 14" and insert "subdivision 6"

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

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

**S.F. No. 3290:** A bill for an act relating to crime prevention; expanding the scope of the DNA collection law; amending Minnesota Statutes 2000, section 299C.155, by adding a subdivision; Minnesota Statutes 2001 Supplement, section 609.117.

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

Page 1, line 9, delete "PROCEDURES AND" and insert "PRESERVATION OF SPECIMENS.]"

Page 1, delete line 10 and insert "The bureau shall"

Page 1, line 11, delete "protocols for preserving" and insert "preserve"

Page 3, line 3, delete "charged with" and insert "convicted of"

Page 3, line 5, delete everything after "(a)"

Page 3, line 6, delete everything before the semicolon

Page 3, line 8, delete "who is petitioned"

Page 3, line 9, delete ", and is" and insert a period

Page 3, delete lines 10 and 11

Page 4, line 19, delete "initially charged with" and insert "convicted of"

Page 4, line 20, delete ", and was"

Page 4, delete line 21

Page 4, line 22, delete "same set of circumstances"

Page 4, line 26, delete ", or of any offense arising out of the" and insert a period

Page 4, delete lines 27 to 29

Page 5, line 13, delete "initially charged with" and insert "convicted of"

Page 5, line 15, delete ", and was convicted of"

Page 5, delete line 16

Page 5, line 17, delete "circumstances"

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

**Senator Krentz from the Committee on Environment and Natural Resources, to which was referred**

**S.F. No. 3134:** A bill for an act relating to environment; clarifying individual sewage treatment classification; abolishing the waste tire grant and loan program; amending Minnesota Statutes 2000, section 115.55, by adding a subdivision; Minnesota Statutes 2001 Supplement, section 115A.912, subdivision 1; repealing Minnesota Statutes 2000, section 115A.913; Minnesota Rules, parts 9220.0130, subpart 2, item H; 9220.0170; 9220.0180; 9220.0800; 9220.0805; 9220.0810; 9220.0815; 9220.0820; 9220.0825; 9220.0830; 9220.0835; 9220.0900; 9220.0905; 9220.0910; 9220.0915; 9220.0920; 9220.0925; 9220.0930; 9220.0935.

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

Page 1, after line 13, insert:

"ARTICLE 1  
POLLUTION CONTROL AGENCY"

Page 1, line 23, delete everything after the period

Page 1, delete lines 24 to 28

Page 2, after line 7, insert:

"Sec. 3. [WATER QUALITY PERMIT PROGRESS REPORT.]

By January 15, 2003, the commissioner of the pollution control agency must submit a report to the chairs of the legislative committees with jurisdiction over environmental policy and finance regarding the agency's water quality permits. The report must address:

(1) the status of the agency's permit backlog, including, but not limited to, the number of facilities operating under expired permits, the number of on-site inspections, and the number of facilities in significant noncompliance;

(2) implementation of improvements in the permitting process; and

(3) any legislative and administrative changes needed for the phosphorus and mercury components of the permits."

Page 2, after line 14, insert:

"ARTICLE 2  
CENTRAL IRON RANGE SANITARY SEWER DISTRICT

Section 1. [CENTRAL IRON RANGE SANITARY SEWER DISTRICT; DEFINITIONS.]

Subdivision 1. [APPLICATION.] In sections 1 to 19, the definitions in this section apply.

Subd. 2. [DISTRICT.] "Central iron range sanitary sewer district" and "district" mean the area over which the central iron range sanitary sewer board has jurisdiction, which includes the area within the cities of Hibbing, Chisholm, and Buhl; the townships of Kinney, Balkan, and Great

Scott; and the territory occupied by Ironworld. The district shall precisely describe the area over which it has jurisdiction by a metes and bounds description in the comprehensive plan adopted pursuant to section 5.

Subd. 3. [BOARD.] "Sanitary sewer board" or "board" means the central iron range sanitary sewer board established for the district as provided in subdivision 2.

Subd. 4. [PERSON.] "Person" means an individual, partnership, corporation, limited liability company, cooperative, or other organization or entity, public or private.

Subd. 5. [LOCAL GOVERNMENTAL UNITS.] "Local governmental units" or "governmental units" means the iron range resources and rehabilitation board, the cities of Hibbing, Chisholm, and Buhl, and the townships of Kinney, Balkan, and Great Scott.

Subd. 6. [ACQUISITION; BETTERMENT.] "Acquisition" and "betterment" have the meanings given in Minnesota Statutes, section 475.51.

Subd. 7. [AGENCY.] "Agency" means the Minnesota pollution control agency created in Minnesota Statutes, section 116.02.

Subd. 8. [SEWAGE.] "Sewage" means all liquid or water-carried waste products from whatever sources derived, together with any groundwater infiltration and surface water as may be present.

Subd. 9. [POLLUTION OF WATER; SEWER SYSTEM.] "Pollution of water" and "sewer system" have the meanings given in Minnesota Statutes, section 115.01.

Subd. 10. [TREATMENT WORKS; DISPOSAL SYSTEM.] "Treatment works" and "disposal system" have the meanings given in Minnesota Statutes, section 115.01.

Subd. 11. [INTERCEPTOR.] "Interceptor" means a sewer and its necessary appurtenances, including but not limited to mains, pumping stations, and sewage flow-regulating and flow-measuring stations, that is:

(1) designed for or used to conduct sewage originating in more than one local governmental unit;

(2) designed or used to conduct all or substantially all the sewage originating in a single local governmental unit from a point of collection in that unit to an interceptor or treatment works outside that unit; or

(3) determined by the board to be a major collector of sewage used or designed to serve a substantial area in the district.

Subd. 12. [DISTRICT DISPOSAL SYSTEM.] "District disposal system" means any and all interceptors or treatment works owned, constructed, or operated by the board unless designated by the board as local water and sanitary sewer facilities.

Subd. 13. [MUNICIPALITY.] "Municipality" means any town or home rule charter or statutory city.

Subd. 14. [TOTAL COSTS.] "Total costs of acquisition and betterment" and "costs of acquisition and betterment" mean all acquisition and betterment expenses permitted to be financed out of stopped bond proceeds issued in accordance with section 13, whether or not the expenses are in fact financed out of the bond proceeds.

Subd. 15. [CURRENT COSTS.] "Current costs of acquisition, betterment, and debt service" means interest and principal estimated to be due during the budget year on bonds issued to finance costs of acquisition and betterment and all other costs of acquisition and betterment estimated to be paid during the year from funds other than bond proceeds and federal or state grants.

Subd. 16. [RESIDENT.] "Resident" means the owner of a dwelling located in the district and receiving water or sewer service.

Sec. 2. [SANITARY SEWER BOARD.]

Subdivision 1. [ESTABLISHMENT.] A sanitary sewer district is established in the cities of Hibbing, Chisholm, and Buhl; the townships of Kinney, Balkan, and Great Scott; and the territory occupied by Ironworld, to be known as the central iron range sanitary sewer district. The sewer district is under the control and management of the central iron range sanitary sewer board. The board is established as a public corporation and political subdivision of the state with perpetual succession and all the rights, powers, privileges, immunities, and duties granted to or imposed upon a municipal corporation, as provided in sections 1 to 19.

Subd. 2. [MEMBERS AND SELECTION.] The board is composed of 13 members selected as provided in this subdivision. Each of the town boards of the townships shall meet to appoint one resident to the sewer board. Four members must be selected by the governing body of the city of Hibbing. Three members must be selected by the governing body of the city of Chisholm. Two members must be selected by the governing body of the city of Buhl. One member must be selected by the iron range resources and rehabilitation board on behalf of Ironworld. Each member has one vote. The first terms are as follows: four for one year, four for two years, and five for three years, fixed by lot at the district's first meeting. Thereafter, all terms are for three years.

Subd. 3. [TIME LIMITS FOR SELECTION.] The board members must be selected as provided in subdivision 2 within 60 days after sections 1 to 19 are effective. The successor to each board member must be selected at any time within 60 days before the expiration of the member's term in the same manner as the predecessor was selected. A vacancy on the board must be filled within 60 days after it occurs.

Subd. 4. [VACANCIES.] If the office of a board member becomes vacant, the vacancy must be filled for the unexpired term in the manner provided for selection of the member who vacated the office. The office is considered vacant under the conditions specified in Minnesota Statutes, section 351.02.

Subd. 5. [REMOVAL.] A board member may be removed by the unanimous vote of the governing body appointing the member, with or without cause, or for malfeasance or nonfeasance in the performance of official duties as provided by Minnesota Statutes, sections 351.14 to 351.23.

Subd. 6. [CERTIFICATES OF SELECTION; OATH OF OFFICE.] A certificate of selection of every board member selected under subdivision 2 stating the term for which selected, must be made by the respective town clerks. The certificates, with the approval appended by other authority, if required, must be filed with the secretary of state. Counterparts of the certificates must be furnished to the board member and the secretary of the board. Each member shall qualify by taking and subscribing the oath of office prescribed by the Minnesota Constitution, article V, section 6. The oath, duly certified by the official administering the same, must be filed with the secretary of state and the secretary of the board.

Subd. 7. [BOARD MEMBERS' COMPENSATION.] Each board member, except the chair, may be paid a per diem compensation in accordance with the board's bylaws for meetings and for other services as are specifically authorized by the board, not to exceed the per diem amount under Minnesota Statutes, section 15.0575, subdivision 3, and not to exceed \$1,000 in any one year. The chair may be paid a per diem compensation in accordance with the board's bylaws for meetings and for other services specifically authorized by the board, not to exceed the per diem amount under Minnesota Statutes, section 15.0575, subdivision 3, and not to exceed \$1,500 in any one year. All members of the board must be reimbursed for all reasonable and necessary expenses actually incurred in the performance of duties.

Sec. 3. [GENERAL PROVISIONS FOR ORGANIZATION AND OPERATION OF BOARD.]

Subdivision 1. [ORGANIZATION; OFFICERS; MEETINGS; SEAL.] After the selection and qualification of all board members, the board must meet to organize the board at the call of any two board members, upon seven days' notice by registered mail to the remaining board members at a time and place within the district specified in the notice. A majority of the members is a

quorum at that meeting and all other meetings of the board, but a lesser number may meet and adjourn from time to time and compel the attendance of absent members. At the first meeting the board shall select its officers and conduct other organizational business as may be necessary. Thereafter the board shall meet regularly at the time and place that the board designates by resolution. Special meetings may be held at any time upon call of the chair or any two members, upon written notice sent by mail to each member at least three days before the meeting, or upon other notice as the board by resolution may provide, or without notice if each member is present or files with the secretary a written consent to the meeting either before or after the meeting. Except as otherwise provided in sections 1 to 19, any action within the authority of the board may be taken by the affirmative vote of a majority of the board and may be taken by regular or adjourned regular meeting or at a duly held special meeting, but in any case only if a quorum is present. Meetings of the board must be open to the public. The board may adopt a seal, which must be officially and judicially noticed, to authenticate instruments executed by its authority, but omission of the seal does not affect the validity of any instrument.

Subd. 2. [CHAIR.] The board shall elect a chair from its membership. The term of the first chair of the board expires on January 1, 2004, and the terms of successor chairs expire on January 1 of each succeeding year. The chair shall preside at all meetings of the board, if present, and shall perform all other duties and functions usually incumbent upon such an officer, and all administrative functions assigned to the chair by the board. The board shall elect a vice chair from its membership to act for the chair during temporary absence or disability.

Subd. 3. [SECRETARY AND TREASURER.] The board shall select persons who may, but need not be, members of the board, to act as its secretary and treasurer. The two offices may be combined. The secretary and treasurer shall hold office at the pleasure of the board, subject to the terms of any contract of employment that the board may enter into with the secretary or treasurer. The secretary shall record the minutes of all meetings of the board, and be the custodian of all books and records of the board except those that the board entrusts to the custody of a designated employee. The treasurer is the custodian of all money received by the board except as the board otherwise entrusts to the custody of a designated employee. The board may appoint a deputy to perform any and all functions of either the secretary or the treasurer. A secretary or treasurer who is not a member of the board or a deputy of either does not have the right to vote.

Subd. 4. [PUBLIC EMPLOYEES.] The executive director and other persons employed by the district are public employees and have all the rights and duties conferred on public employees under Minnesota Statutes, sections 179A.01 to 179A.25. The board may elect to have employees become members of either the public employees retirement association or the Minnesota state retirement system. The compensation and conditions of employment of the employees must be governed by rules applicable to state employees in the classified service and to the provisions of Minnesota Statutes, chapter 15A.

Subd. 5. [PROCEDURES.] The board shall adopt resolutions or bylaws establishing procedures for board action, personnel administration, keeping records, approving claims, authorizing or making disbursements, safekeeping funds, and auditing all financial operations of the board.

Subd. 6. [SURETY BONDS AND INSURANCE.] The board may procure surety bonds for its officers and employees, in amounts deemed necessary to ensure proper performance of their duties and proper accounting for funds in their custody. It may procure insurance against risks to property and liability of the board and its officers, agents, and employees for personal injuries or death and property damage and destruction, in amounts deemed necessary or desirable, with the force and effect stated in Minnesota Statutes, chapter 466.

#### Sec. 4. [GENERAL POWERS OF BOARD.]

Subdivision 1. [SCOPE.] The board has all powers necessary or convenient to discharge the duties imposed upon it by law. The powers include those specified in this section, but the express grant or enumeration of powers does not limit the generality or scope of the grant of powers contained in this subdivision.

Subd. 2. [SUIT.] The board may sue or be sued.

Subd. 3. [CONTRACT.] The board may enter into any contract necessary or proper for the exercise of its powers or the accomplishment of its purposes.

Subd. 4. [GIFTS, GRANTS, LOANS.] The board may accept gifts, apply for and accept grants or loans of money or other property from the United States, the state, or any person for any of its purposes, enter into any agreement required in connection with them, and hold, use, and dispose of the money or property in accordance with the terms of the gift, grant, loan, or agreement relating to it. With respect to loans or grants of funds or real or personal property or other assistance from any state or federal government or its agency or instrumentality, the board may contract to do and perform all acts and things required as a condition or consideration for the gift, grant, or loan pursuant to state or federal law or regulations, whether or not included among the powers expressly granted to the board in sections 1 to 19.

Subd. 5. [COOPERATIVE ACTION.] The board may act under Minnesota Statutes, section 471.59, or any other appropriate law providing for joint or cooperative action between governmental units.

Subd. 6. [STUDIES AND INVESTIGATIONS.] The board may conduct research studies and programs, collect and analyze data, prepare reports, maps, charts, and tables, and conduct all necessary hearings and investigations in connection with the design, construction, and operation of the district disposal system.

Subd. 7. [EMPLOYEES, TERMS.] The board may employ on terms it deems advisable, persons or firms performing engineering, legal, or other services of a professional nature; require any employee to obtain and file with it an individual bond or fidelity insurance policy; and procure insurance in amounts it deems necessary against liability of the board or its officers or both, for personal injury or death and property damage or destruction, with the force and effect stated in Minnesota Statutes, chapter 466, and against risks of damage to or destruction of any of its facilities, equipment, or other property as it deems necessary.

Subd. 8. [PROPERTY RIGHTS, POWERS.] The board may acquire by purchase, lease, condemnation, gift, or grant, any real or personal property including positive and negative easements and water and air rights, and it may construct, enlarge, improve, replace, repair, maintain, and operate any interceptor, treatment works, or water facility determined to be necessary or convenient for the collection and disposal of sewage in the district. Any local governmental unit and the commissioners of transportation and natural resources are authorized to convey to or permit the use of any of the above-mentioned facilities owned or controlled by it, by the board, subject to the rights of the holders of any bonds issued with respect to those facilities, with or without compensation, without an election or approval by any other governmental unit or agency. All powers conferred by this subdivision may be exercised both within or without the district as may be necessary for the exercise by the board of its powers or the accomplishment of its purposes. The board may hold, lease, convey, or otherwise dispose of the above-mentioned property for its purposes upon the terms and in the manner it deems advisable. Unless otherwise provided, the right to acquire lands and property rights by condemnation may be exercised only in accordance with Minnesota Statutes, sections 117.011 to 117.232, and applies to any property or interest in the property owned by any local governmental unit. Property devoted to an actual public use at the time, or held to be devoted to such a use within a reasonable time, must not be so acquired unless a court of competent jurisdiction determines that the use proposed by the board is paramount to the existing use. Except in the case of property in actual public use, the board may take possession of any property on which condemnation proceedings have been commenced at any time after the issuance of a court order appointing commissioners for its condemnation.

Subd. 9. [RELATIONSHIP TO OTHER PROPERTIES.] The board may construct or maintain its systems or facilities in, along, on, under, over, or through public waters, streets, bridges, viaducts, and other public rights-of-way without first obtaining a franchise from a county or municipality having jurisdiction over them. However, the facilities must be constructed and maintained in accordance with the ordinances and resolutions of the county or municipality relating to constructing, installing, and maintaining similar facilities on public properties and must not unnecessarily obstruct the public use of those rights-of-way.

Subd. 10. [DISPOSAL OF PROPERTY.] The board may sell, lease, or otherwise dispose of any real or personal property acquired by it which is no longer required for accomplishment of its purposes. The property may be sold in the manner provided by Minnesota Statutes, section 469.065, insofar as practical. The board may give notice of sale as it deems appropriate. When the board determines that any property or any part of the district disposal system acquired from a local governmental unit without compensation is no longer required but is required as a local facility by the governmental unit from which it was acquired, the board may by resolution transfer it to that governmental unit.

Subd. 11. [AGREEMENTS WITH OTHER GOVERNMENTAL UNITS.] The board may contract with the United States or any agency thereof, any state or agency thereof, or any regional public planning body in the state with jurisdiction over any part of the district, or any other municipal or public corporation, or governmental subdivision or agency or political subdivision in any state, for the joint use of any facility owned by the board or such entity, for the operation by that entity of any system or facility of the board, or for the performance on the board's behalf of any service, including but not limited to planning, on terms as may be agreed upon by the contracting parties. Unless designated by the board as a local water and sanitary sewer facility, any treatment works or interceptor jointly used, or operated on behalf of the board, as provided in this subdivision, is deemed to be operated by the board for purposes of including those facilities in the district disposal system.

Sec. 5. [COMPREHENSIVE PLAN.]

Subdivision 1. [BOARD PLAN AND PROGRAM.] The board shall adopt a comprehensive plan for the collection, treatment, and disposal of sewage in the district for a designated period the board deems proper and reasonable. The board shall prepare and adopt subsequent comprehensive plans for the collection, treatment, and disposal of sewage in the district for each succeeding designated period as the board deems proper and reasonable. All comprehensive plans of the district shall be subject to the planning and zoning authority of St. Louis county and in conformance with all planning and zoning ordinances of St. Louis county. The first plan, as modified by the board, and any subsequent plan shall take into account the preservation and best and most economic use of water and other natural resources in the area; the preservation, use, and potential for use of lands adjoining waters of the state to be used for the disposal of sewage; and the impact the disposal system will have on present and future land use in the area affected. In no case shall the comprehensive plan provide for more than 325 connections to the disposal system. All connections must be charged a full assessment. Connections made after the initial assessment period ends must be charged an amount equal to the initial assessment plus an adjustment for inflation and plus any other charges determined to be reasonable and necessary by the board. Deferred assessments may be permitted, as provided for in Minnesota Statutes, chapter 429. The plans shall include the general location of needed interceptors and treatment works, a description of the area that is to be served by the various interceptors and treatment works, a long-range capital improvements program, and any other details as the board deems appropriate. In developing the plans, the board shall consult with persons designated for the purpose by governing bodies of any governmental unit within the district to represent the entities and shall consider the data, resources, and input offered to the board by the entities and any planning agency acting on behalf of one or more of the entities. Each plan, when adopted, must be followed in the district and may be revised as often as the board deems necessary.

Subd. 2. [COMPREHENSIVE PLANS; HEARING.] Before adopting any subsequent comprehensive plan, the board shall hold a public hearing on the proposed plan at a time and place in the district that it selects. The hearing may be continued from time to time. Not less than 45 days before the hearing, the board shall publish notice of the hearing in a newspaper having general circulation in the district, stating the date, time, and place of the hearing, and the place where the proposed plan may be examined by any interested person. At the hearing, all interested persons must be permitted to present their views on the plan.

Sec. 6. [POWERS TO ISSUE OBLIGATIONS AND IMPOSE SPECIAL ASSESSMENTS.]

The central iron range sanitary sewer board, in order to implement the powers granted under

sections 1 to 19 to establish, maintain, and administer the central iron range sanitary sewer district, may issue obligations and impose special assessments against benefited property within the limits of the district benefited by facilities constructed under sections 1 to 19 in the manner provided for local governments by Minnesota Statutes, chapter 429.

Sec. 7. [SYSTEM EXPANSION; APPLICATION TO CITIES.]

The authority of the sanitary sewer board to establish a sewer system under this section extends to areas within the central iron range sanitary sewer district organized into cities when requested by resolution of the governing body of the affected city or when ordered by the Minnesota pollution control agency after notice and hearing. For the purpose of any petition filed or special assessment levied with respect to any system, the entire area to be served within a city must be treated as if it were owned by a single person, and the governing body shall exercise all the rights and be subject to all the duties of an owner of the area, and shall have power to provide for the payment of all special assessments and other charges imposed upon the area with respect to the system by the appropriation of money, the collection of service charges, or the levy of taxes, which shall be subject to no limitation of rate or amount.

Sec. 8. [SEWAGE COLLECTION AND DISPOSAL; POWERS.]

Subdivision 1. [POWERS.] In addition to all other powers conferred upon the board in sections 1 to 19, it has the powers specified in this section.

Subd. 2. [DISCHARGE OF TREATED SEWAGE.] The board may discharge the effluent from any treatment works operated by it into any waters of the state, subject to approval of the agency if required and in accordance with any effluent or water quality standards lawfully adopted by the agency, any interstate agency, or any federal agency having jurisdiction.

Subd. 3. [UTILIZATION OF DISTRICT SYSTEM.] The board may require any person or local governmental unit to provide for the discharge of any sewage, directly or indirectly, into the district disposal system, or to connect any disposal system or a part of it with the district disposal system wherever reasonable opportunity for connection is provided; may regulate the manner in which the connections are made; may require any person or local governmental unit discharging sewage into the disposal system to provide preliminary treatment for it; may prohibit the discharge into the district disposal system of any substance that it determines will or may be harmful to the system or any persons operating it; and may require any local governmental unit to discontinue the acquisition, betterment, or operation of any facility for the unit's disposal system wherever and so far as adequate service is or will be provided by the district disposal system.

Subd. 4. [SYSTEM OF COST RECOVERY TO COMPLY WITH APPLICABLE REGULATIONS.] Any charges, connection fees, or other cost-recovery techniques imposed on persons discharging sewage directly or indirectly into the district disposal system must comply with applicable state and federal law, including state and federal regulations governing grant applications.

Sec. 9. [BUDGET.]

(a) The board shall prepare and adopt, on or before October 1, 2002, and each year thereafter, a budget showing for the following calendar year or other fiscal year determined by the board, sometimes referred to in sections 1 to 19 as the budget year, estimated receipts of money from all sources, including but not limited to payments by each local governmental unit, federal or state grants, taxes on property, and funds on hand at the beginning of the year, and estimated expenditures for:

(1) costs of operation, administration, and maintenance of the district disposal system;

(2) cost of acquisition and betterment of the district disposal system; and

(3) debt service, including principal and interest, on general obligation bonds and certificates issued pursuant to section 13, and any money judgments entered by a court of competent jurisdiction.

(b) Expenditures within these general categories, and any other categories as the board may from time to time determine, must be itemized in detail as the board prescribes. The board and its officers, agents, and employees must not spend money for any purpose other than debt service without having set forth the expense in the budget nor in excess of the amount set forth in the budget for it. No obligation to make an expenditure of the above-mentioned type is enforceable except as the obligation of the person or persons incurring it. The board may amend the budget at any time by transferring from one purpose to another any sums except money for debt service and bond proceeds or by increasing expenditures in any amount by which actual cash receipts during the budget year exceed the total amounts designated in the original budget. The creation of any obligation under section 13, or the receipt of any federal or state grant is a sufficient budget designation of the proceeds for the purpose for which it is authorized, and of the tax or other revenue pledged to pay the obligation and interest on it, whether or not specifically included in any annual budget.

Sec. 10. [ALLOCATION OF COSTS.]

Subdivision 1. [DEFINITION OF CURRENT COSTS.] The estimated cost of administration, operation, maintenance, and debt service of the district disposal system to be paid by the board in each fiscal year and the estimated costs of acquisition and betterment of the system that are to be paid during the year from funds other than state or federal grants and bond proceeds and all other previously unallocated payments made by the board pursuant to sections 1 to 19 to be allocated in the fiscal year are referred to as current costs and must be allocated by the board as provided in subdivision 2 in the budget for that year.

Subd. 2. [METHOD OF ALLOCATION OF CURRENT COSTS.] Current costs must be allocated in the district on an equitable basis as the board may determine by resolution to be in the best interests of the district. The adoption or revision of any method of allocation used by the board must be by the affirmative vote of at least two-thirds of the members of the board.

Sec. 11. [TAX LEVIES.]

To accomplish any duty imposed on it the board may, in addition to the powers granted in sections 1 to 19 and in any other law or charter, exercise the powers granted any municipality by Minnesota Statutes, chapters 117, 412, 429, 475, sections 115.46, 444.075, and 471.59, with respect to the area in the district. The board may levy taxes upon all taxable property in the district for all or a part of the amount payable to the board, pursuant to section 10, to be assessed and extended as a tax upon that taxable property by the county auditor for the next calendar year, free from any limit of rate or amount imposed by law or charter. The tax must be collected and remitted in the same manner as other general taxes.

Sec. 12. [PUBLIC HEARING AND SPECIAL ASSESSMENTS.]

Subdivision 1. [PUBLIC HEARING REQUIREMENT ON SPECIFIC PROJECT.] Before the board orders any project involving the acquisition or betterment of any interceptor or treatment works, all or a part of the cost of which will be allocated pursuant to section 10 as current costs, the board must hold a public hearing on the proposed project. The hearing must be held following two publications in a newspaper having general circulation in the district, stating the time and place of the hearing, the general nature and location of the project, the estimated total cost of acquisition and betterment, that portion of costs estimated to be paid out of federal and state grants, and that portion of costs estimated to be allocated. The estimates must be the best available at the time of the meeting and if costs exceed the estimate, the project cannot proceed until an additional public hearing is held, with notice as required at the initial meeting. The two publications must be a week apart and the hearing at least three days after the last publication. Not less than 45 days before the hearing, notice of the hearing must also be mailed to each clerk of all local governmental units in the district, but failure to give mailed notice or any defects in the notice does not invalidate the proceedings. The project may include all or part of one or more interceptors or treatment works. A hearing must not be held on a project unless the project is within the area covered by the comprehensive plan adopted by the board under section 5, except that the hearing may be held simultaneously with a hearing on a comprehensive plan. A hearing is not required with respect to a project, no part of the costs of which are to be allocated as the current costs of acquisition, betterment, and debt service.

Subd. 2. [NOTICE TO BENEFITED PROPERTY OWNERS.] If the board proposes to assess against benefited property within the district all or any part of the allocable costs of the project as provided in subdivision 5, the board shall, not less than two weeks before the hearing provided for in subdivision 1, cause mailed notice of the hearing to be given to the owner of each parcel within the area proposed to be specially assessed and shall also give two weeks' published notice of the hearing. The notice of hearing must contain the same information provided in the notice published by the board pursuant to subdivision 1, and a description of the area proposed to be assessed. For the purpose of giving mailed notice, owners are those shown to be on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer; but other appropriate records may be used for this purpose. For properties that are tax exempt or subject to taxation on a gross earnings basis and not listed on the records of the county auditor or the county treasurer, the owners must be ascertained by any practicable means and mailed notice given them as herein provided. Failure to give mailed notice or any defects in the notice does not invalidate the proceedings of the board.

Subd. 3. [BOARD PROCEEDINGS PERTAINING TO HEARING.] Before adoption of the resolution calling for a hearing under this section, the board shall secure from the district engineer or some other competent person of the board's selection a report advising it in a preliminary way as to whether the proposed project is feasible and whether it should be made as proposed or in connection with some other project and the estimated costs of the project as recommended. No error or omission in the report invalidates the proceeding. The board may also take other steps before the hearing, as will in its judgment provide helpful information in determining the desirability and feasibility of the project, including but not limited to preparation of plans and specifications and advertisement for bids on them. The hearing may be adjourned from time to time and a resolution ordering the project may be adopted at any time within six months after the date of hearing. In ordering the project the board may reduce but not increase the extent of the project as stated in the notice of hearing and shall find that the project as ordered is in accordance with the comprehensive plan and program adopted by the board pursuant to section 5.

Subd. 4. [EMERGENCY ACTION.] If the board by resolution adopted by the affirmative vote of not less than two-thirds of its members determines that an emergency exists requiring the immediate purchase of materials or supplies or the making of emergency repairs, it may order the purchase of those supplies and materials and the making of the repairs before any hearing required under this section. The board must set as early a date as practicable for the hearing at the time it declares the emergency. All other provisions of this section must be followed in giving notice of and conducting the hearing. Nothing in this subdivision prevents the board or its agents from purchasing maintenance supplies or incurring maintenance costs without regard to the requirements of this section.

Subd. 5. [POWER OF THE BOARD TO SPECIALLY ASSESS.] The board may specially assess all or any part of the costs of acquisition and betterment as provided in this subdivision, of any project ordered under this section. The special assessments must be levied in accordance with Minnesota Statutes, sections 429.051 to 429.081, except as otherwise provided in this subdivision. No other provisions of Minnesota Statutes, chapter 429, apply. For purposes of levying the special assessments, the hearing on the project required in subdivision 1 serves as the hearing on the making of the original improvement provided for by Minnesota Statutes, section 429.051. The area assessed may be less than but may not exceed the area proposed to be assessed as stated in the notice of hearing on the project provided for in subdivision 2.

### Sec. 13. [BONDS, CERTIFICATES, AND OTHER OBLIGATIONS.]

Subdivision 1. [BUDGET ANTICIPATION CERTIFICATES OF INDEBTEDNESS.] At any time after adoption of its annual budget and in anticipation of the collection of tax and other revenues estimated and set forth by the board in the budget, except in the case of deficiency taxes levied under this subdivision and taxes levied for the payment of certificates issued under subdivision 2, the board may, by resolution, authorize the issuance, negotiation, and sale, in accordance with subdivision 4 in the form and manner and upon terms it determines, of its negotiable general obligation certificates of indebtedness in aggregate principal amounts not exceeding 50 percent of the total amount of tax collections and other revenues, and maturing not

later than three months after the close of the budget year in which issued. The proceeds of the sale of the certificates must be used solely for the purposes for which the tax collections and other revenues are to be expended under the budget.

All the tax collections and other revenues included in the budget for the budget year, after the expenditure of the tax collections and other revenues in accordance with the budget, must be irrevocably pledged and appropriated to a special fund to pay the principal and interest on the certificates when due. If for any reason the tax collections and other revenues are insufficient to pay the certificates and interest when due, the board shall levy a tax in the amount of the deficiency on all taxable property in the district and shall appropriate this amount when received to the special fund.

Subd. 2. [EMERGENCY CERTIFICATES OF INDEBTEDNESS.] If in any budget year the receipts of tax and other revenues should for some unforeseen cause become insufficient to pay the board's current expenses, or if any public emergency should subject it to the necessity of making extraordinary expenditures, the board may by resolution authorize the issuance, negotiation, and sale, in accordance with subdivision 4 in the form and manner and upon the terms and conditions it determines, of its negotiable general obligation certificates of indebtedness in an amount sufficient to meet the deficiency. The board shall levy on all taxable property in the district a tax sufficient to pay the certificates and interest on the certificates and shall appropriate all collections of the tax to a special fund created for the payment of the certificates and the interest on them. Certificates issued under this subdivision mature not later than April 1 in the year following the year in which the tax is collectible.

Subd. 3. [GENERAL OBLIGATION BONDS.] The board may by resolution authorize the issuance of general obligation bonds for the acquisition or betterment of any part of the district disposal system, including but without limitation the payment of interest during construction and for a reasonable period thereafter, or for the refunding of outstanding bonds, certificates of indebtedness, or judgments. The board shall pledge its full faith and credit and taxing power for the payment of the bonds and shall provide for the issuance and sale and for the security of the bonds in the manner provided in Minnesota Statutes, chapter 475. The board has the same powers and duties as a municipality issuing bonds under that law, except that no election is required and the debt limitations of Minnesota Statutes, chapter 475, do not apply to the bonds. The board may also pledge for the payment of the bonds and deduct from the amount of any tax levy required under Minnesota Statutes, section 475.61, subdivision 1, and any revenues receivable under any state and federal grants anticipated by the board and may covenant to refund the bonds if and when and to the extent that for any reason the revenues, together with other funds available and appropriated for that purpose, are not sufficient to pay all principal and interest due or about to become due, provided that the revenues have not been anticipated by the issuance of certificates under subdivision 1.

Subd. 4. [MANNER OF SALE AND ISSUANCE OF CERTIFICATES.] Certificates issued under subdivisions 1 and 2 may be issued and sold by negotiation, without public sale, and may be sold at a price equal to the percentage of the par value of the certificates, plus accrued interest, and bearing interest at the rate determined by the board. An election is not required to authorize the issuance of the certificates. The certificates must bear the same rate of interest after maturity as before and the full faith and credit and taxing power of the board must be pledged to the payment of the certificates.

#### Sec. 14. [DEPOSITORIES.]

The board shall designate one or more national or state banks, or trust companies authorized to do a banking business, as official depositories for money of the board, and shall require the treasurer to deposit all or a part of the money in those institutions. The designation must be in writing and set forth all the terms and conditions upon which the deposits are made, and must be signed by the chair and treasurer and made a part of the minutes of the board.

#### Sec. 15. [MONEY, ACCOUNTS, AND INVESTMENTS.]

Subdivision 1. [RECEIPT AND APPLICATION.] Money received by the board must be

deposited or invested by the treasurer and disposed of as the board may direct in accordance with its budget; provided that any money that has been pledged or dedicated by the board to the payment of obligations or interest on the obligations or expenses incident thereto, or for any other specific purpose authorized by law, must be paid by the treasurer into the fund to which it has been pledged.

Subd. 2. [FUNDS AND ACCOUNTS.] (a) The board's treasurer shall establish funds and accounts as may be necessary or convenient to handle the receipts and disbursements of the board in an orderly fashion.

(b) The funds and accounts must be audited annually by a certified public accountant at the expense of the district.

Subd. 3. [DEPOSIT AND INVESTMENT.] The money on hand in those funds and accounts may be deposited in the official depositories of the board or invested as provided in this subdivision. Any amount not currently needed or required by law to be kept in cash on deposit may be invested in obligations authorized for the investment of municipal sinking funds by Minnesota Statutes, chapter 118A. The money may also be held under certificates of deposit issued by any official depository of the board.

Subd. 4. [BOND PROCEEDS.] The use of proceeds of all bonds issued by the board for the acquisition and betterment of the district disposal system, and the use, other than investment, of all money on hand in any sinking fund or funds of the board, is governed by the provisions of Minnesota Statutes, chapter 475, the provisions of sections 1 to 19, and the provisions of resolutions authorizing the issuance of the bonds. When received, the bond proceeds must be transferred to the treasurer of the board for safekeeping, investment, and payment of the costs for which they were issued.

Subd. 5. [AUDIT.] The board shall provide for and pay the cost of an independent annual audit of its official books and records by the state auditor or a public accountant authorized to perform that function under Minnesota Statutes, chapter 6.

**Sec. 16. [SERVICE CONTRACTS WITH GOVERNMENTAL ENTITIES OUTSIDE THE JURISDICTION OF THE BOARD.]**

(a) The board may contract with the United States or any agency of the federal government, any state or its agency, or any municipal or public corporation, governmental subdivision or agency or political subdivision in any state, outside the jurisdiction of the board, for furnishing services to those entities, including but not limited to planning for and the acquisition, betterment, operation, administration, and maintenance of any or all interceptors, treatment works, and local water and sanitary sewer facilities. The board may include as one of the terms of the contract that the entity must pay to the board an amount agreed upon as a reasonable estimate of the proportionate share properly allocable to the entity of costs of acquisition, betterment, and debt service previously allocated in the district. When payments are made by entities to the board, they must be applied in reduction of the total amount of costs thereafter allocated in the district, on an equitable basis as the board deems to be in the best interests of the district, applying so far as practicable and appropriate the criteria set forth in section 10, subdivision 2. A municipality in the state of Minnesota may enter into a contract and perform all acts and things required as a condition or consideration therefor consistent with the purposes of sections 1 to 19, whether or not included among the powers otherwise granted to the municipality by law or charter.

(b) The board shall contract with a qualified entity to make necessary inspections of the district facilities, and to otherwise process or assist in processing any of the work of the district.

**Sec. 17. [CONTRACTS FOR CONSTRUCTION, MATERIALS, SUPPLIES, AND EQUIPMENT.]**

When the board orders a project involving the acquisition or betterment of a part of the district disposal system, it shall cause plans and specifications of the project to be made, or if previously made, to be modified, if necessary, and to be approved by the agency if required, and after any

required approval by the agency, one or more contracts for work and materials called for by the plans and specifications may be awarded as provided in Minnesota Statutes, section 471.345.

Sec. 18. [PROPERTY EXEMPT FROM TAXATION.]

Any properties, real or personal, owned, leased, controlled, used, or occupied by the sanitary sewer board for any purpose under sections 1 to 19 are declared to be acquired, owned, leased, controlled, used, and occupied for public, governmental, and municipal purposes, and are exempt from taxation by the state or any political subdivision of the state. The properties are subject to special assessments levied by a political subdivision for a local improvement in amounts proportionate to and not exceeding the special benefit received by the properties from the improvement.

Sec. 19. [RELATION TO EXISTING LAWS.]

Sections 1 to 19 must be given full effect notwithstanding the provisions of any law or charter inconsistent with sections 1 to 19. The powers conferred on the board under sections 1 to 19 do not in any way diminish or supersede the powers conferred on the agency by Minnesota Statutes, chapters 115 to 116.

Sec. 20. [LOCAL APPROVAL.]

This article takes effect the day after each of the governing bodies of each of the local governmental units has complied with Minnesota Statutes, section 645.021, subdivision 3."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon, insert "requiring a water quality permit progress report; establishing the central iron range sanitary sewer district;"

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

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

**S.F. No. 2627:** A bill for an act relating to health; requiring optometrists and ophthalmologists to give patients copies of their prescriptions for eyeglasses or contact lenses; establishing other requirements for access to and the content of prescriptions for eyeglasses or contact lenses; proposing coding for new law in Minnesota Statutes, chapter 145.

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

Delete everything after the enacting clause and insert:

"Section 1. [145.711] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] For purposes of sections 145.711 to 145.714, the following definitions apply.

Subd. 2. [DISPENSING.] "Dispensing" means the retail delivery of ophthalmic goods to a patient.

Subd. 3. [FITTING.] "Fitting" means the performance of mechanical procedures and measurements necessary to adapt and fit contact lenses after an eye examination and supervision of the trial wearing of the contact lenses, which may require revisions during the trial period.

Subd. 4. [OPHTHALMIC GOODS.] "Ophthalmic goods" means eyeglasses, one or more eyeglass components for which a prescription is required, or contact lenses.

Subd. 5. [OPHTHALMIC SERVICES.] "Ophthalmic services" means the measuring, fitting, adjusting, fabricating, or prescribing of ophthalmic goods after an eye examination.

Subd. 6. [OPTOMETRIST.] "Optometrist" means an individual licensed to practice optometry under sections 148.52 to 148.62.

Subd. 7. [PATIENT.] "Patient" means a person who has had an eye examination.

Subd. 8. [PRESCRIPTION.] "Prescription" means a written directive from an optometrist or physician for contact lenses that must include the manufacturer's brand name, power, base curve, the name and telephone number of the prescribing optometrist or physician, patient's name, and the expiration date of the prescription. If applicable, the prescription may also include diameter, axis, add power, cylinder, peripheral curve, optical zone, or center thickness.

Subd. 9. [PHYSICIAN.] "Physician" means an individual licensed to practice medicine under chapter 147.

## Sec. 2. [145.712] [REQUIREMENTS FOR CONTACT LENSES PRESCRIPTIONS.]

Subdivision 1. [COPY OF PRESCRIPTION.] An optometrist or physician must provide a patient with a copy of the patient's prescription upon completion of the patient's eye examination and fitting. An optometrist or physician may refuse to give a patient a copy of the patient's prescription until after the patient has paid for the eye examination and fitting, but only if the optometrist or physician would have required immediate payment from that patient if the examination had revealed that no ophthalmic goods were required.

Subd. 2. [PRESCRIPTION EXPIRATION DATE.] A prescription written by an optometrist or physician must expire two years after it is written, unless a different expiration date is warranted by the patient's ocular health. If the prescription is valid for less than two years, the optometrist or physician must note the medical reason for the prescription's expiration date in the patient's record and must orally explain to the patient at the time of the eye examination the reason for the prescription's expiration date.

## Sec. 3. [145.713] [OPTOMETRIST AND PHYSICIAN PRACTICES.]

Subdivision 1. [PROHIBITED CONDUCT.] No optometrist or physician may:

(1) condition the availability of an eye examination or the release of a prescription to a patient on a requirement that the patient agree to purchase ophthalmic goods from the optometrist or physician who performed the eye examination or from another specified optometrist or physician;

(2) charge a patient a fee in addition to the optometrist's or physician's examination and fitting fees as a condition of releasing the prescription to the patient. An optometrist or physician may charge a reasonable additional fee for fitting ophthalmic goods dispensed by another practitioner if that fee is imposed at the time the fitting is performed; or

(3) prescribe a manufacturer's brand name contact lens that can only be dispensed through the prescribing physician or optometrist's office.

Subd. 2. [CONTRAINDICATIONS FOR CONTACT LENSES.] If an optometrist or physician determines that a patient's ocular health presents a contraindication for contact lenses, the optometrist or physician must orally inform the patient of the contraindication and must document the contraindication in the patient's records. An optometrist or physician may exclude categories of contact lenses where clinically indicated.

Subd. 3. [WAIVERS OF LIABILITY PROHIBITED.] No optometrist or physician may place on a patient's prescription, require a patient to sign, or deliver to a patient a form or notice waiving liability or responsibility for the accuracy of the eye examination or the accuracy of the ophthalmic goods and ophthalmic services dispensed by another practitioner. Prohibiting waivers of liability under this subdivision does not impose liability on an optometrist or physician for the ophthalmic goods or ophthalmic services dispensed by another practitioner pursuant to the optometrist's or physician's prescription.

## Sec. 4. [145.714] [ENFORCEMENT.]

Failure to comply with sections 145.711 to 145.713 shall be grounds for disciplinary action by the board of optometry or the board of medical practice."

Amend the title as follows:

Page 1, lines 4 and 6, delete "eyeglasses or"

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

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

**S.F. No. 2909:** A bill for an act relating to health; permitting a health maintenance organization rural demonstration project; amending Minnesota Statutes 2000, section 62D.30, by adding a subdivision.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 62D.02, subdivision 8, is amended to read:

Subd. 8. [HEALTH MAINTENANCE CONTRACT.] "Health maintenance contract" means any contract whereby a health maintenance organization agrees to provide comprehensive health maintenance services to enrollees, provided that the contract may contain reasonable enrollee ~~copayment~~ co-payment provisions. An individual or group health maintenance contract may contain the ~~copayment~~ co-payment and deductible provisions specified in this subdivision. ~~Copayment~~ Co-payment and deductible provisions in group contracts shall not discriminate on the basis of age, sex, race, length of enrollment in the plan, or economic status; and during every open enrollment period in which all offered health benefit plans, including those subject to the jurisdiction of the commissioners of commerce or health, fully participate without any underwriting restrictions, ~~copayment~~ co-payment and deductible provisions shall not discriminate on the basis of preexisting health status. A health maintenance organization may impose a flat fee co-payment not to exceed 50 percent of the median cost of prescription drugs. In no event shall the total sum of the all annual ~~copayments~~ and deductible exceed the maximum out-of-pocket expenses allowable for a number three qualified plan under section 62E.06, nor shall that sum exceed \$5,000 per family. The annual deductible must not exceed \$1,000 per person co-payments exceed \$500 or the annual maximum out-of-pocket sum exceed \$3,000 per family. The annual deductible must not apply to preventive health services as described in Minnesota Rules, part 4685.0801, subpart 8. Where sections 62D.01 to 62D.30 permit a health maintenance organization to contain reasonable ~~copayment~~ co-payment provisions for preexisting health status, these provisions may vary with respect to length of enrollment in the plan. Any contract may provide for health care services in addition to those set forth in subdivision 7.

Sec. 2. Minnesota Statutes 2000, section 62D.30, is amended by adding a subdivision to read:

Subd. 8. [RURAL DEMONSTRATION PROJECT.] (a) The commissioner may permit demonstration projects to allow health maintenance organizations to extend coverage to a health improvement and purchasing coalition located in rural Minnesota, comprised of the health maintenance organization and members from a geographic area. For purposes of this subdivision, rural is defined as greater Minnesota excluding the seven-county metropolitan area of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. The coalition must be designed in such a way that members will:

- (1) become better informed about health care trends and cost increases;
- (2) be actively engaged in the design of health benefit options that will meet the needs of their community;
- (3) pool their insurance risk;
- (4) purchase these products from the health maintenance organization involved in the demonstration project; and

(5) actively participate in health improvement decisions for their community.

(b) The commissioner must consider the following when approving applications for rural demonstration projects:

(1) the extent of consumer involvement in development of the project;

(2) the degree to which the project is likely to reduce the number of uninsured or to maintain existing coverage; and

(3) a plan to evaluate and report to the commissioner and legislature as prescribed by paragraph (e).

(c) For purposes of this subdivision, the commissioner must waive compliance with the following statutes and rules: the cost-sharing restrictions under section 62D.02, subdivision 8, which for purposes of this subdivision is the sum of the annual co-payments and deductible which is prohibited from exceeding the maximum out-of-pocket expenses allowable for a number three qualified plan under section 62E.06 or \$5,000 per family and an annual deductible of \$1,000 per person and Minnesota Rules, part 4685.0801, subparts 1 to 7; for a period of at least two years, participation in government programs under section 62D.04, subdivision 5, in the counties of the demonstration project if that compliance would have been required solely due to participation in the demonstration project and shall continue to waive this requirement beyond two years if the enrollment in the demonstration project is less than 10,000 enrollees; small employer marketing under section 62L.05, subdivisions 1 to 3; and small employer geographic premium variations under section 62L.08, subdivision 4. The commissioner shall approve enrollee cost-sharing features desired by the coalition that appropriately share costs between employers, individuals, and the health maintenance organization.

(d) The health maintenance organization may make the starting date of the project contingent upon a minimum number of enrollees as cited in the application, provide for an initial term of contract with the purchasers of a minimum of three years, and impose a reasonable penalty for employers who withdraw early from the project. For purposes of this subdivision, loss ratios are to be determined as if the policies issued under this section are considered individual or small employer policies pursuant to section 62A.021, subdivision 1, paragraph (f). The health maintenance organization may consider businesses of one to be a small employer under section 62L.02, subdivision 26. The health maintenance organization may limit enrollment and establish enrollment criteria for businesses of one. Health improvement and purchasing coalitions under this subdivision are not associations under section 62L.045, subdivision 1, paragraph (a).

(e) The health improvement and purchasing coalition must report to the commissioner and legislature annually on the progress of the demonstration project and, to the extent possible, any significant findings in the criteria listed in clauses (1), (2), and (3) for the final report. The coalition must submit a final report five years from the starting date of the project. The final report must detail significant findings from the project and must include, to the extent available, but should not be limited to, information on the following:

(1) the extent to which the project had an impact on the number of uninsured in the project area;

(2) the effect on health coverage premiums for groups in the project's geographic area, including those purchasing health coverage outside the health improvement and purchasing coalition; and

(3) the degree to which health care consumers were involved in the development and implementation of the demonstration project.

(f) The commissioner must limit the number of demonstration projects under this subdivision to five projects.

(g) Approval of the application for the demonstration project is deemed to be in compliance with sections 62E.03 and 62E.06, subdivisions 1, paragraph (a), 2, and 3.

(h) Subdivisions 2 to 7 apply to demonstration projects under this subdivision. Waivers permitted under subdivision 1 do not apply to demonstration projects under this subdivision.

(i) If a demonstration project under this subdivision works in conjunction with a purchasing alliance formed under chapter 62T, that chapter will apply to the purchasing alliance except to the extent that chapter 62T is inconsistent with this subdivision.

Sec. 3. [EFFECTIVE DATE.]

Section 2 is effective the day following final enactment."

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "modifying enrollee cost-sharing provisions for health maintenance organizations;"

Page 1, line 4, delete "section" and insert "sections 62D.02, subdivision 8;"

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

**Senator Moe, R.D. from the Committee on Rules and Administration, to which was referred**

**H.F. No. 3296** for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

<b>GENERAL ORDERS</b>		<b>CONSENT CALENDAR</b>		<b>CALENDAR</b>	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
		3296	3206		

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

### **SECOND READING OF SENATE BILLS**

S.F. Nos. 2460, 3085, 2541, 3380, 3373, 3086, 3134, 2627 and 2909 were read the second time.

### **SECOND READING OF HOUSE BILLS**

H.F. No. 3296 was read the second time.

### **MOTIONS AND RESOLUTIONS**

Senator Marty moved that his name be stricken as a co-author to S.F. No. 3368. The motion prevailed.

Senator Lourey moved that the name of Senator Solon, Y.P. be added as a co-author to S.F. No. 3379. The motion prevailed.

Senator Chaudhary moved that the name of Senator Marty be added as a co-author to S.F. No. 3423. The motion prevailed.

**Senator Betzold introduced--**

**Senate Resolution No. 187:** A Senate resolution congratulating Daniel Schlichting of Spring Lake Park, Minnesota, for receiving the Eagle Award.

Referred to the Committee on Rules and Administration.

**Senator Wiger introduced--**

**Senate Resolution No. 188:** A Senate resolution honoring Major Curtis Donald Feistner.

Referred to the Committee on Rules and Administration.

**Senator Stevens introduced--**

**Senate Resolution No. 189:** A Senate resolution congratulating John Broda of Zimmerman, Minnesota, for receiving the Eagle Award.

Referred to the Committee on Rules and Administration.

Remaining on the Order of Business of Motions and Resolutions, Senator Moe, R.D. moved that the Senate take up the General Orders Calendar. The motion prevailed.

### GENERAL ORDERS

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

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

S.F. Nos. 3073, 2612, 3184, 3115, 3100, 2998, 3101, 3034, 2803, 2768, 2769, 3108, 3204, 1372 and H.F. No. 3190, which the committee recommends to pass.

H.F. No. 2742, which the committee recommends to pass with the following amendment offered by Senator Betzold:

Amend H.F. No. 2742, as amended pursuant to Rule 45, adopted by the Senate March 6, 2002, as follows:

(The text of the amended House File is identical to S.F. No. 2757.)

Page 2, line 21, after "report" insert "and presentation of argument"

The motion prevailed. So the amendment was adopted.

S.F. No. 1555, which the committee recommends to pass, subject to the following motions:

Senator Higgins moved to amend S.F. No. 1555 as follows:

Page 1, line 17, delete "OTHER LAW" and insert "LOCAL LAW; AGRICULTURAL USE FERTILIZERS"

Page 1, line 18, delete "for"

Page 1, line 19, delete everything before the comma

Page 4, line 13, delete "is" and insert "and section 18C.61 are"

Page 4, line 15, delete "Violation of this section" and insert "A violation of this section or section 18C.61"

Page 4, after line 26, insert:

"(c) This section shall be enforced as provided in section 18C.60, subdivision 5."

Page 4, line 28, delete "Section 4 is" and insert "Sections 4 and 5 are"

The motion prevailed. So the amendment was adopted.

Senator Limmer moved to amend S.F. No. 1555 as follows:

Page 2, line 28, delete "or"

Page 2, line 29, after "Washington" insert ", Wright, Isanti, Sherburne, Olmsted, or Stearns"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 7 and nays 49, as follows:

Those who voted in the affirmative were:

Day	Kleis	Lessard	Limmer	Reiter
Kinkel	Knutson			

Those who voted in the negative were:

Anderson	Frederickson	Lourey	Pariseau	Samuelson
Belanger	Higgins	Marty	Pogemiller	Scheid
Berg	Johnson, Dave	Metzen	Price	Schwab
Berglin	Johnson, Dean	Moua	Ranum	Stevens
Betzold	Johnson, Debbie	Murphy	Rest	Terwilliger
Chaudhary	Kelley, S.P.	Neuville	Ring	Tomassoni
Dille	Kierlin	Oliver	Robertson	Vickerman
Fischbach	Kiscaden	Olson	Robling	Wiener
Foley	Krentz	Orfield	Sabo	Wiger
Fowler	Langseth	Ourada	Sams	

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

Senator Sams moved to amend S.F. No. 1555 as follows:

Page 1, line 22, delete "fertilizer," and insert "fertilizers and" and delete everything after "products"

Page 1, line 23, delete everything before "applied" and insert "that are"

The motion prevailed. So the amendment was adopted.

The question was taken on the recommendation to pass S.F. No. 1555, as amended.

The roll was called, and there were yeas 55 and nays 3, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Knutson	Oliver	Robling
Belanger	Higgins	Krentz	Olson	Sabo
Berg	Johnson, Dave	Langseth	Orfield	Sams
Berglin	Johnson, Dean	Lesewski	Pappas	Samuelson
Betzold	Johnson, Debbie	Lessard	Pariseau	Schwab
Chaudhary	Johnson, Doug	Lourey	Pogemiller	Solon, Y.P.
Day	Kelley, S.P.	Marty	Price	Stevens
Dille	Kierlin	Metzen	Ranum	Terwilliger
Fischbach	Kinkel	Moua	Rest	Tomassoni
Foley	Kiscaden	Murphy	Ring	Wiener
Fowler	Kleis	Neuville	Robertson	Wiger

Those who voted in the negative were:

Limmer	Reiter	Scheid
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The motion prevailed. So S.F. No. 1555 was recommended to pass, as amended.

S.F. No. 2752, which the committee recommends to pass with the following amendment offered by Senator Robertson:

Page 1, line 19, delete "two" and insert "three"

Page 1, line 20, delete "professionally licensed"

Page 1, line 21, delete "under chapter 326 and are" and after "employees" insert ", a minimum of two members must be professionally licensed under chapter 326, and at least one must be or must have been a commercial contractor"

Page 3, delete lines 30 to 32

Page 3, line 33, delete "including" and insert:

"(6) establishing"

Page 5, line 20, delete "or further information"

Page 5, line 29, delete "or further information"

Page 6, line 5, delete everything after "design-builder" and insert a semicolon

Page 6, line 6, delete "or relative order, or both," and insert:

"(3) a description of the selection criteria, including the weighting"

Page 6, line 7, delete "(3)" and insert "(4)"

Page 6, line 9, delete "(4)" and insert "(5)"

Page 6, line 10, delete "(5)" and insert "(6)"

Page 6, line 12, delete "(6)" and insert "(7)"

Page 6, line 14, delete "(7)" and insert "(8)"

Page 6, line 17, delete "(8)" and insert "(9)"

Page 6, line 22, delete "(9)" and insert "(10)"

Page 6, line 26, delete "(10)" and insert "(11)"

Page 6, line 27, delete "and" and insert:

"(12) a statement that "past performance" or "experience" does not include the exercise or assertion of a person's legal rights; and"

Page 6, line 28, delete "(11)" and insert "(13)"

Page 7, line 8, delete "it considers to be the most advantageous and the best"

Page 7, line 9, delete "value to the public" and insert "to the proposer with the highest scored proposal"

The motion prevailed. So the amendment was adopted.

S.F. No. 3015, which the committee recommends to pass with the following amendment offered by Senator Scheid:

Page 7, after line 14, insert:

"Sec. 15. [609.612] [EMPLOYMENT OF RUNNERS.]

Subdivision 1. [DEFINITIONS.] (a) As used in this section, the following terms have the meanings given.

(b) "Public media" means telephone directories, professional directories, newspapers and other periodicals, radio and television, billboards, and mailed or electronically transmitted written communications that do not involve in-person contact with a specific prospective client.

(c) "Runner," "capper," or "steerer" means a person who for a pecuniary gain procures clients at the direction of, or in cooperation with, a health care provider when the person knows or has reason to know that the provider's purpose is to fraudulently perform or obtain services or benefits under or relating to a contract of motor vehicle insurance. The term does not include a person who procures clients through public media.

Subd. 2. [ACT CONSTITUTING.] Whoever employs, uses, or acts as a runner, capper, or steerer is guilty of a felony and may be sentenced to imprisonment for not more than three years or to a payment of a fine of not more than \$6,000, or both. Charges for any services rendered by a health care provider, who violated this section in regard to the person for whom such services were rendered, are noncompensable and unenforceable as a matter of law."

Page 7, after line 23, insert:

"Sec. 18. [EFFECTIVE DATE.]

Section 15 is effective August 1, 2002, and applies to crimes committed on or after that date."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

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

### MOTIONS AND RESOLUTIONS - CONTINUED

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

### REPORTS OF COMMITTEES

Senator Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

**Senator Moe, R.D. from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,**

**S.F. No. 3205:** A bill for an act relating to telecommunications; creating a public telecommunication services fund; providing support for various public telecommunication networks; providing for an access fee; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 237.

Reports the same back with the recommendation that the report from the Committee on Telecommunications, Energy and Utilities, shown in the Journal for March 6, 2002, be adopted; that committee recommendation being:

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

**Senator Moe, R.D. from the Committee on Rules and Administration, to which was referred**

**S.F. No. 388:** A bill for an act relating to elections; providing for fair and clean elections; increasing disclosure of campaign contributions to candidates; encouraging candidates to accept only clean money for their political campaigns; limiting campaign contributions and expenditures; increasing public subsidies for state candidates who agree to limit the sources and amounts of contributions to their campaigns; appropriating money; amending Minnesota Statutes 2000, sections 10A.01, subdivision 1; 10A.02, subdivisions 8, 10, 11, 11a, 12, and 13; 10A.025, subdivisions 1 and 2; 10A.071, subdivision 3; 10A.34; 10A.37; 129D.13, by adding a subdivision; 129D.14, by adding a subdivision; 204B.11, subdivision 1; 211A.13; 211B.12; 211B.15, subdivision 16; 340A.404, subdivision 10; 353.03, subdivision 1; and 383B.042, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 5; and 211B; proposing coding for new law as Minnesota Statutes, chapter 10B; repealing Minnesota Statutes 2000, sections 10A.01, subdivisions 3, 4, 6, 7, 9, 10, 11, 12, 13, 15, 16, 17, 18, 20, 23, 25, 26, 27, 28, 29, 30, 32, 34, and 36; 10A.105; 10A.11; 10A.12; 10A.13; 10A.14; 10A.15; 10A.16; 10A.17; 10A.18; 10A.20; 10A.24; 10A.241; 10A.242; 10A.25; 10A.255; 10A.257; 10A.27; 10A.273; 10A.275; 10A.28; 10A.29; 10A.30; 10A.31; 10A.315; 10A.321; 10A.322; 10A.323; 10A.324; and 290.06, subdivision 23.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. [FAIR AND CLEAN ELECTIONS ACT.]

This act may be cited as the Fair and Clean Elections Act.

Sec. 2. Minnesota Statutes 2000, section 10A.01, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] For the purposes of this chapter and chapter 10B, the terms defined in this section have the meanings given them unless the context clearly indicates otherwise.

Sec. 3. Minnesota Statutes 2000, section 10A.02, subdivision 8, is amended to read:

Subd. 8. [DUTIES.] (a) The board must report at the close of each fiscal year to the legislature, the governor, and the public concerning the action it has taken, the names, salaries, and duties of all individuals in its employ, and the money it has disbursed. The board must include and identify in its report any other reports it has made during the fiscal year. It may indicate apparent abuses and offer legislative recommendations.

(b) The board must prescribe forms for statements and reports required to be filed under this chapter or chapter 10B and make the forms available to individuals required to file them.

(c) The board must make available to the individuals required to file the reports and statements a manual setting forth the recommended uniform methods of bookkeeping and reporting.

(d) The board must develop a filing, coding, and cross-indexing system consistent with the purposes of this chapter and chapter 10B.

(e) The board must make the reports and statements filed with it available for public inspection and copying by the end of the second day following the day on which they were received. An individual may copy a report or statement by hand or by duplicating machine and the board must provide duplicating services at cost for this purpose.

(f) Notwithstanding section 138.163, the board must preserve reports and statements for a period of five years from the date of receipt.

(g) The board must compile and maintain a current list and summary of all statements or parts of statements pertaining to each candidate.

(h) The board may prepare and publish reports it considers appropriate.

Sec. 4. Minnesota Statutes 2000, section 10A.02, subdivision 10, is amended to read:

Subd. 10. [AUDITS AND INVESTIGATIONS.] The board may make audits and investigations with respect to statements and reports that are filed or that should have been filed under this chapter or chapter 10B. In all matters relating to its official duties, the board has the power to issue subpoenas and cause them to be served. If a person does not comply with a subpoena, the board may apply to the district court of Ramsey county for issuance of an order compelling obedience to the subpoena. A person failing to obey the order is punishable by the court as for contempt.

Sec. 5. Minnesota Statutes 2000, section 10A.02, subdivision 11, is amended to read:

Subd. 11. [VIOLATIONS; ENFORCEMENT.] (a) The board may investigate any alleged violation of this chapter or chapter 10B. The board must investigate any violation that is alleged in a written complaint filed with the board and must within 30 days after the filing of the complaint make a public finding of whether there is probable cause to believe a violation has occurred, except that if the complaint alleges a violation of ~~section 10A.25 or 10A.27~~ 10B.13 or 10B.17, the board must either enter a conciliation agreement or make a public finding of whether there is probable cause, within 60 days after the filing of the complaint. The deadline for action on a written complaint may be extended by majority vote of the board.

(b) Within a reasonable time after beginning an investigation of an individual or association, the board must notify the individual or association of the fact of the investigation. The board must not make a finding of whether there is probable cause to believe a violation has occurred without notifying the individual or association of the nature of the allegations and affording an opportunity to answer those allegations.

(c) A hearing or action of the board concerning a complaint or investigation other than a finding concerning probable cause or a conciliation agreement is confidential. Until the board makes a public finding concerning probable cause or enters a conciliation agreement:

(1) a member, employee, or agent of the board must not disclose to an individual information obtained by that member, employee, or agent concerning a complaint or investigation except as required to carry out the investigation or take action in the matter as authorized by this chapter or chapter 10B; and

(2) an individual who discloses information contrary to this subdivision is ~~guilty of a misdemeanor~~ subject to a civil penalty imposed by the board.

(d) ~~Except as provided in section 10A.28,~~ After the board makes a public finding of probable cause to believe that a person has violated this chapter, the board must report that finding to the appropriate law enforcement authorities.

Sec. 6. Minnesota Statutes 2000, section 10A.02, subdivision 11a, is amended to read:

Subd. 11a. [DATA PRIVACY.] (a) If, after making a public finding concerning probable cause or entering a conciliation agreement, the board determines that the record of the investigation contains statements, documents, or other matter that, if disclosed, would unfairly injure the reputation of an innocent individual, the board may:

(1) retain the statement, document, or other matter as a private record, as defined in section 13.02, subdivision 12, for a period of one year, after which it must be destroyed; or

(2) return the statement, document, or other matter to the individual who supplied it to the board.

(b) When publishing reports or statements on its Web site, the board must not publish the home street address or telephone number of an individual.

Sec. 7. Minnesota Statutes 2000, section 10A.02, subdivision 12, is amended to read:

Subd. 12. [ADVISORY OPINIONS.] (a) The board may issue and publish advisory opinions on the requirements of this chapter or chapter 10B based upon real or hypothetical situations. An application for an advisory opinion may be made only by an individual or association who wishes to use the opinion to guide the individual's or the association's own conduct. The board must issue written opinions on all such questions submitted to it within 30 days after receipt of written application, unless a majority of the board agrees to extend the time limit.

(b) A written advisory opinion issued by the board is binding on the board in a subsequent board proceeding concerning the person making or covered by the request and is a defense in a judicial proceeding that involves the subject matter of the opinion and is brought against the person making or covered by the request unless:

(1) the board has amended or revoked the opinion before the initiation of the board or judicial proceeding, has notified the person making or covered by the request of its action, and has allowed at least 30 days for the person to do anything that might be necessary to comply with the amended or revoked opinion;

(2) the request has omitted or misstated material facts; or

(3) the person making or covered by the request has not acted in good faith in reliance on the opinion.

(c) A request for an opinion and the opinion itself are nonpublic data. The board, however, may publish an opinion or a summary of an opinion, but may not include in the publication the name of the requester, the name of a person covered by a request from an agency or political subdivision, or any other information that might identify the requester, unless the person consents to the inclusion.

Sec. 8. Minnesota Statutes 2000, section 10A.02, subdivision 13, is amended to read:

Subd. 13. [RULES.] Chapter 14 applies to the board. The board may adopt rules to carry out the purposes of this chapter or chapter 10B.

Sec. 9. Minnesota Statutes 2000, section 10A.025, subdivision 1, is amended to read:

Subdivision 1. [FILING DATE.] If a scheduled filing date under this chapter or chapter 10B falls on a Saturday, Sunday, or legal holiday, the filing date is the next regular business day.

Sec. 10. Minnesota Statutes 2000, section 10A.025, subdivision 2, is amended to read:

Subd. 2. [PENALTY FOR FALSE STATEMENTS.] (a) A report or statement required to be filed under this chapter or chapter 10B must be signed and certified as true by the individual required to file the report. An individual who signs and certifies to be true a report or statement knowing it contains false information or who knowingly omits required information is guilty of a gross misdemeanor and subject to a civil penalty of up to \$3,000.

(b) If a report of campaign contributions or expenditures under section 10B.12 is in error, or if a person knowingly fails to file a report of excess contributions under section 10B.12, subdivision 7, or a notice of independent expenditures under section 10B.12, subdivision 10, the board may impose a civil penalty of up to ten times the amount of the error, or up to ten times the amount that should have been reported, respectively.

(c) The board may order a candidate to return to the board any public subsidy the candidate has received. The board must deposit the amount returned in the state treasury and credit it to the general fund.

(d) After making a public finding that it has probable cause to believe a candidate has violated this subdivision, the board must bring an action, or transmit the finding to a county attorney who must bring an action, in the district court of Ramsey county or, in the case of a legislative

candidate, the district court of a county within the legislative district, to collect a civil penalty imposed by the board, to demand the return of any public subsidy paid to the candidate, or to have the nomination or office declared forfeited. If a candidate is judged to have violated this subdivision, the court, after entering the judgment, may enter a supplemental judgment declaring that the candidate has forfeited the nomination or office, except as provided in paragraph (e). If the court enters the supplemental judgment, it must transmit to the filing officer a transcript of the supplemental judgment, the nomination or office becomes vacant, and the vacancy must be filled as provided by law.

(e) If the candidate has been elected to the legislature, the court, after entering the judgment that the candidate has violated this subdivision, must transmit a transcript of the judgment to the secretary of the senate or the chief clerk of the house of representatives, as appropriate, for further consideration by the house to which the candidate was elected.

Sec. 11. Minnesota Statutes 2000, section 10A.071, subdivision 3, is amended to read:

Subd. 3. [EXCEPTIONS.] (a) The prohibitions in this section do not apply if the gift is:

(1) a contribution as defined in section ~~10A.01, subdivision 11~~ 10B.01, subdivision 10;

(2) services to assist an official in the performance of official duties, including but not limited to providing advice, consultation, information, and communication in connection with legislation, and services to constituents;

(3) services of insignificant monetary value;

(4) a plaque or similar memento recognizing individual services in a field of specialty or to a charitable cause;

(5) a trinket or memento of insignificant value;

(6) informational material of unexceptional value; or

(7) food or a beverage given at a reception, meal, or meeting away from the recipient's place of work by an organization before whom the recipient appears to make a speech or answer questions as part of a program.

(b) The prohibitions in this section do not apply if the gift is given:

(1) because of the recipient's membership in a group, a majority of whose members are not officials, and an equivalent gift is given to the other members of the group; or

(2) by a lobbyist or principal who is a member of the family of the recipient, unless the gift is given on behalf of someone who is not a member of that family.

Sec. 12. Minnesota Statutes 2000, section 10A.34, is amended to read:

10A.34 [REMEDIES.]

Subdivision 1. [PERSONAL LIABILITY.] A person charged with a duty under this chapter or chapter 10B is personally liable for the penalty for failing to discharge it.

Subd. 1a. [RECOVERING LATE FEES.] The board may bring an action in the district court in Ramsey county to recover a late filing fee imposed under this chapter or chapter 10B. Money recovered must be deposited in the general fund of the state.

Subd. 2. [INJUNCTION.] The board or a county attorney may seek an injunction in the district court to enforce this chapter or chapter 10B.

Subd. 3. [NOT A CRIME.] Unless otherwise provided, a violation of this chapter or chapter 10B is not a crime.

Subd. 4. [CIVIL PENALTIES.] Unless otherwise provided, a civil penalty imposed by the board under this chapter or chapter 10B may not exceed \$1,000. The penalty may be collected by the board in a civil action brought in the district court in Ramsey county or in the county where the defendant resides.

Sec. 13. Minnesota Statutes 2000, section 10A.37, is amended to read:

10A.37 [FREEDOM TO ASSOCIATE AND COMMUNICATE.]

Nothing in this chapter or chapter 10B may be construed to abridge the right of an association to communicate with its members.

Sec. 14. [10B.01] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] The definitions in this section apply to this chapter and chapter 10A.

Subd. 2. [ADVANCE OF CREDIT.] "Advance of credit" means any money owed for goods provided or services rendered. "Advance of credit" does not mean a loan as defined in subdivision 17.

Subd. 3. [APPROVED EXPENDITURE.] "Approved expenditure" means an expenditure made on behalf of a candidate by an entity other than the principal campaign committee of the candidate if the expenditure is made with the authorization or expressed or implied consent of, or in cooperation or in concert with, or at the request or suggestion of the candidate, the candidate's principal campaign committee, or the candidate's agent. An approved expenditure is a contribution to that candidate.

Subd. 4. [ASSOCIATION.] "Association" means a group of two or more persons, who are not all members of an immediate family, acting in concert.

Subd. 5. [BALLOT QUESTION.] "Ballot question" means a question or proposition that is placed on the ballot and that may be voted on by all voters of the state. "Promoting or defeating a ballot question" includes activities related to qualifying the question for placement on the ballot.

Subd. 6. [BOARD.] "Board" means the state campaign finance and public disclosure board.

Subd. 7. [CAMPAIGN EXPENDITURE.] (a) "Campaign expenditure" or "expenditure" means a purchase or payment of money or anything of value, or an advance of credit, made or incurred for the purpose of influencing the nomination or election of a candidate or for the purpose of promoting or defeating a ballot question.

An expenditure is considered to be made in the year in which the candidate made the purchase of goods or services or incurred an obligation to pay for goods or services.

An expenditure made for the purpose of defeating a candidate is considered made for the purpose of influencing the nomination or election of that candidate or any opponent of that candidate.

Except as provided in clause (1), "expenditure" includes the dollar value of a donation in kind.

"Expenditure" does not include:

(1) noncampaign disbursements as defined in subdivision 20;

(2) services provided without compensation by an individual volunteering personal time on behalf of a candidate, ballot question, political committee, political fund, principal campaign committee, or party unit;

(3) the publishing or broadcasting of news items or editorial comments by the news media, if the news medium is not owned by or affiliated with any candidate or principal campaign committee; or

(4) a cost incurred for a communication by a membership organization, including a labor organization, to its members, or a cost incurred for a communication by a corporation to its executive or administrative personnel.

(b) For purposes of paragraph (a), clause (4), "labor organization" means an organization of any kind, or any agency or employee representative committee or plan, in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work. A local, national, or international union, or a local or state central body of a federation of unions, is each considered a separate labor organization for purposes of paragraph (a), clause (4).

(c) For purposes of paragraph (a), clause (4), "executive or administrative personnel" means individuals employed by a corporation who are paid on a salary rather than an hourly basis and who have policymaking, managerial, professional, or supervisory responsibilities.

(1) This definition includes:

(i) individuals who run the corporation's business, such as officers, other executives, and plant, division, and section managers; and

(ii) individuals following the recognized professions, such as lawyers and engineers.

(2) This definition does not include:

(i) professionals who are represented by a labor organization;

(ii) salaried foremen and other salaried lower-level supervisors having direct supervision over hourly employees;

(iii) former or retired personnel; or

(iv) individuals who may be paid by the corporation, such as consultants, but who are not employees of the corporation for the purpose of the collection of, and liability for, employee taxes.

(3) Individuals on commission may be considered executive or administrative personnel if they have policymaking, managerial, professional, or supervisory responsibility and if the individuals are employees of the corporation for the purpose of the collection of, and liability for, employee taxes.

(4) The Fair Labor Standards Act, United States Code, title 29, section 201 et seq., and the regulations issued under the act may serve as a guideline in determining whether individuals have policymaking, managerial, professional, or supervisory responsibilities.

(d) For purposes of paragraph (a), clause (4), "membership organization" means an unincorporated association, trade association, cooperative, corporation without capital stock, or a local, national, or international labor organization that:

(1) is composed of members, some or all of whom are vested with the power and authority to operate or administer the organization, under the organization's articles, bylaws, constitution, or other formal organizational documents;

(2) expressly states the qualifications and requirements for membership in its articles, bylaws, constitution, or other formal organizational documents;

(3) makes its articles, bylaws, constitution, or other formal organizational documents available to its members;

(4) expressly solicits persons to become members;

(5) expressly acknowledges the acceptance of membership, such as by sending a membership card or including the member's name on a membership newsletter list; and

(6) is not organized primarily for the purpose of influencing the nomination for election, or election, of any individual for elected office.

(e) For purposes of paragraph (a), clause (4), the term "members" includes all persons who are currently satisfying the requirements for membership in a membership organization, affirmatively accept the membership organization's invitation to become a member, and either:

(1) have some significant financial attachment to the membership organization, such as a significant investment or ownership stake;

(2) pay membership dues at least annually of a specific amount predetermined by the organization; or

(3) have a significant organizational attachment to the membership organization that includes affirmation of membership on at least an annual basis and direct participatory rights in the governance of the organization. For example, the rights could include the right to vote directly or indirectly for at least one individual on the membership organization's highest governing board; the right to vote on policy questions where the highest governing body of the membership organization is obligated to abide by the results; the right to approve the organization's annual budget; or the right to participate directly in similar aspects of the organization's governance.

The board may determine, on a case-by-case basis, that persons who do not precisely meet the definition of member but have a relatively enduring and independently significant financial or organizational attachment to the organization may be considered members. For example, student members who pay a lower amount of dues while in school, long-term dues-paying members who qualify for lifetime membership status with little or no dues obligation, and retired members may be considered members of the organization.

Members of a local union are considered to be members of any national or international union of which the local union is a part and of any federation with which the local, national, or international union is affiliated.

In the case of a membership organization that has a national federation structure or has several levels, including, for example, national, state, regional, or local affiliates, a person who qualifies as a member of any entity within the federation or of any affiliate also qualifies as a member of all affiliates.

(f) The status of a membership organization, and of members, for purposes of paragraph (a), clause (4), must be determined under paragraphs (d) and (e) and not by provisions of state law governing unincorporated associations, trade associations, cooperatives, corporations without capital stock, or labor organizations.

(g) "Expenditure" includes a cost incurred to design, produce, or disseminate a communication if the communication contains words such as "vote for," "re-elect," "(name of candidate) for (office)," "vote against," "defeat," or another phrase or campaign slogan that in context can have no reasonable meaning other than to advocate support for or opposition to the nomination or election of one or more clearly identified candidates.

(h) "Expenditure" is presumed to include a cost incurred to design, produce, or disseminate a communication if the communication names or depicts one or more clearly identified candidates, is disseminated during the 45 days before a primary election, the 60 days before a general election, or during a special election cycle until election day, and the cost exceeds the following amounts for a communication naming or depicting a candidate for the following offices:

(1) \$500 for a candidate for governor, lieutenant governor, attorney general, secretary of state, or state auditor; or

(2) \$100 for a candidate for state senator or representative.

An individual or association presumed under this paragraph to have made an expenditure may rebut the presumption by an affidavit signed by the spender and filed with the board stating that

the cost was not incurred with intent to influence the nomination, election, or defeat of any candidate, supported by any additional evidence the spender chooses to submit. The board may consider any additional evidence it deems relevant and material and must determine by a preponderance of the evidence whether the cost was incurred with intent to influence the nomination, election, or defeat of a candidate.

Subd. 8. [CANDIDATE.] "Candidate" means an individual who seeks nomination or election as a state constitutional officer, legislator, or judge. An individual is deemed to seek nomination or election if the individual has taken the action necessary under the law of this state to qualify for nomination or election, has received contributions or made expenditures in excess of \$100, or has given implicit or explicit consent for any other person to receive contributions or make expenditures in excess of \$100, for the purpose of bringing about the individual's nomination or election. A candidate remains a candidate until the candidate's principal campaign committee is dissolved under section 10B.27.

Subd. 9. [CONDUIT FUND.] "Conduit fund" means money, a negotiable instrument, or a donation in kind collected by an association from its employees and contributed to a candidate or political committee only as directed by the employee from whom the money was collected.

Subd. 10. [CONTRIBUTION.] (a) "Contribution" means money, a negotiable instrument, or a donation in kind that is given to a political committee, political fund, conduit fund, principal campaign committee, or party unit.

(b) "Contribution" includes a loan or advance of credit to a political committee, political fund, principal campaign committee, or party unit, if the loan or advance of credit is: (1) forgiven; or (2) repaid by an individual or an association other than the political committee, political fund, principal campaign committee, or party unit to which the loan or advance of credit was made. If an advance of credit or a loan is forgiven or repaid as provided in this paragraph, it is a contribution in the year in which the loan or advance of credit was made.

(c) "Contribution" does not include services provided without compensation by an individual volunteering personal time on behalf of a candidate, ballot question, political committee, political fund, principal campaign committee, or party unit, or the publishing or broadcasting of news items or editorial comments by the news media.

Subd. 11. [DEPOSITORY.] "Depository" means a bank, savings association, or credit union organized under federal or state law and transacting business within this state.

Subd. 12. [DONATION IN KIND.] "Donation in kind" means anything of value that is given, other than money or negotiable instruments. An approved expenditure is a donation in kind.

Subd. 13. [ELECTION.] "Election" means a primary, special primary, general, or special election.

Subd. 14. [ELECTION CYCLE.] "Election cycle" means the period from January 1 following a general election for an office to December 31 following the next general election for that office, except that "election cycle" for a special election means the period from the date the special election writ is issued to 60 days after the special election is held.

Subd. 15. [FINANCIAL INSTITUTION.] "Financial institution" means a lending institution chartered by an agency of the federal government or regulated by the commissioner of commerce.

Subd. 16. [INDEPENDENT EXPENDITURE.] (a) "Independent expenditure" means an expenditure that is made without the express or implied consent, authorization, or cooperation of, and not in concert with or at the request or suggestion of, any candidate or any candidate's principal campaign committee or agent. An independent expenditure is not a contribution to a candidate.

(b) An expenditure is presumed to be not independent if, for example:

(1) in the same election cycle in which the expenditure occurs, the spender or the spender's

agent retains the professional services of an individual or entity that, in a nonministerial capacity, provides or has provided campaign-related service, including polling or other campaign research, media consulting or production, direct mail, or fundraising, to a candidate supported by the spender for nomination or election to the same office as any candidate whose nomination or election the expenditure is intended to influence or to a political party working in coordination with the supported candidate;

(2) the expenditure pays for a communication that disseminates, in whole or in substantial part, a broadcast or written, graphic, or other form of campaign material designed, produced, or distributed by the candidate, the candidate's principal campaign committee, or their agents;

(3) the expenditure is based on information about the candidate's electoral campaign plans, projects, or needs that is provided by the candidate, the candidate's principal campaign committee, or their agents directly or indirectly to the spender or the spender's agent, with an express or tacit understanding that the spender is considering making the expenditure;

(4) before the election, the spender or the spender's agent informs a candidate or the principal campaign committee or agent of a candidate for the same office as a candidate clearly identified in a communication paid for by the expenditure about the communication's contents; timing, location, mode, or frequency of dissemination; or intended audience; or

(5) in the same election cycle in which the expenditure occurs, the spender or the spender's agent is serving or has served in an executive, policymaking, fundraising, or advisory position with the candidate's campaign or has participated in strategic or policymaking discussions with the candidate's campaign relating to the candidate's pursuit of nomination or election to office and the candidate is pursuing the same office as a candidate whose nomination or election the expenditure is intended to influence.

An individual or association presumed under this paragraph to have made an expenditure that was not independent may rebut the presumption by a written statement signed by the spender and filed with the board stating that the expenditure was made without the express or implied consent, authorization, or cooperation of, and not in concert with or at the request or suggestion of, any candidate or any candidate's principal campaign committee or agent, supported by any additional evidence the spender chooses to submit. The board may consider any additional evidence it deems relevant and material and must determine by a preponderance of the evidence whether the expenditure was independent.

(c) An expenditure by anyone other than a principal campaign committee that does not qualify as an independent expenditure under this subdivision is deemed to be an approved expenditure under subdivision 3.

Subd. 17. [LOAN.] "Loan" means an advance of money or anything of value made to a political committee, political fund, principal campaign committee, or party unit.

Subd. 18. [MAJOR POLITICAL PARTY.] "Major political party" means a major political party as defined in section 200.02, subdivision 7.

Subd. 19. [MINOR POLITICAL PARTY.] "Minor political party" means a minor political party as defined in section 200.02, subdivision 23.

Subd. 20. [NONCAMPAIGN DISBURSEMENT.] "Noncampaign disbursement" means a purchase or payment of money or anything of value made, or an advance of credit incurred, or a donation in kind received, by a principal campaign committee for any of the following purposes:

- (1) payment for accounting and legal services;
- (2) return of a contribution to the source;
- (3) repayment of a loan made to the principal campaign committee by that committee;
- (4) return of a public subsidy;

- (5) payment for food, beverages, entertainment, and facility rental for a fundraising event;
- (6) services for a constituent by a member of the legislature or a constitutional officer in the executive branch, performed from the beginning of the term of office to adjournment sine die of the legislature in the election year for the office held, and one-half the cost of services for a constituent by a member of the legislature or a constitutional officer in the executive branch performed from adjournment sine die to 60 days after adjournment sine die;
- (7) payment for food and beverages provided to campaign volunteers while they are engaged in campaign activities;
- (8) payment of expenses incurred by elected or appointed leaders of a legislative caucus in carrying out their leadership responsibilities;
- (9) payment by a principal campaign committee of the candidate's expenses for serving in public office, other than for personal uses;
- (10) costs of child care for the candidate's children when campaigning;
- (11) fees paid to attend a campaign school;
- (12) costs of a postelection party during the election year when a candidate's name will no longer appear on a ballot or the general election is concluded, whichever occurs first;
- (13) interest on loans paid by a principal campaign committee on outstanding loans;
- (14) filing fees;
- (15) notes or advertisements in the news media expressing gratitude after the general election;
- (16) the cost of campaign material purchased to replace defective campaign material, if the defective material is destroyed without being used;
- (17) contributions to a party unit; and
- (18) other purchases or payments specified in board rules or advisory opinions as being for any purpose other than to influence the nomination or election of a candidate or to promote or defeat a ballot question.

The board must determine whether an activity involves a noncampaign disbursement within the meaning of this subdivision.

A noncampaign disbursement is considered to be made in the year in which the candidate made the purchase of goods or services or incurred an obligation to pay for goods or services.

Subd. 21. [POLITICAL COMMITTEE.] "Political committee" means an association a major purpose of which is to influence the nomination or election of a candidate or to promote or defeat a ballot question, other than a principal campaign committee or a political party unit.

Subd. 22. [POLITICAL FUND.] "Political fund" means an accumulation of dues or voluntary contributions by an association other than a political committee, principal campaign committee, or party unit, if the accumulation is collected or expended to influence the nomination or election of a candidate or to promote or defeat a ballot question.

Subd. 23. [POLITICAL PARTY.] "Political party" means a major political party or a minor political party. A political party is the aggregate of all its political party units in this state.

Subd. 24. [POLITICAL PARTY UNIT OR PARTY UNIT.] "Political party unit" or "party unit" means the state committee or the party organization within a house of the legislature, congressional district, county, legislative district, municipality, or precinct.

Subd. 25. [POPULATION.] "Population" means the population established by the most recent

federal census, by a special census taken by the United States Bureau of the Census, by an estimate made by the metropolitan council, or by an estimate made by the state demographer under section 4A.02, whichever has the latest stated date of count or estimate.

Subd. 26. [PRINCIPAL CAMPAIGN COMMITTEE.] "Principal campaign committee" means a principal campaign committee formed under section 10B.02.

Subd. 27. [STATE COMMITTEE.] "State committee" means the organization that, by virtue of the bylaws of a political party, is responsible for the day-to-day operation of the political party at the state level.

Sec. 15. [10B.02] [PRINCIPAL CAMPAIGN COMMITTEE.]

Subdivision 1. [SINGLE COMMITTEE.] A candidate must not accept contributions from a source, other than self, in aggregate in excess of \$100 or accept a public subsidy unless the candidate designates and causes to be formed a single principal campaign committee for each office sought. A candidate may not authorize, designate, or cause to be formed any other political committee bearing the candidate's name or title or otherwise operating under the direct or indirect control of the candidate. However, a candidate may be involved in the direct or indirect control of a party unit.

Subd. 2. [REPLACEMENT OF OFFICERS.] A candidate may at any time without cause remove and replace the chair, treasurer, deputy treasurer, or any other officer of the candidate's principal campaign committee.

Sec. 16. [10B.03] [ORGANIZATION OF COMMITTEES AND PARTY UNITS.]

Subdivision 1. [CHAIR AND TREASURER.] A political committee, principal campaign committee, or party unit must have a chair and a treasurer. The chair and treasurer may be the same individual.

Subd. 2. [TREASURER VACANCY.] A political committee, principal campaign committee, or party unit may not accept a contribution or make an expenditure or permit an expenditure to be made on its behalf while the office of treasurer is vacant.

Subd. 3. [DEPUTY TREASURERS.] The treasurer of a political committee, principal campaign committee, or party unit may appoint as many deputy treasurers as necessary and is responsible for their accounts.

Subd. 4. [DEPOSITORIES.] The treasurer of a political committee, principal campaign committee, or party unit may designate one or two depositories in each county in which a campaign is conducted.

Subd. 5. [COMMINGLING PROHIBITED.] A political committee, principal campaign committee, or party unit may not commingle its funds with personal funds of officers, members, or associates of the committee.

Subd. 6. [PENALTY.] A person who knowingly violates this section is subject to a civil penalty imposed by the board.

Sec. 17. [10B.04] [POLITICAL FUNDS.]

Subdivision 1. [WHEN REQUIRED.] An association other than a political committee or party unit may not contribute more than \$100 in aggregate in any one year to candidates, political committees, or party units or make any approved or independent expenditure or expenditure to promote or defeat a ballot question unless the contribution or expenditure is made from a political fund.

Subd. 2. [COMMINGLING PROHIBITED.] The contents of a political fund may not be commingled with other funds or with the personal funds of an officer or member of the fund.

Subd. 3. [TREASURER.] An association that has a political fund must elect or appoint a treasurer of the political fund.

Subd. 4. [TREASURER VACANCY.] A political fund may not accept a contribution or make an expenditure or contribution from the political fund while the office of treasurer of the political fund is vacant.

Subd. 5. [DUES OR MEMBERSHIP FEES.] An association may, if not prohibited by other law, deposit in its political fund money derived from dues or membership fees. Under section 10B.12, the treasurer of the fund must disclose the name of any member whose dues, membership fees, and contributions deposited in the political fund together exceed \$100 in a year.

Subd. 6. [PENALTY.] A person who knowingly violates this section is subject to a civil penalty imposed by the board.

Sec. 18. [10B.05] [CONDUIT FUNDS.]

Subdivision 1. [COMMINGLING PROHIBITED.] The contents of a conduit fund may not be commingled with other funds or with the personal funds of an officer or member of the fund.

Subd. 2. [TREASURER.] An association that has a conduit fund must elect or appoint a treasurer of the fund.

Subd. 3. [TREASURER VACANCY.] A conduit fund may not accept a contribution or make an expenditure or contribution from the fund while the office of treasurer of the fund is vacant.

Subd. 4. [PENALTY.] A person who knowingly violates this section is subject to a civil penalty imposed by the board.

Sec. 19. [10B.06] [ACCOUNTS THAT MUST BE KEPT.]

Subdivision 1. [ACCOUNTS; PENALTY.] The treasurer of a political committee, political fund, conduit fund, principal campaign committee, or party unit must keep an account of:

(1) the sum of all contributions, except any donation in kind valued at \$20 or less, made to the committee, fund, or party unit;

(2) the name and address of each source of a contribution made to the committee, fund, or party unit in excess of \$20, together with the date and amount of each;

(3) each expenditure made by the committee, fund, or party unit, together with the date and amount;

(4) each approved expenditure made on behalf of the committee, fund, or party unit, together with the date and amount; and

(5) the name and address of each political committee, political fund, principal campaign committee, or party unit to which contributions in excess of \$20 have been made, together with the date and amount.

A person who knowingly violates this subdivision is subject to a civil penalty imposed by the board.

Subd. 2. [RECEIPTS.] The treasurer must obtain a receipted bill, stating the particulars, for every expenditure over \$100 made by, or approved expenditure over \$100 made on behalf of, the committee, fund, or party unit, and for any expenditure or approved expenditure in a lesser amount if the aggregate amount of lesser expenditures and approved expenditures made to the same individual or association during the same year exceeds \$100.

Sec. 20. [10B.07] [REGISTRATION.]

Subdivision 1. [FIRST REGISTRATION.] The treasurer of a political committee, political fund, conduit fund, principal campaign committee, or party unit must register with the board by filing a statement of organization no later than 14 days after the committee, fund, or party unit has received contributions or made contributions or expenditures in excess of \$100.

Subd. 2. [FORM.] The statement of organization must include:

- (1) the name and address of the committee, fund, or party unit;
- (2) the name and address of the chair of a political committee, principal campaign committee, or party unit;
- (3) the name and address of any supporting association of a political fund or conduit fund;
- (4) the name and address of the treasurer and any deputy treasurers and, for a principal campaign committee, any other individual authorized to accept contributions on behalf of the principal campaign committee;
- (5) a listing of all depositories or safe deposit boxes used; and
- (6) for the state committee of a political party only, a list of its party units.

Sec. 21. [10B.08] [CONTRIBUTIONS.]

Subdivision 1. [ANONYMOUS CONTRIBUTIONS.] A political committee, political fund, conduit fund, principal campaign committee, or party unit may not retain an anonymous contribution in excess of \$20, but must forward it to the board for deposit in the general fund.

Subd. 2. [SOURCE; AMOUNT; DATE.] An individual who receives a contribution in excess of \$20 for a political committee, political fund, conduit fund, principal campaign committee, or party unit must, on demand of the treasurer, inform the treasurer of the name and, if known, the address of the source of the contribution, the amount of the contribution, and the date it was received.

Subd. 3. [DEPOSIT.] All contributions received by or on behalf of a candidate, principal campaign committee, political committee, political fund, conduit fund, or party unit must be deposited in an account designated "Campaign Fund of ..... (name of candidate, committee, fund, or party unit)." All contributions must be deposited promptly upon receipt and, except for contributions received during the last three days of a reporting period as described in section 10B.12, must be deposited during the reporting period in which they were received. A contribution received during the last three days of a reporting period must be deposited within 72 hours after receipt and must be reported as received during the reporting period whether or not it was deposited within that period. A candidate, principal campaign committee, political committee, political fund, conduit fund, or party unit may refuse to accept a contribution. A deposited contribution may be returned to the contributor within 60 days after deposit. A contribution deposited and not returned within 60 days after that deposit must be reported as accepted.

Subd. 4. [EXCESS.] A treasurer of a principal campaign committee of a candidate may not deposit a contribution that on its face exceeds the limit on contributions to the candidate prescribed by section 10B.13 unless, at the time of deposit, the treasurer issues a check to the source for the amount of the excess.

Subd. 5. [ATTRIBUTABLE CONTRIBUTIONS.] Contributions made to a candidate or principal campaign committee that are directed to the candidate or principal campaign committee by a political fund, committee, or party unit must be reported as attributable to the political fund, committee, or party unit and count toward the contribution limits of that fund, committee, or political party specified in section 10B.13, if the fund, committee, or party was organized or is operated primarily to direct contributions other than from its own money to one or more candidates or principal campaign committees. The treasurer of the political fund, committee, or party unit must advise the candidate or the candidate's principal campaign committee if the contribution or contributions are not from the money of the fund, committee, or party unit and the original source of the money. As used in this subdivision, "direct" includes, but is not limited to, order, command, control, or instruct. A violation of this subdivision is a violation of section 10B.15.

Subd. 6. [RELATED COMMITTEES.] An individual, association, political committee,

political fund, or party unit may establish, finance, maintain, or control a political committee, political fund, or party unit. One who does this is a "parent." The political committee, fund, or party unit so established, financed, maintained, or controlled is a "subsidiary." If the parent is an association, the association must create a political committee or political fund to serve as the parent for reporting purposes. A subsidiary must report its contribution to a candidate or principal campaign committee as attributable to its parent, and the contribution is counted toward the contribution limits in section 10B.13 of the parent as well as of the subsidiary.

Subd. 7. [PENALTY.] A person who knowingly violates this section is subject to a civil penalty imposed by the board.

Subd. 8. [REGISTRATION NUMBER ON CHECKS.] A contribution made to a candidate by a lobbyist, political committee, political fund, conduit fund, or party unit must show the name of the lobbyist, political committee, political fund, conduit fund, or party unit and the number under which it is registered with the board.

Sec. 22. [10B.09] [EARMARKING CONTRIBUTIONS PROHIBITED.]

An individual, political committee, political fund, principal campaign committee, or party unit may not solicit or accept a contribution from any source with the express or implied condition that the contribution or any part of it be directed to a particular candidate other than the initial recipient. A person who knowingly accepts an earmarked contribution is guilty of a gross misdemeanor.

Sec. 23. [10B.10] [EXPENDITURES.]

Subdivision 1. [AUTHORIZATION.] A political committee, political fund, conduit fund, principal campaign committee, or party unit may not expend money unless the expenditure is authorized by the treasurer or deputy treasurer of that committee, fund, or party unit.

Subd. 2. [WRITTEN AUTHORIZATION.] An individual or association may not make an approved expenditure of more than \$20 without receiving written authorization from the treasurer of the principal campaign committee of the candidate who approved the expenditure stating the amount that may be spent and the purpose of the expenditure.

Subd. 3. [PETTY CASH.] The treasurer or deputy treasurer of a political committee, principal campaign committee, or party unit may sign vouchers for petty cash of up to \$100 per week for statewide elections or \$20 per week for legislative elections, to be used for miscellaneous expenditures.

Subd. 4. [PENALTY.] A person who knowingly violates subdivision 2 is subject to a civil penalty imposed by the board.

Sec. 24. [10B.11] [TIME FOR RENDERING BILLS, CHARGES, OR CLAIMS; PENALTY.]

A person who has a bill, charge, or claim against a political committee, political fund, principal campaign committee, or party unit for an expenditure must render in writing to the treasurer of the committee, fund, or party unit the bill, charge, or claim within 60 days after the material or service is provided. A person who knowingly violates this section is subject to a civil penalty imposed by the board.

Sec. 25. [10B.12] [CAMPAIGN REPORTS.]

Subdivision 1. [FIRST FILING; DURATION.] The treasurer of a political committee, political fund, conduit fund, principal campaign committee, or party unit must begin to file the reports required by this section in the first year it receives contributions or makes contributions or expenditures in excess of \$100 and must continue to file until the committee, fund, or party unit is terminated.

Subd. 2. [TIME FOR FILING.] (a) The reports must be filed with the board on or before January 31 of each year and additional reports must be filed as required and in accordance with paragraphs (b) to (d).

(b) In each year in which the name of the candidate is on the ballot, the reports of the principal campaign committee must be filed by April 30, July 31, and November 30, and 15 days before a primary and ten days before a general election, seven days before a special primary and a special election, and ten days after a special election cycle.

(c) In each general election year, a political committee, political fund, conduit fund, or party unit must file reports by April 30, July 31, and November 30, and 15 days before a primary and ten days before a general election.

(d) A political committee, political fund, conduit fund, or party unit that makes contributions or expenditures related to a special election must file reports on the contributions or expenditures seven days before the special primary and special election and ten days after the special election cycle.

Subd. 3. [ELECTRONIC FILING; PUBLICATION.] When contributions or expenditures exceed \$5,000 in a year, the report must be filed with the board in an electronic format approved by the board. Regardless of whether the report is filed electronically, the board must publish the report on its Web site within seven days after the date it was due. The publication must be in a form that permits a user of the Web site to search the reports and prepare comparisons and cross-tabulations among the various candidates, contributors, vendors, and committees.

Subd. 4. [CONTENTS OF REPORT; POLITICAL COMMITTEES AND POLITICAL FUNDS.] (a) The report by a political committee or political fund must disclose the amount of liquid assets on hand at the beginning of the reporting period.

(b) The report must disclose the name, address, and employer, or occupation if self-employed, of each individual or association that has made one or more contributions to the reporting entity, including the purchase of tickets for a fundraising effort, that in aggregate within the year exceed \$50, together with the amount and date of each contribution, and the aggregate amount of contributions within the year from each source so disclosed. A donation in kind must be disclosed at its fair market value. An approved expenditure must be listed as a donation in kind. A donation in kind is considered consumed in the reporting period in which it is received. The names of contributors must be listed in alphabetical order. Contributions from the same contributor must be listed under the same name. When a contribution received from a contributor in a reporting period is added to previously reported unitemized contributions from the same contributor and the aggregate exceeds the disclosure threshold of this paragraph, the name, address, and employer, or occupation if self-employed, of the contributor must then be listed on the report.

(c) The report must disclose the sum of contributions to the reporting entity and the sum of all contributions received through each conduit fund and through all conduit funds during the reporting period. The report must include the name and registration number of each conduit fund from which a contribution was received.

(d) The report must disclose each loan made or received by the reporting entity within the year in aggregate in excess of \$50, continuously reported until repaid or forgiven, together with the name, address, occupation, and principal place of business, if any, of the lender and any endorser, and the date and amount of the loan. If a loan made to the principal campaign committee of a candidate is forgiven or is repaid by an entity other than that principal campaign committee, it must be reported as a contribution for the year in which the loan was made.

(e) The report must disclose each receipt over \$50 during the reporting period not otherwise listed under paragraphs (b) to (d).

(f) The report must disclose the sum of all receipts of the reporting entity during the reporting period.

(g) The report must disclose the name and address of each individual or association to whom aggregate expenditures, including approved expenditures, have been made by or on behalf of the reporting entity within the year in excess of \$100, together with the amount, date, and purpose of each expenditure and the name and address of, and office sought by, each candidate on whose

behalf the expenditure was made, identification of the ballot question that the expenditure was intended to promote or defeat, and in the case of independent expenditures made in opposition to a candidate, the candidate's name, address, and office sought. A reporting entity making an expenditure on behalf of more than one candidate for state or legislative office must allocate the expenditure among the candidates on a reasonable cost basis and report the allocation for each candidate.

(h) The report must disclose the sum of all expenditures made by or on behalf of the reporting entity during the reporting period.

(i) The report must disclose the amount and nature of an advance of credit incurred by the reporting entity, continuously reported until paid or forgiven. If an advance of credit incurred by the principal campaign committee of a candidate is forgiven by the creditor or paid by an entity other than that principal campaign committee, it must be reported as a donation in kind for the year in which the advance of credit was made.

(j) The report must disclose the name and address of each political committee, political fund, principal campaign committee, or party unit to which contributions have been made that aggregate in excess of \$100 within the year and the amount and date of each contribution.

(k) The report must disclose the sum of all contributions made by the reporting entity during the reporting period.

(l) The report must disclose the name and address of each individual or association to whom noncampaign disbursements have been made that aggregate in excess of \$100 within the year by or on behalf of the reporting entity and the amount, date, and purpose of each noncampaign disbursement.

(m) The report must disclose the sum of all noncampaign disbursements made within the year by or on behalf of the reporting entity.

(n) The report must disclose the name and address of a nonprofit corporation that provides administrative assistance to a political committee or political fund as authorized by section 211B.15, subdivision 17, the type of administrative assistance provided, and the aggregate fair market value of each type of assistance provided to the political committee or political fund during the reporting period.

Subd. 5. [CONTENTS OF REPORT; CONDUIT FUNDS.] A report by a conduit fund under this section must disclose the sum of all contributions received by the fund and the sum of all contributions made to each political committee, political fund, principal campaign committee, or party unit and to all of them together during the reporting period. The report must include the registration number of each recipient of contributions from the conduit fund.

Subd. 6. [PERIOD OF REPORT.] A report must cover the period from the last day covered by the previous report to seven days before the filing date, except that the report due on January 31 must cover the period from the last day covered by the previous report to December 31.

Subd. 7. [REPORT OF EXCESS CONTRIBUTIONS.] (a) The treasurer of the principal campaign committee of a candidate who has not signed a spending limit agreement under section 10B.20 must file with the board within seven days after the committee has received aggregate contributions in excess of the expenditure limit for any participating opponent of the candidate a report disclosing the sum of the excess contributions. The treasurer must file an additional report each Monday if the committee received additional contributions during the week ending the previous Friday.

(b) During the last three weeks before the primary election, during the last three weeks before the general election, and during the last two weeks before a special primary or special election, the treasurer must file the report within 48 hours after the aggregate contributions received since the last report exceed the limit for a single contribution to the candidate.

Subd. 8. [REPORT WHEN NO COMMITTEE.] A candidate who does not designate and cause

to be formed a principal campaign committee and an individual who makes independent expenditures or expenditures expressly advocating the approval or defeat of a ballot question in aggregate in excess of \$100 in a year must file with the board a report containing the information required by subdivision 4. Reports required by this subdivision must be filed on the dates on which reports by committees, funds, and party units are filed.

Subd. 9. [AFFIDAVIT OF INDEPENDENCE.] An individual, political committee, political fund, or party unit filing a report or statement disclosing an independent expenditure under subdivision 4, 8, or 10 must file with the report an affidavit naming the candidate whose nomination, election, or defeat the independent expenditure was intended to advocate and stating that the disclosed expenditures were not made with the authorization or expressed or implied consent of, or in cooperation or in concert with, or at the request or suggestion of any candidate or any candidate's principal campaign committee or agent.

Subd. 10. [INDEPENDENT EXPENDITURES; NOTICE; REPORT.] (a) Within 48 hours after an individual, political committee, political fund, or party unit makes or becomes obligated by oral or written agreement to make independent expenditures that in aggregate within the election cycle exceed \$500, the individual, political committee, political fund, or party unit must file with the board a notice of the intent to make the independent expenditure. The notice must contain the information with respect to the expenditures that is required to be reported under subdivision 4, paragraph (g), except that if an expenditure is reported before it is made, the notice must include a reasonable estimate of the anticipated amount. Each additional expenditure requires a new notice.

(b) During the last seven days before the primary, general election, special primary, or special election, the notice must be filed within 24 hours after making or becoming obligated to make the independent expenditure.

(c) An individual or association may file a complaint with the board that a required notice was not filed or that a notice filed under this subdivision was false. The board must determine the complaint promptly. If the board determines that a notice was false and the board has distributed a public subsidy to a candidate based on the false notice, the candidate must return the subsidy to the board.

(d) An individual or association that has made an independent expenditure of which notice was required under this subdivision must include in its January 31 report to the board a description of the content of the communication for which the expenditure was made, including a copy of any printed advertisement or a transcript of any broadcast advertisement. If the advertisement was printed or broadcast more than once in the same form, the description must include a list of the date, time, and location of each printing or broadcast. If the advertisement was printed or broadcast in substantially the same form for more than one candidate, the description need include only a copy of the standard form, a description of the content that was different for different candidates, and a list of the candidates on whose behalf it was printed or broadcast. A complaint alleging a violation of this paragraph must be brought no later than three months after the report was due.

Subd. 11. [STATEMENT OF INACTIVITY.] If a reporting entity has no receipts or expenditures during a reporting period, the treasurer must file with the board at the time required by this section a statement to that effect.

Subd. 12. [EXEMPTION FROM DISCLOSURE.] The board must exempt a member of or contributor to an association, or any other individual, from the requirements of this section if the member, contributor, or other individual demonstrates by clear and convincing evidence that disclosure would expose the member or contributor to economic reprisals, loss of employment, or threat of physical coercion.

An association may seek an exemption for all of its members or contributors if it demonstrates by clear and convincing evidence that a substantial number of its members or contributors would suffer a restrictive effect on their freedom of association if members were required to seek exemptions individually.

Subd. 13. [EXEMPTION PROCEDURE.] An individual or association seeking an exemption under subdivision 12 must submit a written application for exemption to the board. The board, without hearing, must grant or deny the exemption within 30 days after receiving the application and must issue a written order stating the reasons for its action. The board must publish its order in the State Register and give notice to all parties known to the board to have an interest in the matter. If the board receives a written objection to its action from any party within 20 days after publication of its order and notification of interested parties, the board must hold a contested case hearing on the matter. Upon the filing of a timely objection from the applicant, an order denying an exemption is suspended pending the outcome of the contested case. If no timely objection is received, the exemption continues in effect until a written objection is filed with the board in a succeeding election year. The board must adopt rules establishing a procedure so that an individual seeking an exemption may proceed anonymously if the individual would be exposed to the reprisals listed in subdivision 12 if the individual's identity were to be revealed for the purposes of the notice or a hearing.

Subd. 14. [FAILURE TO FILE; PENALTY.] The board must notify by certified mail an individual who fails to file a report required by this section. If an individual fails to file a report due January 31 within ten days after the notice was mailed, the board may impose a late filing fee of \$10 per day, not to exceed \$500, commencing on the 11th day after the notice was mailed. If an individual fails to file any other report due during an election year within three days after the date due, regardless of whether the individual has received any notice, the board may impose a late filing fee of \$50 per day, not to exceed \$500, commencing on the fourth day after the date the report was due.

Subd. 15. [THIRD-PARTY REIMBURSEMENT.] An individual or association filing a report disclosing an expenditure or noncampaign disbursement that must be reported and itemized under subdivision 4, paragraph (g) or (l), that is a reimbursement to a third party must report the purpose of each expenditure or disbursement for which the third party is being reimbursed. An expenditure or disbursement is a reimbursement to a third party if it is for goods or services that were not directly provided by the individual or association to whom the expenditure or disbursement is made. Third-party reimbursements include payments to credit card companies and reimbursement of individuals for expenses they have incurred.

Subd. 16. [REPORTS BY SOLICITORS.] An individual or association, other than a candidate or the members of a candidate's principal campaign committee, that directly solicits and causes others to make contributions to candidates or a party unit in a house of the legislature, that aggregate more than \$5,000 between January 1 of a general election year and the end of the reporting period must file with the board a report disclosing the amount of each contribution, the names of the contributors, and to whom the contributions were given. The report must be filed 15 days before a primary and ten days before a general election. The report for each calendar year must be filed with the board by January 31 of the following year.

Sec. 26. [10B.13] [CONTRIBUTION LIMITS.]

Subdivision 1. [CONTRIBUTION LIMITS.] (a) Except as provided in paragraph (b) and in subdivision 2, a candidate must not permit the candidate's principal campaign committee to accept aggregate contributions made or delivered by an individual, political committee, or political fund in excess of the following:

(1) to candidates for governor and lieutenant governor running together, \$2,000 in an election cycle;

(2) to a candidate for attorney general, secretary of state, or state auditor, \$1,000 in an election cycle;

(3) to a candidate for state senator, \$500 in an election cycle; and

(4) to a candidate for state representative, \$500 in an election cycle.

(b) A candidate who accepts a public subsidy must not permit the candidate's principal

campaign committee to accept aggregate contributions made or delivered by an individual, political committee, or political fund in excess of \$50 in an election cycle.

(c) The following deliveries are not subject to the bundling limitation in this subdivision:

(1) delivery of contributions collected by a member of the candidate's principal campaign committee who was registered with the board to accept contributions on behalf of the committee before the contributions were accepted; and

(2) a delivery made by an individual on behalf of the individual's spouse.

Subd. 2. [POLITICAL PARTY LIMIT.] (a) A participating candidate must not permit the candidate's principal campaign committee to accept contributions, including approved expenditures, from any political party units in aggregate in excess of 25 percent of the portion of the candidate's spending limit set forth in section 10B.17, subdivision 2, paragraph (a), clauses (1) to (4).

(b) A nonparticipating candidate must not permit the candidate's principal campaign committee to accept contributions, including approved expenditures, from any political party units in aggregate in excess of ten times the amount that may be contributed to that candidate under subdivision 1.

Subd. 3. [EXCESS LOANS PROHIBITED.] A candidate must not permit the candidate's principal campaign committee to accept a loan from other than a financial institution for an amount in excess of the contribution limits imposed by this section. A candidate must not permit the candidate's principal campaign committee to accept a loan from a financial institution for which the financial institution may hold an endorser of the loan liable to pay an amount in excess of the amount that the endorser may contribute to that candidate.

Subd. 4. [CONTRIBUTIONS TO AND FROM OTHER CANDIDATES.] (a) A candidate or the treasurer of a candidate's principal campaign committee must not accept a contribution from another candidate's principal campaign committee or from any other committee bearing the contributing candidate's name or title or otherwise authorized by the contributing candidate, unless the contributing candidate's principal campaign committee is being dissolved. A candidate's principal campaign committee must not make a contribution to another candidate's principal campaign committee, except when the contributing committee is being dissolved.

(b) A candidate's principal campaign committee must not accept a contribution from, or make a contribution to, a committee associated with a person who seeks nomination or election to the office of president, senator, or representative in Congress of the United States.

(c) A candidate or the treasurer of a candidate's principal campaign committee must not accept a contribution from a candidate for political subdivision office in any state, unless the contribution is from the personal funds of the candidate for political subdivision office. A candidate or the treasurer of a candidate's principal campaign committee must not make a contribution from the principal campaign committee to a candidate for political subdivision office in any state.

Subd. 5. [LIMITED PERSONAL CONTRIBUTIONS.] A participating candidate may not contribute to the candidate's own campaign more than \$500 in an election cycle.

Subd. 6. [CONTRIBUTIONS FROM CERTAIN TYPES OF CONTRIBUTORS.] A candidate must not permit the candidate's principal campaign committee to accept a contribution from a political committee, political fund, lobbyist, or large contributor, if the contribution will cause the aggregate contributions from those types of contributors to exceed an amount equal to 20 percent of the expenditure limits for the office sought by the candidate. For purposes of this subdivision, "large contributor" means an individual, other than the candidate, who contributes an amount that is more than \$100 and more than one-half the amount an individual may contribute.

Subd. 7. [UNREGISTERED ASSOCIATION LIMIT; STATEMENT; PENALTY.] (a) The treasurer of a political committee, political fund, principal campaign committee, or party unit must not accept a contribution of more than \$100 from an association not registered under this chapter

unless the contribution is accompanied by a written statement that meets the disclosure and reporting period requirements imposed by section 10B.12. This statement must be certified as true and correct by an officer of the contributing association. The committee, fund, or party unit that accepts the contribution must include a copy of the statement with the report that discloses the contribution to the board.

(b) An unregistered association may provide the written statement required by this subdivision to no more than three committees, funds, or party units in a calendar year. Each statement must cover at least the 30 days immediately preceding and including the date on which the contribution was made. An unregistered association or an officer of it is subject to a civil penalty imposed by the board if the association or its officer:

(1) fails to provide a written statement as required by this subdivision; or

(2) fails to register after giving the written statement required by this subdivision to more than three committees, funds, or party units in a calendar year.

Subd. 8. [CONTRIBUTIONS TO POLITICAL COMMITTEES OR FUNDS.] The treasurer of a political committee or political fund must not permit the political committee or political fund to accept aggregate contributions from an individual in an amount more than \$1,000 in a calendar year or from another political committee or political fund in any amount.

Subd. 9. [CONTRIBUTIONS TO POLITICAL PARTIES.] (a) An individual or association must not give and the treasurer of the state committee of a political party must not permit the political party to accept aggregate contributions for any purpose from an individual, or from an association that makes contributions to candidates, in an amount more than \$10,000 in an election cycle.

(b) A political party unit may not accept a transfer from its national party organization, nor from a party unit in any other state, unless the transfer is from a separate and segregated fund that contains only contributions from individuals and associations that would have been permitted under the law of this state if they had been made directly to the political party unit.

Subd. 10. [AGGREGATE LIMIT ON INDIVIDUALS.] An individual may not contribute more than \$10,000 in aggregate contributions for any purpose to all candidates, political parties, political committees, and political funds in an election cycle.

Sec. 27. [10B.14] [CONTRIBUTIONS AND SOLICITATIONS DURING LEGISLATIVE SESSION.]

Subdivision 1. [CONTRIBUTIONS DURING LEGISLATIVE SESSION.] A candidate for the legislature or for constitutional office, the candidate's principal campaign committee, or a political committee or party unit established by all or a part of the party organization within a house of the legislature, must not solicit or accept a contribution from a registered lobbyist, political committee, or political fund, or from a party unit established by the party organization within a house of the legislature, during a regular session of the legislature.

Subd. 2. [PARTY UNIT SOLICITATIONS.] A political party unit must not solicit or receive at an event hosted by a candidate for the legislature or by a candidate for constitutional office a contribution from a lobbyist, political committee, political fund, or party unit during a regular session of the legislature.

Subd. 3. [DEFINITION.] For purposes of this section, "regular session" does not include a special session or the interim between the two annual sessions of a biennium.

Subd. 4. [CIVIL PENALTY.] A candidate, political committee, or party unit that violates this section is subject to a civil penalty imposed by the board. If the board makes a public finding that there is probable cause to believe a violation of this section has occurred, the board must bring an action, or transmit the finding to a county attorney who must bring an action, in the district court of Ramsey county, to collect the civil penalty as imposed by the board. Penalties paid under this section must be deposited in the general fund in the state treasury.

Subd. 5. [SPECIAL ELECTION.] This section does not apply to a candidate or a candidate's principal campaign committee in a legislative special election during the period beginning when the person becomes a candidate in the special election and ending on the day of the special election.

Sec. 28. [10B.15] [CIRCUMVENTION PROHIBITED.]

Any attempt by an individual or association to circumvent this chapter by redirecting a contribution through, or making a contribution on behalf of, another individual or association is a gross misdemeanor.

Sec. 29. [10B.16] [POLITICAL CONTRIBUTION REFUND.]

Subdivision 1. [CLAIM; RECEIPT FORM.] (a) A taxpayer may claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to a political party. The refund for an individual must not exceed \$50 and for a married couple, filing jointly, must not exceed \$100.

(b) A refund of a contribution is allowed only if the taxpayer files a form required by the commissioner of revenue and attaches to the form a copy of an official refund receipt form issued by the party and signed by the party chair, after the contribution was received. The board must make available to a political party as defined in subdivision 3, on request, a supply of official refund receipt forms that state in boldface type that a contributor who is given a receipt form is eligible to claim a refund as provided in this section. The forms must provide duplicate copies of the receipt to be attached to the contributor's claim. The receipt forms must be numbered, and the data on the receipt that are not public must be made available to the board upon its request. A party unit must return to the board with its termination report or destroy any official receipt forms that have not been issued.

(c) A claim must be filed with the commissioner of revenue no sooner than January 1 of the calendar year in which the contribution was made and no later than April 15 of the calendar year following the calendar year in which the contribution was made. A taxpayer may file only one claim per calendar year. Amounts paid by the commissioner after June 15 of the calendar year following the calendar year in which the contribution was made must include interest at the rate specified in section 270.76.

Subd. 2. [POLITICAL PARTY ELIGIBILITY.] (a) For purposes of this subdivision, "political party" means a major political party as defined in section 200.02, subdivision 7, or a minor political party as defined in section 200.02, subdivision 23, that satisfies the following conditions, as certified by the secretary of state to the commissioner of revenue and the campaign finance and public disclosure board by July 1 of the taxable year:

(1) in the last general election for constitutional officers, the party ran a candidate for the office of governor, secretary of state, state auditor, or attorney general who received votes in each county that in the aggregate total at least one percent of the total number of individuals who voted in the election;

(2) it is a political party, not a principal campaign committee;

(3) it has held a state convention in the last two years and an officer of the party has filed with the secretary of state a certification to that effect; and

(4) it has agreed not to make independent expenditures.

(b) A "major party" or "minor party" includes the aggregate of that party's organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, and legislative districts.

(c) "Candidate" means a candidate as defined in section 10B.01, subdivision 8, except a candidate for judicial office.

(d) "Contribution" means a gift of money.

Subd. 3. [COPIES OF FORM.] The commissioner shall make copies of the form available to political party units upon request.

Subd. 4. [DATA PRIVACY.] The following data collected or maintained by the commissioner under this subdivision are private: the identities of individuals claiming a refund and the amount of each contribution.

Subd. 5. [REPORT.] The commissioner shall report to the campaign finance and public disclosure board by each August 1 a summary showing the total number and aggregate amount of political contribution refunds made on behalf of each political party. These data are public.

Subd. 6. [APPROPRIATION.] The amount necessary to pay claims for the refund provided in this section is appropriated from the general fund to the commissioner of revenue.

Sec. 30. [10B.17] [SPENDING LIMITS.]

Subdivision 1. [LIMITS ARE VOLUNTARY.] The expenditure limits imposed by this section apply only to a candidate who has signed an agreement under section 10B.20 to be bound by them as a condition of receiving a public subsidy for the candidate's campaign.

Subd. 2. [AMOUNTS.] (a) Except as provided in section 10B.13, subdivision 2, paragraph (a), and in paragraphs (b) and (d) of this subdivision, the principal campaign committee of a candidate must not make campaign expenditures nor permit approved expenditures to be made on behalf of the candidate during an election cycle that result in aggregate expenditures in excess of the following:

- (1) for governor and lieutenant governor, running together, \$1,520,000;
- (2) for attorney general, secretary of state, and state auditor, separately, \$300,000;
- (3) for state senator, \$37,000; and
- (4) for state representative, \$18,500.

(b) In addition to the amount in paragraph (a), the principal campaign committee of a candidate may make expenditures during an election cycle and before the candidate files an affidavit of qualifying contributions under section 10B.21 in the following amounts:

- (1) for governor and lieutenant governor, running together, \$50,000;
- (2) for attorney general, secretary of state, and state auditor, separately, \$25,000;
- (3) for state senator, \$4,000; and
- (4) for state representative, \$2,000.

(c) If a special election cycle occurs during a general election cycle, expenditures by or on behalf of a candidate in the special election do not count as expenditures by or on behalf of the candidate in the general election.

(d) The expenditure limits in this subdivision for an office are increased by ten percent for a candidate who is running for that office for the first time and who has not run previously for any other office whose territory now includes a population that is more than one-third of the population in the territory of the new office.

Subd. 3. [AGGREGATED EXPENDITURES.] If a candidate makes expenditures from more than one principal campaign committee for nomination or election to statewide office in the same election cycle, the amount of expenditures from all of the candidate's principal campaign committees for statewide office for that election cycle must be aggregated for purposes of applying the limits on expenditures under subdivision 2.

Subd. 4. [GOVERNOR AND LIEUTENANT GOVERNOR AS A SINGLE CANDIDATE.] For the purposes of this chapter, a candidate for governor and a candidate for lieutenant governor, running together, are considered a single candidate. All expenditures made by or all approved expenditures made on behalf of the candidate for lieutenant governor are considered to be expenditures by or approved expenditures on behalf of the candidate for governor.

Subd. 5. [INDEPENDENT EXPENDITURES.] The principal campaign committee of a candidate must not make independent expenditures.

Subd. 6. [RELEASE FROM EXPENDITURE LIMITS.] (a) A candidate who has agreed to be bound by the expenditure limits imposed by this section as a condition of receiving a public subsidy for the candidate's campaign is released from the expenditure limits but remains eligible to receive a public subsidy if the candidate has an opponent who does not agree to be bound by the limits and who receives contributions during that election cycle in excess of the sum of:

(1) the amounts listed in subdivision 2, paragraph (b), that the candidate is allowed to spend before filing an affidavit of contributions;

(2) the limit set in section 10B.13, subdivision 2, paragraph (a), for contributions from political party units to the candidate; and

(3) the public subsidy the participating candidate has received through that part of the election cycle.

(b) A candidate who has not agreed to be bound by expenditure limits, or the candidate's principal campaign committee, must file written notice with the board and provide written notice to any opponent of the candidate for the same office within seven days after exceeding the limit in paragraph (a). The notice must state only that the candidate or candidate's principal campaign committee has received contributions in excess of the limit in paragraph (a). Upon receipt of the notice, the candidate who had agreed to be bound by the limits is no longer bound by the expenditure limits.

Sec. 31. [10B.18] [ADJUSTMENT BY CONSUMER PRICE INDEX.]

Subdivision 1. [METHOD OF CALCULATION.] The dollar amounts in section 10B.17, subdivision 2, must be adjusted for general election years as provided in this section. In the year before each general election year, the executive director of the board must determine the percentage increase in the Consumer Price Index from December of the second preceding general election year to December of the last general election year. The dollar amounts used for the preceding general election year must be multiplied by that percentage. The product of the calculation, rounded up to the next highest \$100 increment, must be added to each dollar amount to produce the dollar limitations to be in effect for the next general election. The index used must be the revised Consumer Price Index for all urban consumers for the St. Paul-Minneapolis metropolitan area prepared by the United States Department of Labor.

Subd. 2. [PUBLICATION OF EXPENDITURE LIMIT.] By April 1 of the year before each election year the board must publish in the State Register the expenditure limit for each office for that calendar year under section 10B.17 as adjusted by this section. The revisor of statutes must code the adjusted amounts in the next edition of Minnesota Statutes.

Sec. 32. [10B.19] [MULTICANDIDATE POLITICAL PARTY EXPENDITURES.]

Notwithstanding other provisions of this chapter, the following expenditures by a party unit, or two or more party units acting together, with at least one party unit being either the state committee or the party organization within a congressional district, county, or legislative district, are not considered contributions to or expenditures on behalf of a candidate for the purposes of section 10B.13 or 10B.17 and must not be allocated to candidates under section 10B.12, subdivision 4, paragraph (g):

(1) expenditures not on behalf of any candidate; or

(2) expenditures on behalf of candidates of that party generally without referring to any of them specifically by name or image in a published, posted, or broadcast advertisement.

Sec. 33. [10B.20] [SPENDING LIMIT AGREEMENT.]

Subdivision 1. [AGREEMENT BY CANDIDATE.] (a) As a condition of receiving a public subsidy, a candidate must sign and file with the board a written agreement in which the candidate agrees that the candidate will comply with sections 10B.13, subdivisions 1, 2, and 5; 10B.17; and 10B.23.

(b) Before the first day of filing for office, the board must forward agreement forms to all filing officers. The board must also provide agreement forms to candidates on request at any time. The candidate must file the agreement with the board no sooner than January 1 in the general election year and no later than the day after the candidate files the affidavit of candidacy for the office. An agreement may not be filed with the board after that date. An agreement once filed may not be rescinded.

Subd. 2. [HOW LONG AGREEMENT IS EFFECTIVE.] The agreement, insofar as it relates to the expenditure limits in section 10B.17, as adjusted by section 10B.18, and the contribution limit in section 10B.13, subdivision 5, remains effective for candidates until the dissolution of the principal campaign committee of the candidate or the end of the first election cycle completed after the agreement was filed, whichever occurs first.

Sec. 34. [10B.21] [QUALIFYING CONTRIBUTIONS.]

Subdivision 1. [AMOUNTS.] In addition to the requirements of section 10B.20, to be eligible to receive a public subsidy under section 10B.22, a candidate must receive qualifying contributions from individuals eligible to vote in this state and, in the case of a legislative candidate, at least one-half from individuals eligible to vote for the candidate, in the amount indicated for the office sought, counting only the first \$5 received from each contributor:

- (1) candidates for governor and lieutenant governor, running together, \$22,000;
- (2) candidates for attorney general, secretary of state, and state auditor, separately, \$12,500;
- (3) candidates for the senate, \$1,500; and
- (4) candidates for the house of representatives, \$750.

A candidate for statewide office must receive at least five percent of the qualifying amount from residents of each congressional district.

Subd. 2. [STATEMENT OF INTENT TO PARTICIPATE.] A candidate who intends to participate in the public subsidy program must file with the board, in a form approved by the board, a statement of intent to participate. The statement may not be filed before the beginning of the election cycle.

Subd. 3. [RECEIPT.] The board must make available to each candidate who has filed a statement of intent to participate in the public subsidy program copies of the official contribution receipt form designed by the board. The receipt must state that the contributor understands that the purpose of the contribution is to help the candidate qualify for a public subsidy. The form must include space for the contributor's printed name, signature, and home address, and the name of the candidate on whose behalf the contribution was made. The candidate or the treasurer of the candidate's principal campaign committee must provide to the contributor a receipt, which must be properly completed and signed by the contributor and returned to the candidate. The candidate must keep one copy of the receipt and file a second copy with the board, along with the affidavit of contributions required by subdivision 4.

Subd. 4. [AFFIDAVIT.] No sooner than January 1 in the general election year and no later than the day after the candidate files the affidavit of candidacy for the office, a candidate who intends to participate in the public subsidy program, or the treasurer of the candidate's principal campaign

committee, must file with the board an affidavit stating that, since January 1 in the year before the general election year, the candidate's principal campaign committee has received qualifying contributions in the amount specified in subdivision 1.

Subd. 5. [SPECIAL ELECTIONS.] A candidate for a vacancy to be filled at a special election must receive qualifying contributions in one-third the amounts specified in subdivision 1. If the filing period for the special election does not coincide with the filing period for the general election, the candidate must submit the affidavit required by this section to the board within five days after filing the affidavit of candidacy.

Sec. 35. [10B.22] [PUBLIC SUBSIDY.]

Subdivision 1. [PAYMENT TO PARTICIPATING CANDIDATES.] Upon determining that a candidate has met all the requirements for receiving a public subsidy, the board must designate the candidate as "participating." The board must pay each participating candidate a public subsidy as provided in this section. The payment must be in the form of a check made "payable to the campaign fund of ..... (name of candidate)." An amount sufficient to make the payment is appropriated to the board from the general fund.

Subd. 2. [PAYMENT UPON QUALIFYING.] Within one week after it has designated a candidate as participating, the board must pay to the participating candidate a public subsidy equal to 20 percent of the participating candidate's spending limit.

Subd. 3. [PAYMENT UPON FILING FOR OFFICE.] Within one week after the close of filings for office, the board must pay a participating candidate who has an opponent in either the primary or the general election a public subsidy equal to 20 percent of the candidate's spending limit.

Subd. 4. [PAYMENT FOR GENERAL ELECTION.] As soon as the board has obtained from the secretary of state the results of the primary election, but no later than one week after the state canvassing board has certified the results of the primary, the board must pay to each participating candidate whose name will appear on the ballot in the general election a public subsidy equal to 60 percent of the candidate's spending limit, except that a candidate who has no opponent in the general election must be paid a subsidy equal to six percent of the candidate's spending limit.

Subd. 5. [PAYMENT TO MATCH EXCESS CONTRIBUTIONS.] Upon receipt of a report of excess contributions under section 10B.12, subdivision 7, the board must notify any participating opponent of the nonparticipating candidate of the amount of the excess. Upon receipt of the first report, the board must pay the participating candidate an additional public subsidy equal to the participating candidate's original spending limit. The additional subsidy may only be spent, and the spending limit of the participating candidate is only increased, by the aggregate amount of excess contributions reported for that election cycle.

Subd. 6. [PAYMENT TO MATCH INDEPENDENT EXPENDITURES.] (a) Within 24 hours after receipt of a notice of independent expenditures under section 10B.12, subdivision 10, the board must notify each participating candidate in the affected race of the amount of the independent expenditure. Along with the first notice under this subdivision, the board must pay an additional public subsidy to each participating candidate in an amount equal to the participating candidate's original spending limit, to be spent only as provided in this subdivision. For purposes of this subdivision, before the primary election, "opponent" includes the candidates whose names are on the ballot for the primary of the same major party or, if there are none, the candidates whose names will be on the ballot for the general election.

(b) If the independent expenditure advocates the defeat of a participating candidate, the additional subsidy may be spent, and the spending limit of the participating candidate is increased, up to the aggregate amount of independent expenditures to defeat the participating candidate reported for that election cycle.

(c) If the independent expenditure advocates the election of a candidate and the sum of assets carried forward, contributions received as of the last reporting date, public subsidy received, and

independent expenditures made in support of the candidate exceeds 120 percent of the spending limit for a participating opponent candidate for the legislature or 110 percent of the spending limit for a participating opponent candidate for constitutional officer, the participating opponent may spend the additional public subsidy, and the participating opponent's spending limit is increased, up to one-half the excess independent expenditures in support of the candidate reported for that election cycle.

(d) If an individual, political committee, political fund, or party unit has made expenditures in support of a candidate, any expenditure by the spender during the same election cycle to advocate the defeat of the candidate or in support of an opponent of the candidate does not authorize the candidate to spend matching money under paragraph (b) or (c).

Subd. 7. [PAYMENT FOR SPECIAL ELECTION.] The board must pay each participating candidate for legislative office in a special election an amount equal to the candidate's spending limit within 48 hours after the candidate has been designated as participating, but the candidate may spend only an amount equal to 20 percent of the candidate's spending limit upon being designated as participating, a candidate who has an opponent in either the primary or general election may spend an additional 20 percent upon filing for office, and a candidate whose name has been certified to appear on the ballot for the general election may spend an additional 60 percent. Any amount not spent by the candidate must be returned to the board under section 10B.23.

Subd. 8. [PAYMENT WITHHELD.] If a candidate has not yet filed a campaign finance report required by section 10B.12, or the candidate owes money to the board, the board must withhold the candidate's public subsidy until the report has been filed or the debt has been paid, whichever applies. If the report has not been filed or the debt has not been paid to the board by the end of the fiscal year, the subsidy must be applied to the debts owed by the candidate to the board and any remaining amount must be canceled to the general fund.

Sec. 36. [10B.23] [RETURN OF PUBLIC SUBSIDY.]

Subdivision 1. [WHEN RETURN REQUIRED.] A candidate must return all or a portion of the public subsidy received under section 10B.22 under the circumstances in this section or section 10B.24, subdivision 1.

To the extent that the amount of public subsidy received exceeds the actual expenditures made by the principal campaign committee of the candidate, the treasurer of the candidate's principal campaign committee must return an amount equal to the difference to the board. The cost of postage that was not used during an election cycle and payments that created credit balances at vendors at the close of an election cycle are not considered expenditures for purposes of determining the amount to be returned. Expenditures in excess of the candidate's spending limit do not count in determining aggregate expenditures under this paragraph.

Subd. 2. [HOW RETURN DETERMINED.] Whether or not a candidate is required under subdivision 1 to return all or a portion of the public subsidy must be determined from the report required to be filed with the board by that candidate by January 31 of the year following an election. An amount required to be returned must be submitted in the form of a check or money order and must accompany the report filed with the board. The board must deposit the check or money order in the state treasury for credit to the general fund. The amount returned must not exceed the amount of public subsidy received by the candidate.

Sec. 37. [10B.24] [CARRYFORWARD.]

Subdivision 1. [UNUSED FUNDS.] After all campaign expenditures and noncampaign disbursements for an election cycle have been made, a principal campaign committee may carry forward assets equal to the amount that the candidate may spend in the next election cycle before being designated a participating candidate for the same office, as set forth in section 10B.17, subdivision 2, paragraph (b). Any remaining assets up to the total amount of the public subsidy received under section 10B.22 must be returned to the state treasury for credit to the general fund under section 10B.23. Any remaining assets in excess of the total public subsidy must be contributed to the general fund, a public school, or a charity, or to a political party.

Subd. 2. [UNUSED POSTAGE AND CREDIT BALANCES CARRIED FORWARD.] Postage that is purchased but not used during an election cycle and credit balances at vendors that exceed a combined total of \$500 must be carried forward and counted as expenditures during the election cycle during which they are used.

Sec. 38. [10B.25] [PENALTY FOR EXCEEDING LIMITS.]

Subdivision 1. [EXCEEDING CONTRIBUTION LIMITS.] (a) A candidate who permits the candidate's principal campaign committee, or the treasurer of a political committee, political fund, or party unit who permits the committee, fund, or party unit to accept contributions in excess of the limits imposed by section 10B.13 is subject to a civil penalty of up to ten times the amount by which the contribution exceeds the limits.

(b) The board may order a candidate who has permitted the candidate's principal campaign committee to accept contributions in excess of the limits imposed by section 10B.13 to return any public subsidy the candidate has received. The board must deposit the amount returned in the state treasury and credit it to the general fund.

(c) The board may recommend that a candidate who was nominated or elected to office after violating section 10B.13 should forfeit the nomination or office.

Subd. 2. [EXCEEDING EXPENDITURE LIMITS.] (a) A candidate subject to the expenditure limits in section 10B.17 who permits the candidate's principal campaign committee to make expenditures or permits approved expenditures to be made on the candidate's behalf in excess of the limits imposed by section 10B.17, as adjusted by section 10B.18, is subject to a civil penalty imposed by the board of up to ten times the amount by which the expenditures exceed the limit.

(b) The board may order a candidate subject to the expenditure limits in section 10B.17 who has permitted the candidate's principal campaign committee to make expenditures or has permitted approved expenditures to be made on the candidate's behalf in excess of the limits imposed by section 10B.17, as adjusted by section 10B.18, to return to the board any public subsidy the candidate has received. The board must deposit the amount returned in the state treasury and credit it to the general fund.

(c) The board may recommend that a candidate who was nominated or elected after violating the limits in section 10B.17 should forfeit the nomination or office.

Subd. 3. [CONCILIATION AGREEMENT.] If the board finds that there is reason to believe that excess contributions have been accepted contrary to section 10B.13 or excess expenditures made contrary to section 10B.17, the board must make every effort for a period of at least 14 days after its finding to correct the matter by informal methods of conference and conciliation and to enter a conciliation agreement with the person involved. A conciliation agreement under this subdivision is a matter of public record. Unless violated, a conciliation agreement is a bar to any civil proceeding under subdivision 4.

Subd. 4. [CIVIL ACTION.] (a) If the board is unable after a reasonable time to correct by informal methods a matter that constitutes probable cause to believe that excess contributions have been accepted contrary to section 10B.13 or excess expenditures made contrary to section 10B.17, the board must make a public finding of probable cause in the matter. After making a public finding, the board must bring an action, or transmit the finding to a county attorney who must bring an action, in the district court of Ramsey county or, in the case of a legislative candidate, the district court of a county within the legislative district, to collect a civil penalty imposed by the board, to demand the return of any public subsidy paid to the candidate, or to have the nomination or office declared forfeited. All money recovered under this section must be deposited in the state treasury and credited to the general fund.

(b) If a candidate is judged to have violated section 10B.13 or 10B.17, the court, after entering the judgment, may enter a supplemental judgment declaring that the candidate has forfeited the nomination or office, except as provided in paragraph (c). If the court enters the supplemental judgment, it must transmit to the filing officer a transcript of the supplemental judgment, the nomination or office becomes vacant, and the vacancy must be filled as provided by law.

(c) If the candidate has been elected to the legislature, the court, after entering the judgment that the candidate has violated section 10B.13 or 10B.17, must transmit a transcript of the judgment to the secretary of the senate or the chief clerk of the house of representatives, as appropriate, for further consideration by the house to which the candidate was elected.

Sec. 39. [10B.26] [DISSOLUTION OF INACTIVE COMMITTEES AND FUNDS.]

Subdivision 1. [DISSOLUTION REQUIRED.] A political committee, political fund, or principal campaign committee must be dissolved within 60 days after receiving notice from the board that the committee or fund has become inactive. The assets of the committee or fund must be spent for the purposes authorized by section 211B.12 and other applicable law or liquidated and deposited in the general fund within 60 days after the board notifies the committee or fund that it has become inactive.

Subd. 2. [INACTIVITY DEFINED.] (a) A principal campaign committee becomes inactive on the later of the following dates:

(1) when six years have elapsed since the last election in which the person was a candidate for the office sought or held at the time the principal campaign committee registered with the board; or

(2) when six years have elapsed since the last day on which the individual for whom it exists served in an elective office subject to this chapter.

(b) A political committee or fund becomes inactive when two years have elapsed since the end of a reporting period during which the political committee or fund made an expenditure or disbursement requiring disclosure under this chapter.

Subd. 3. [REMAINING DEBTS.] If a committee or fund becomes inactive when it still has unpaid debts, the committee or fund must liquidate available assets to pay the debts. If insufficient assets exist to pay the debts, the board may set up a payment schedule and allow the committee or fund to defer dissolution until all debts are paid. This section does not extinguish debts incurred by the committee or fund.

Sec. 40. [10B.27] [DISSOLUTION OR TERMINATION.]

Subdivision 1. [TERMINATION REPORT.] A political committee, political fund, principal campaign committee, or party unit may not dissolve until it has settled all of its debts and disposed of all its assets in excess of \$100 and filed a termination report. "Assets" include credit balances at vendors and physical assets such as computers and postage stamps. Physical assets must be listed at their fair market value. The termination report may be made at any time and must include all information required in periodic reports.

Subd. 2. [TERMINATION ALLOWED.] Notwithstanding subdivision 1, a committee, fund, or party unit that has debts incurred more than six years previously, has disposed of all its assets, and has met the requirements of section 10B.12, subdivision 11, may notify any remaining creditors by certified mail and then file a termination report.

Sec. 41. [10B.28] [TRANSFER OF DEBTS.]

Notwithstanding section 10B.27, a candidate may terminate the candidate's principal campaign committee for one state office by transferring any debts of that committee to the candidate's principal campaign committee for another state office if all outstanding unpaid bills or loans from the committee being terminated are assumed and continuously reported by the committee to which the transfer is being made until paid or forgiven. A loan that is forgiven is covered by section 10B.12 and, for purposes of section 10B.23, is a contribution to the principal campaign committee from which the debt was transferred under this section.

Sec. 42. Minnesota Statutes 2000, section 129D.13, is amended by adding a subdivision to read:

Subd. 5. [FREE TIME FOR POLITICAL CANDIDATES.] A station that receives a grant under this section must make available free time to each political candidate who has been designated by the campaign finance and public disclosure board as participating in the public subsidy program under section 10B.22. The amount of free time is 30 minutes each election cycle for a candidate for state constitutional officer and 60 seconds each election cycle for a candidate for the legislature. The free time for a candidate for state constitutional officer or video clip must be broadcast time. The free time for a candidate for the legislature may be either broadcast time or an archived video clip on the station's Web site. The broadcast or video clip must include only the candidate speaking in the candidate's own voice.

Sec. 43. Minnesota Statutes 2000, section 129D.14, is amended by adding a subdivision to read:

Subd. 7. [FREE TIME FOR POLITICAL CANDIDATES.] A station that receives a grant under this section must make available free time to each political candidate who has been designated by the campaign finance and public disclosure board as participating in the public subsidy program under section 10B.22. The amount of free time is 30 minutes each election cycle for a candidate for state constitutional officer and 60 seconds each election cycle for a candidate for the legislature. The free time for a candidate for state constitutional officer or audio clip must be broadcast time. The free time for a candidate for the legislature may be either broadcast time or an archived audio clip on the station's Web site. The broadcast or audio clip must include only the candidate speaking in the candidate's own voice.

Sec. 44. Minnesota Statutes 2000, section 204B.11, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT; DISHONORED CHECKS; CONSEQUENCES.] Except as provided by subdivision 2, a filing fee shall be paid by each candidate who files an affidavit of candidacy. The fee shall be paid at the time the affidavit is filed. The amount of the filing fee shall vary with the office sought as follows:

(a) for the office of governor, lieutenant governor, attorney general, state auditor, state treasurer, secretary of state, representative in Congress, judge of the supreme court, judge of the court of appeals, or judge of the district court, \$300;

(b) for the office of senator in Congress, \$400;

(c) for office of senator or representative in the legislature, \$100;

(d) for a county office, \$50; and

(e) for the office of soil and water conservation district supervisor, \$20.

For a candidate who has raised the necessary qualifying contributions and been designated by the campaign finance and public disclosure board under section 10B.22 as participating in the public subsidy program, no filing fee is required.

For the office of presidential elector, and for those offices for which no compensation is provided, no filing fee is required.

The filing fees received by the county auditor shall immediately be paid to the county treasurer. The filing fees received by the secretary of state shall immediately be paid to the state treasurer.

When an affidavit of candidacy has been filed with the appropriate filing officer and the requisite filing fee has been paid, the filing fee shall not be refunded. If a candidate's filing fee is paid with a check, draft, or similar negotiable instrument for which sufficient funds are not available or that is dishonored, notice to the candidate of the worthless instrument must be sent by the filing officer via registered mail no later than immediately upon the closing of the filing deadline with return receipt requested. The candidate will have five days from the time the filing officer receives proof of receipt to issue a check or other instrument for which sufficient funds are available. The candidate issuing the worthless instrument is liable for a service charge pursuant to section 332.50. If adequate payment is not made, the name of the candidate must not appear on

any official ballot and the candidate is liable for all costs incurred by election officials in removing the name from the ballot.

Sec. 45. Minnesota Statutes 2000, section 211A.13, is amended to read:

211A.13 [PROHIBITED TRANSFERS.]

A candidate for political subdivision office must not accept contributions from the principal campaign committee of a candidate as defined in section ~~10A.01, subdivision 5~~ 10B.01, subdivision 8. A candidate for political subdivision office must not make contributions to a principal campaign committee, unless the contribution is made from the personal funds of the candidate for political subdivision office.

Sec. 46. Minnesota Statutes 2000, section 211B.12, is amended to read:

211B.12 [LEGAL EXPENDITURES.]

Use of money collected for political purposes is prohibited unless the use is reasonably related to the conduct of election campaigns, or is a noncampaign disbursement as defined in section ~~10A.01, subdivision 10e~~ 10B.01, subdivision 20. The following are permitted expenditures when made for political purposes:

- (1) salaries, wages, and fees;
- (2) communications, mailing, transportation, and travel;
- (3) campaign advertising;
- (4) printing;
- (5) office and other space and necessary equipment, furnishings, and incidental supplies;
- (6) charitable contributions of not more than \$50 to any charity annually; and

(7) other expenses, not included in clauses (1) to (6), that are reasonably related to the conduct of election campaigns. In addition, expenditures made for the purpose of providing information to constituents, whether or not related to the conduct of an election, are permitted expenses. Money collected for political purposes and assets of a political committee or political fund may not be converted to personal use.

Sec. 47. Minnesota Statutes 2000, section 211B.15, subdivision 16, is amended to read:

Subd. 16. [EMPLOYEE POLITICAL FUND SOLICITATION.] Any solicitation of political contributions by an employee must be in writing, informational and nonpartisan in nature, and not promotional for any particular candidate or group of candidates. The solicitation must consist only of a general request on behalf of an ~~independent political committee (a conduit fund)~~, and as defined in section 10B.01, subdivision 9, and must state that there is no minimum contribution, that a contribution or lack thereof will in no way impact the employee's employment, that the employee must direct the contribution to candidates of the employee's choice, and that any response by the employee shall remain confidential and shall not be directed to the employee's supervisors or managers. Questions from an employee regarding a solicitation may be answered orally or in writing consistent with the above requirements. Nothing in this subdivision authorizes a corporate donation of an employee's time prohibited under subdivision 2.

Sec. 48. [211B.22] [PARTICIPATING CANDIDATE CAMPAIGN MATERIAL.]

A candidate may not claim in any campaign material or communication to be a "participating candidate" unless the candidate has been designated a participating candidate by the campaign finance and public disclosure board under section 10B.22 for participating in the public subsidy program.

Sec. 49. Minnesota Statutes 2000, section 340A.404, subdivision 10, is amended to read:

Subd. 10. [TEMPORARY ON-SALE LICENSES.] The governing body of a municipality may issue to (1) a club or charitable, religious, or other nonprofit organization in existence for at least three years, (2) a political committee registered under section ~~10A.14~~ 10B.07, or (3) a state university, a temporary license for the on-sale of intoxicating liquor in connection with a social event within the municipality sponsored by the licensee. The license may authorize the on-sale of intoxicating liquor for not more than four consecutive days, and may authorize on-sales on premises other than premises the licensee owns or permanently occupies. The license may provide that the licensee may contract for intoxicating liquor catering services with the holder of a full-year on-sale intoxicating liquor license issued by any municipality. The licenses are subject to the terms, including a license fee, imposed by the issuing municipality. Licenses issued under this subdivision are subject to all laws and ordinances governing the sale of intoxicating liquor except sections 340A.409 and 340A.504, subdivision 3, paragraph (d), and those laws and ordinances which by their nature are not applicable. Licenses under this subdivision are not valid unless first approved by the commissioner of public safety.

A county under this section may issue a temporary license only to a premises located in the unincorporated or unorganized territory of the county.

Sec. 50. Minnesota Statutes 2000, section 353.03, subdivision 1, is amended to read:

Subdivision 1. [MANAGEMENT; COMPOSITION; ELECTION.] The management of the public employees retirement fund is vested in an 11-member board of trustees consisting of ten members and the state auditor who may designate a deputy auditor with expertise in pension matters as the auditor's representative on the board. The governor shall appoint five trustees to four-year terms, one of whom shall be designated to represent school boards, one to represent cities, one to represent counties, one who is a retired annuitant, and one who is a public member knowledgeable in pension matters. The membership of the association, including recipients of retirement annuities and disability and survivor benefits, shall elect five trustees, one of whom must be a member of the police and fire fund and one of whom must be a former member who met the definition of public employee under section 353.01, subdivisions 2 and 2a, for at least five years prior to terminating membership or a member who receives a disability benefit, for terms of four years. Except as provided in this subdivision, trustees elected by the membership of the association must be public employees and members of the association. For seven days beginning October 1 of each year preceding a year in which an election is held, the association shall accept at its office filings in person or by mail of candidates for the board of trustees. A candidate shall submit at the time of filing a nominating petition signed by 25 or more members of the fund. No name may be withdrawn from nomination by the nominee after October 15. At the request of a candidate for an elected position on the board of trustees, the board shall mail a statement of up to 300 words prepared by the candidate to all persons eligible to vote in the election of the candidate. The board may adopt policies to govern form and length of these statements, timing of mailings, and deadlines for submitting materials to be mailed. These policies must be approved by the secretary of state. The secretary of state shall resolve disputes between the board and a candidate concerning application of these policies to a particular statement. A candidate who:

(1) receives contributions or makes expenditures in excess of \$100; or

(2) has given implicit or explicit consent for any other person to receive contributions or make expenditures in excess of \$100 for the purpose of bringing about the candidate's election, shall file a report with the campaign finance and public disclosure board disclosing the source and amount of all contributions to the candidate's campaign. The campaign finance and public disclosure board shall prescribe forms governing these disclosures. Expenditures and contributions have the meaning defined in section ~~10A.04~~ 10B.01. These terms do not include the mailing made by the association board on behalf of the candidate. A candidate shall file a report within 30 days from the day that the results of the election are announced. The campaign finance and public disclosure board shall maintain these reports and make them available for public inspection in the same manner as the board maintains and makes available other reports filed with it. By January 10 of each year in which elections are to be held the board shall distribute by mail to the members ballots listing the candidates. No member may vote for more than one candidate for each board position to be filled. A ballot indicating a vote for more than one person for any position is void.

No special marking may be used on the ballot to indicate incumbents. The last day for mailing ballots to the fund is January 31. Terms expire on January 31 of the fourth year, and positions are vacant until newly elected members are qualified. The ballot envelopes must be so designed and the ballots counted in a manner that ensures that each vote is secret.

The secretary of state shall supervise the elections. The board of trustees and the executive director shall undertake their activities consistent with chapter 356A.

Sec. 51. Minnesota Statutes 2000, section 383B.042, subdivision 5, is amended to read:

Subd. 5. [CANDIDATE.] "Candidate" means an individual, not within the definition of candidate of section ~~10A.01, subdivision 10~~ 10B.01, subdivision 8, who seeks nomination or election to any county office in Hennepin county, to any city office in any home rule charter city or statutory city located wholly within Hennepin county and having a population of 75,000 or more or to the school board of special school district No. 1, Minneapolis.

Sec. 52. [TRANSITION.]

Subdivision 1. [ELECTION CYCLE.] Notwithstanding Minnesota Statutes, section 10B.01, subdivision 14, the first election cycle begins on the effective date of Minnesota Statutes, section 10B.13, and concludes on December 31 following the next general election for the office.

Subd. 2. [CONTRIBUTION LIMITS.] Contributions to a candidate that were made before the effective date of Minnesota Statutes, section 10B.13, and were lawful when made need not be refunded, even though they exceed the new limits on contributions in Minnesota Statutes, section 10B.13.

Subd. 3. [EXPENDITURE LIMITS.] All spending limit agreements filed with the campaign finance and public disclosure board before the effective date of Minnesota Statutes, section 10B.20, become void on that date and all eligibility for continued public subsidies under Minnesota Statutes, chapter 10A or 290, is ended on that date. The new expenditure limits and eligibility for a public subsidy under this act apply to candidates who sign and file with the campaign finance and public disclosure board a new spending limit agreement under Minnesota Statutes, section 10B.20, on or after its effective date.

Subd. 4. [CARRYFORWARD.] Capital assets of a principal campaign committee acquired more than 90 days before the effective date of Minnesota Statutes, section 10B.24, may be carried forward to the first election cycle under this act without limit on their value.

Subd. 5. [REPORTS.] Campaign finance reports for the election cycle ending December 31, 2002, must be filed by January 31, 2003, and are governed by the requirements of Minnesota Statutes, section 10A.20, as they were in effect on December 31, 2002.

Sec. 53. [APPROPRIATION.]

\$..... is appropriated from the general fund to the campaign finance and public disclosure board to publish campaign finance reports on the World Wide Web, to be available until June 30, 2003.

Sec. 54. [REPEALER.]

Minnesota Statutes 2000, sections 10A.01, subdivisions 3, 4, 6, 7, 9, 10, 11, 12, 13, 15, 16, 17, 18, 20, 23, 25, 26, 27, 28, 29, 30, 32, 34, and 36; 10A.105; 10A.11; 10A.12; 10A.13; 10A.14; 10A.15; 10A.16; 10A.17; 10A.18; 10A.20; 10A.24; 10A.241; 10A.242; 10A.25; 10A.255; 10A.257; 10A.27; 10A.273; 10A.275; 10A.28; 10A.29; 10A.30; 10A.31; 10A.315; 10A.321; 10A.322; 10A.323; and 10A.324, including any amendments made by this act, are repealed.

Minnesota Statutes 2001 Supplement, sections 10A.31, subdivisions 3a and 7; and 290.06, subdivision 23, including any amendments made by this act, are repealed.

Sec. 55. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes must note that the sections of Minnesota Statutes listed in column A have been reenacted, as amended, as the sections of Minnesota Statutes listed in column B, as follows:

Column A

10A.01, subd. 3  
10A.01, subd. 4  
10A.01, subd. 6  
10A.01, subd. 7  
10A.01, subd. 9  
10A.01, subd. 10  
10A.01, subd. 10a  
10A.01, subd. 11  
10A.01, subd. 12  
10A.01, subd. 13  
10A.01, subd. 15  
10A.01, subd. 16  
10A.01, subd. 17  
10A.01, subd. 18  
10A.01, subd. 20  
10A.01, subd. 23  
10A.01, subd. 25  
10A.01, subd. 26  
10A.01, subd. 27  
10A.01, subd. 28  
10A.01, subd. 29  
10A.01, subd. 30  
10A.01, subd. 32  
10A.01, subd. 34  
10A.01, subd. 36  
10A.105  
10A.11  
10A.12  
10A.13  
10A.14  
10A.15  
10A.16  
10A.17  
10A.18  
10A.20  
10A.24  
10A.241  
10A.242  
10A.25  
10A.255  
10A.257  
10A.27  
10A.273  
10A.275  
10A.28, subd. 1  
10A.28, subd. 2  
10A.28, subd. 3  
10A.28, subd. 4  
10A.29

Column B

10B.01, subd. 2  
10B.01, subd. 3  
10B.01, subd. 4  
10B.01, subd. 5  
10B.01, subd. 7  
10B.01, subd. 8  
10B.01, subd. 9  
10B.01, subd. 10  
10B.01, subd. 11  
10B.01, subd. 12  
10B.01, subd. 13  
10B.01, subd. 14  
10B.01, subd. 15  
10B.01, subd. 16  
10B.01, subd. 17  
10B.01, subd. 18  
10B.01, subd. 19  
10B.01, subd. 20  
10B.01, subd. 21  
10B.01, subd. 22  
10B.01, subd. 23  
10B.01, subd. 24  
10B.01, subd. 25  
10B.01, subd. 26  
10B.01, subd. 27  
10B.02  
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10B.24  
10B.13  
10B.14  
10B.19  
10B.25, subd. 2  
10B.25, subd. 1  
10B.25, subd. 3  
10B.25, subd. 4  
10B.15

<u>10A.315</u>	<u>10B.22, subd. 6</u>
<u>10A.322</u>	<u>10B.20</u>
<u>10A.323</u>	<u>10B.21</u>
<u>10A.324</u>	<u>10B.23</u>
<u>290.06, subd. 23</u>	<u>10B.16</u>

Sec. 56. [EFFECTIVE DATE.]

This article is effective January 1, 2003.

ARTICLE 2

Section 1. Minnesota Statutes 2000, section 10A.01, subdivision 9, is amended to read:

Subd. 9. [CAMPAIGN EXPENDITURE.] (a) "Campaign expenditure" or "expenditure" means a purchase or payment of money or anything of value, or an advance of credit, made or incurred for the purpose of influencing the nomination or election of a candidate or for the purpose of promoting or defeating a ballot question.

(b) "Expenditure" includes a cost incurred to design, produce, or disseminate a communication if the communication contains words such as "vote for," "reelect," "(name of candidate) for (office)," "vote against," "defeat," or another phrase or campaign slogan that in context can have no reasonable meaning other than to advocate support for or opposition to the nomination or election of one or more clearly identified candidates.

(c) "Expenditure" is presumed to include a cost incurred to design, produce, or disseminate a communication if the communication names or depicts one or more clearly identified candidates, is disseminated during the 45 days before a primary election, during the 60 days before a general election, or during a special election cycle until election day, and the cost exceeds the following amounts for a communication naming or depicting a candidate for the following offices:

(1) \$500 for a candidate for governor, lieutenant governor, attorney general, secretary of state, or state auditor; or

(2) \$100 for a candidate for state senator or representative.

An individual or association presumed under this paragraph to have made an expenditure may rebut the presumption by a written statement signed by the spender and filed with the board stating that the cost was not incurred with intent to influence the nomination, election, or defeat of any candidate, supported by any additional evidence the spender chooses to submit. The board may consider any additional evidence it deems relevant and material and must determine by a preponderance of the evidence whether the cost was incurred with intent to influence the nomination, election, or defeat of a candidate.

(d) An expenditure is considered to be made in the year in which the candidate made the purchase of goods or services or incurred an obligation to pay for goods or services.

(e) An expenditure made for the purpose of defeating a candidate is considered made for the purpose of influencing the nomination or election of that candidate or any opponent of that candidate.

(f) Except as provided in clause (1), "expenditure" includes the dollar value of a donation in kind.

"Expenditure" does not include:

(1) noncampaign disbursements as defined in subdivision 26;

(2) services provided without compensation by an individual volunteering personal time on behalf of a candidate, ballot question, political committee, political fund, principal campaign committee, or party unit; or

(3) the publishing or broadcasting of news items or editorial comments by the news media, if the news medium is not owned by or affiliated with any candidate or principal campaign committee; or

(4) a cost incurred by an association for a communication targeted to inform solely its own dues-paying members of the association's position on a candidate.

Sec. 2. Minnesota Statutes 2000, section 10A.01, subdivision 18, is amended to read:

Subd. 18. [INDEPENDENT EXPENDITURE.] (a) "Independent expenditure" means an expenditure expressly advocating the election or defeat of a clearly identified candidate, if the expenditure that is made without the express or implied consent, authorization, or cooperation of, and not in concert with or at the request or suggestion of, any candidate or any candidate's principal campaign committee or agent. An independent expenditure is not a contribution to that candidate. An expenditure by a political party or political party unit in a race where the political party has a candidate on the ballot is not an independent expenditure.

(b) An expenditure is presumed to be not independent if, for example:

(1) in the same election cycle in which the expenditure occurs, the spender or the spender's agent retains the professional services of an individual or entity that, in a nonministerial capacity, provides or has provided campaign-related service, including polling or other campaign research, media consulting or production, direct mail, or fundraising, to a candidate supported by the spender for nomination or election to the same office as any candidate whose nomination or election the expenditure is intended to influence or to a political party working in coordination with the supported candidate;

(2) the expenditure pays for a communication that disseminates, in whole or in substantial part, a broadcast or written, graphic, or other form of campaign material designed, produced, or distributed by the candidate, the candidate's principal campaign committee, or their agents;

(3) the expenditure is based on information about the candidate's electoral campaign plans, projects, or needs that is provided by the candidate, the candidate's principal campaign committee, or their agents directly or indirectly to the spender or the spender's agent, with an express or tacit understanding that the spender is considering making the expenditure;

(4) before the election, the spender or the spender's agent informs a candidate or the principal campaign committee or agent of a candidate for the same office as a candidate clearly identified in a communication paid for by the expenditure about the communication's contents; timing, location, mode, or frequency of dissemination; or intended audience; or

(5) in the same election cycle in which the expenditure occurs, the spender or the spender's agent is serving or has served in an executive, policymaking, fundraising, or advisory position with the candidate's campaign or has participated in strategic or policymaking discussions with the candidate's campaign relating to the candidate's pursuit of nomination or election to office and the candidate is pursuing the same office as a candidate whose nomination or election the expenditure is intended to influence.

An individual or association presumed under this paragraph to have made an expenditure that was not independent may rebut the presumption by a written statement signed by the spender and filed with the board stating that the expenditure was made without the express or implied consent, authorization, or cooperation of, and not in concert with or at the request or suggestion of, any candidate or any candidate's principal campaign committee or agent, supported by any additional evidence the spender chooses to submit. The board may consider any additional evidence it deems relevant and material and must determine by a preponderance of the evidence whether the expenditure was independent.

(c) An expenditure by anyone other than a principal campaign committee that does not qualify as an independent expenditure under this subdivision is deemed to be an approved expenditure under subdivision 4.

Sec. 3. Minnesota Statutes 2000, section 10A.25, subdivision 1, is amended to read:

Subdivision 1. [LIMITS ARE VOLUNTARY.] The expenditure limits imposed by this section on a candidate apply only to a candidate who has signed an agreement under section 10A.322 to be bound by them as a condition of receiving a public subsidy for the candidate's campaign. The prohibition imposed by this section on a political party applies only to a political party that has signed an agreement under section 10A.322 to be bound by it as a condition of receiving a public subsidy for the party's activities.

Sec. 4. Minnesota Statutes 2000, section 10A.25, is amended by adding a subdivision to read:

Subd. 14. [INDEPENDENT EXPENDITURES BY POLITICAL PARTIES.] (a) A political party or party unit must not make an independent expenditure.

(b) A political party that has agreed not to make independent expenditures as a condition of receiving a public subsidy is released from the prohibition but remains eligible to receive a public subsidy if a political party that has not agreed to the prohibition makes an independent expenditure during that election cycle.

(c) A political party that has not agreed to the prohibition in this subdivision must file written notice with the board and serve written notice on every other political party within 24 hours after making an independent expenditure. The notice must state only that the political party has made an independent expenditure. Upon receipt of the notice, the political party that agreed to the prohibition is no longer subject to the prohibition but remains eligible to receive a public subsidy.

Sec. 5. Minnesota Statutes 2000, section 10A.28, subdivision 1, is amended to read:

Subdivision 1. [EXCEEDING EXPENDITURE LIMITS.] (a) A candidate subject to the expenditure limits in section 10A.25 who permits the candidate's principal campaign committee to make expenditures or permits approved expenditures to be made on the candidate's behalf in excess of the limits imposed by section 10A.25, as adjusted by section 10A.255, is subject to a civil fine of up to four times the amount by which the expenditures exceeded the limit.

(b) The chair of a political party or party unit subject to the prohibition in section 10A.25 that makes expenditures in violation of section 10A.25 is subject to a civil fine of up to four times the amount of the expenditures.

Sec. 6. Minnesota Statutes 2000, section 10A.31, subdivision 3, is amended to read:

Subd. 3. [FORM.] The commissioner of revenue must provide on the first page of the income tax form and the renter and homeowner property tax refund return a space for the individual to indicate a wish to pay \$5 (\$10 if filing a joint return) from the general fund of the state to finance election campaigns. The form must also contain language prepared by the commissioner that permits the individual to direct the state to pay the \$5 (or \$10 if filing a joint return) to: (1) one of the major political parties; ~~(2) any minor political party that qualifies under subdivision 3a;~~ or ~~(3)~~ (2) all qualifying candidates as provided by subdivision 7. The renter and homeowner property tax refund return must include instructions that the individual filing the return may designate \$5 on the return only if the individual has not designated \$5 on the income tax return.

Sec. 7. Minnesota Statutes 2000, section 10A.31, subdivision 5, is amended to read:

Subd. 5. [ALLOCATION.] (a) [GENERAL ACCOUNT.] In each calendar year the money in the general account must be allocated to candidates as follows:

- (1) 21 percent for the offices of governor and lieutenant governor together;
- (2) 4.2 percent for the office of attorney general;
- (3) 2.4 percent each for the offices of secretary of state and state auditor;

(4) in each calendar year during the period in which state senators serve a four-year term, 23-1/3 percent for the office of state senator, and 46-2/3 percent for the office of state representative; and

(5) in each calendar year during the period in which state senators serve a two-year term, 35 percent each for the offices of state senator and state representative.

(b) [PARTY ACCOUNT.] In each calendar year the money in each party account must be allocated as follows:

(1) 14 percent for the offices of governor and lieutenant governor together;

(2) 2.8 percent for the office of attorney general;

(3) 1.6 percent each for the offices of secretary of state and state auditor;

(4) in each calendar year during the period in which state senators serve a four-year term, 23-1/3 percent for the office of state senator, and 46-2/3 percent for the office of state representative;

(5) in each calendar year during the period in which state senators serve a two-year term, 35 percent each for the offices of state senator and state representative; and

(6) ten percent for the state committee of a political party that has signed and filed with the board an agreement under section 10A.322 not to make independent expenditures.

Money allocated to each state committee under clause (6) must be deposited in a separate account and must be spent for only those items enumerated in section 10A.275. Money allocated to a state committee under clause (6) must be paid to the committee by the board as it is received in the account on a monthly basis, with payment on the 15th day of the calendar month following the month in which the returns were processed by the department of revenue, provided that these distributions would be equal to 90 percent of the amount of money indicated in the department of revenue's weekly unedited reports of income tax returns and property tax refund returns processed in the month, as notified by the department of revenue to the board. The amounts paid to each state committee are subject to biennial adjustment and settlement at the time of each certification required of the commissioner of revenue under subdivisions 7 and 10. If the total amount of payments received by a state committee for the period reflected on a certification by the department of revenue is different from the amount that should have been received during the period according to the certification, each subsequent monthly payment must be increased or decreased to the fullest extent possible until the amount of the overpayment is recovered or the underpayment is distributed.

Money not allocated to a state committee under clause (6) because the state committee has not signed and filed with the board a spending limit agreement under section 10A.322 must be canceled to the general fund.

Sec. 8. Minnesota Statutes 2000, section 10A.322, is amended to read:

10A.322 [SPENDING LIMIT AGREEMENTS.]

Subdivision 1. [AGREEMENT BY CANDIDATE.] (a) As a condition of receiving a public subsidy, a candidate must sign and file with the board a written agreement in which the candidate agrees that the candidate will comply with sections 10A.25; 10A.27, subdivision 10; and 10A.324.

(b) Before the first day of filing for office, the board must forward agreement forms to all filing officers. The board must also provide agreement forms to candidates on request at any time. The candidate must file the agreement with the board by ~~September~~ August 1 preceding the candidate's general election or a special election held at the general election. An agreement may not be filed after that date. An agreement once filed may not be rescinded.

(c) The board must notify the commissioner of revenue of any agreement signed filed under this subdivision.

(d) Notwithstanding paragraph (b), if a vacancy occurs that will be filled by means of a special election and the filing period does not coincide with the filing period for the general election, a

candidate may sign and ~~submit~~ file a spending limit agreement not later than the day after the candidate files the affidavit of candidacy or nominating petition for the office.

~~Subd. 2. [HOW LONG AGREEMENT IS EFFECTIVE.]~~ (e) The agreement, insofar as it relates to the expenditure limits in section 10A.25, as adjusted by section 10A.255, and the contribution limit in section 10A.27, subdivision 10, remains effective for candidates until the dissolution of the principal campaign committee of the candidate or the end of the first election cycle completed after the agreement was filed, whichever occurs first.

Subd. 2a. [AGREEMENT BY POLITICAL PARTY.] (a) As a condition of receiving a public subsidy, the chair of the state committee of a political party must sign and file with the board a written agreement in which the state committee agrees that the political party and all its party units will comply with section 10A.25. An agreement once filed may not be rescinded.

(b) The board must provide agreement forms to political parties on request at any time. The state chair must file the agreement with the board by February 1 of any year during an election cycle in order to be allocated money designated to the party account on tax returns for the preceding and current taxable years.

(c) The agreement not to make independent expenditures remains in effect until the end of the first general election cycle completed after the agreement was filed or the dissolution of the political party, whichever occurs first.

(d) The board must notify the commissioner of revenue of any agreement filed under this subdivision.

~~Subd. 4. [REFUND RECEIPT FORMS; PENALTY.]~~ The board must make available to a political party ~~on request and to any~~ or candidate for whom an agreement under this section is effective, a supply of official refund receipt forms that state in boldface type that (1) a contributor who is given a receipt form is eligible to claim a refund as provided in section 290.06, subdivision 23, and (2) ~~if the contribution is to a candidate,~~ that the candidate or political party has signed an agreement to limit campaign expenditures as provided in this section. The forms must provide duplicate copies of the receipt to be attached to the contributor's claim. If a candidate who does not sign an agreement under this section and who the candidate or the treasurer of the candidate's principal campaign committee willfully issues an official refund receipt form or a facsimile of one to any of the candidate's contributors, the issuer of the receipt is guilty of a misdemeanor. If the state chair of a political party has not signed an agreement under this section and the chair or treasurer of a party unit willfully issues an official refund receipt form or a facsimile of one to any of the party's contributors, the issuer of the receipt is guilty of a misdemeanor.

Sec. 9. Minnesota Statutes 2001 Supplement, section 290.06, subdivision 23, is amended to read:

Subd. 23. [REFUND OF CONTRIBUTIONS TO POLITICAL PARTIES AND CANDIDATES.] (a) A taxpayer may claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to a political party. The maximum refund for an individual must not exceed \$50 and for a married couple, filing jointly, must not exceed \$100. A refund of a contribution is allowed only if the taxpayer files a form required by the commissioner and attaches to the form a copy of an official refund receipt form issued by the candidate or party and signed by the candidate, the treasurer of the candidate's principal campaign committee, or the chair or treasurer of the party unit, after the contribution was received. The receipt forms must be numbered, and the data on the receipt that are not public must be made available to the campaign finance and public disclosure board upon its request. A claim must be filed with the commissioner no sooner than January 1 of the calendar year in which the contribution was made and no later than April 15 of the calendar year following the calendar year in which the contribution was made. A taxpayer may file only one claim per calendar year. Amounts paid by the commissioner after June 15 of the calendar year following the calendar year in which the contribution was made must include interest at the rate specified in section 270.76.

(b) No refund is allowed under this subdivision for a contribution to a candidate unless the candidate:

(1) has signed and filed an agreement to limit campaign expenditures as provided in section 10A.322;

(2) is seeking an office for which voluntary spending limits are specified in section 10A.25; and

(3) has designated a principal campaign committee.

This subdivision does not limit the campaign expenditures of a candidate who does not sign an agreement but accepts a contribution for which the contributor improperly claims a refund.

No refund is allowed under this subdivision for a contribution to a political party or party unit unless the state chair of the political party has signed and filed an agreement not to make independent expenditures as provided in section 10A.322. Notwithstanding the deadline in section 10A.322 in order to be eligible to receive a distribution of checkoff money under section 10A.31, there is no deadline for filing an agreement in order to be eligible to receive a refund under this subdivision.

~~(c) For purposes of this subdivision, "political party" means a major political party as defined in section 200.02, subdivision 7, or a minor political party qualifying for inclusion on the income tax or property tax refund form under section 10A.31, subdivision 3a has the meaning given it in section 10A.01, subdivision 29.~~

~~A "major party" or "minor party" includes the aggregate of that party's organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts. "Party unit" has the meaning given it in section 10A.01, subdivision 30.~~

"Candidate" means a candidate as defined in section 10A.01, subdivision 10, except a candidate for judicial office.

"Contribution" means a gift of money.

(d) The commissioner shall make copies of the form available to the public and candidates upon request.

(e) The following data collected or maintained by the commissioner under this subdivision are private: the identities of individuals claiming a refund, the identities of candidates to whom those individuals have made contributions, and the amount of each contribution.

(f) The commissioner shall report to the campaign finance and public disclosure board by each August 1 a summary showing the total number and aggregate amount of political contribution refunds made on behalf of each candidate and each political party. These data are public.

(g) The amount necessary to pay claims for the refund provided in this section is appropriated from the general fund to the commissioner of revenue.

(h) For a taxpayer who files a claim for refund via the Internet or other electronic means, the commissioner may accept the number on the official receipt as documentation that a contribution was made rather than the actual receipt as required by paragraph (a).

Sec. 10. [TRANSITION.]

Notwithstanding section 8, the deadline for a state party chair to file with the campaign finance and public disclosure board an agreement not to make independent expenditures in order to be eligible to receive checkoff money for the general election cycle ending December 31, 2002, is June 1, 2002.

Sec. 11. [EFFECTIVE DATE.]

This article is effective the day following final enactment and applies to contributions received and expenditures and checkoff money distributions made on and after that date."

Delete the title and insert:

"A bill for an act relating to elections; providing for fair and clean elections; increasing disclosure of campaign contributions to candidates; encouraging candidates to accept only clean money for their political campaigns; limiting campaign contributions and expenditures; increasing public subsidies for state candidates who agree to limit the sources and amounts of contributions to their campaigns; appropriating money; amending Minnesota Statutes 2000, sections 10A.01, subdivisions 1, 9, 18; 10A.02, subdivisions 8, 10, 11, 11a, 12, 13; 10A.025, subdivisions 1, 2; 10A.071, subdivision 3; 10A.25, subdivision 1, by adding a subdivision; 10A.28, subdivision 1; 10A.31, subdivisions 3, 5; 10A.322; 10A.34; 10A.37; 129D.13, by adding a subdivision; 129D.14, by adding a subdivision; 204B.11, subdivision 1; 211A.13; 211B.12; 211B.15, subdivision 16; 340A.404, subdivision 10; 353.03, subdivision 1; 383B.042, subdivision 5; Minnesota Statutes 2001 Supplement, sections 290.06, subdivision 23; proposing coding for new law in Minnesota Statutes, chapter 211B; proposing coding for new law as Minnesota Statutes, chapter 10B; repealing Minnesota Statutes 2000, sections 10A.01, subdivisions 3, 4, 6, 7, 9, 10, 11, 12, 13, 15, 16, 17, 18, 20, 23, 25, 26, 27, 28, 29, 30, 32, 34, 36; 10A.105; 10A.11; 10A.12; 10A.13; 10A.14; 10A.15; 10A.16; 10A.17; 10A.18; 10A.20; 10A.24; 10A.241; 10A.242; 10A.25; 10A.255; 10A.257; 10A.27; 10A.273; 10A.275; 10A.28; 10A.29; 10A.30; 10A.31; 10A.315; 10A.321; 10A.322; 10A.323; 10A.324; Minnesota Statutes 2001 Supplement, sections 10A.31, subdivisions 3a, 7; 290.06, subdivision 23."

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

#### INTRODUCTION AND FIRST READING OF SENATE BILLS

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

**Senators Solon, Y.P; Johnson, Dave; Johnson, Dean; Moe, R.D. and Schwab introduced--**

**S.F. No. 3425:** A bill for an act relating to insurance; requiring that health coverage include limited coverage for scalp hair prostheses for cancer patients; amending Minnesota Statutes 2000, section 62A.28, subdivision 2.

Referred to the Committee on Commerce.

**Senator Kinkel introduced--**

**S.F. No. 3426:** A bill for an act relating to taxation; providing for property tax classification of property used as a bed and breakfast lodging facility; amending Minnesota Statutes 2001 Supplement, section 273.13, subdivision 22.

Referred to the Committee on Taxes.

**Senator Samuelson introduced--**

**S.F. No. 3427:** A bill for an act relating to taxes; local sales and use; authorizing the city of Cross Lake to impose a local food and beverage tax.

Referred to the Committee on Taxes.

**Senator Olson introduced--**

**S.F. No. 3428:** A bill for an act relating to taxation; providing that certain property leased to school districts is exempt from taxation; amending Minnesota Statutes 2000, section 272.02, subdivision 42.

Referred to the Committee on Taxes.

### **MEMBERS EXCUSED**

Senator Berg was excused from the Session of today from 9:00 to 10:15 a.m. Senator Pappas was excused from the Session of today from 9:00 to 11:10 a.m. Senator Cohen was excused from the Session of today from 9:00 to 11:30 a.m. Senator Larson was excused from the Session of today at 10:30 a.m. Senator Hottinger was excused from the Session of today at 11:15 a.m. Senator Moe, R.D. was excused from the Session of today from 11:15 to 11:55 a.m.

### **ADJOURNMENT**

Senator Moe, R.D. moved that the Senate do now adjourn until 9:00 a.m., Friday, March 8, 2002. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate



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