

ONE HUNDREDTH DAY

St. Paul, Minnesota, Wednesday, May 3, 2006

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

CALL OF THE SENATE

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

Prayer was offered by Senator Michael J. Jungbauer.

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

Anderson	Foley	Kubly	Nienow	Scheid
Bachmann	Frederickson	Langseth	Olson	Senjem
Bakk	Gerlach	Larson	Ortman	Skoe
Belanger	Hann	LeClair	Pappas	Skoglund
Berglin	Higgins	Limmer	Pariseau	Solon
Betzold	Hottinger	Lourey	Pogemiller	Sparks
Bonoff	Johnson, D.E.	Marko	Ranum	Stumpf
Chaudhary	Johnson, D.J.	Marty	Reiter	Tomassoni
Clark	Jungbauer	McGinn	Rest	Vickerman
Cohen	Kelley	Metzen	Robling	Wergin
Day	Kierlin	Michel	Rosen	Wiger
Dibble	Kiscaden	Moua	Ruud	
Dille	Koch	Murphy	Sams	
Fischbach	Koering	Neuville	Saxhaug	

The President declared a quorum present.

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

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. 4142.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 2, 2006

FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H.F. No. 4142: A bill for an act relating to taxation; providing a property tax rebate; providing for the sale of certain state lands to offset administrative costs of the rebate; appropriating money.

Referred to the Committee on Taxes.

REPORTS OF COMMITTEES

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

Senator Cohen from the Committee on Finance, to which was re-referred

S.F. No. 3781: A bill for an act relating to the financing of state government; making supplemental appropriations for education, environment and agriculture, economic development, transportation, public safety, state government, and health and human services; modifying certain statutory provisions and laws; providing for certain programs; establishing task forces, commissions, and an office in state government; fixing and limiting fees; authorizing rulemaking; requiring reports; providing for penalties; appropriating money; amending Minnesota Statutes 2004, sections 13.6905, by adding a subdivision; 16B.325; 43A.08, subdivision 1a; 47.58, subdivision 8; 62A.045; 62Q.19, subdivision 2; 62S.05, by adding a subdivision; 62S.08, subdivision 3; 62S.081, subdivision 4; 62S.10, subdivision 2; 62S.13, by adding a subdivision; 62S.14, subdivision 2; 62S.15; 62S.20, subdivision 1; 62S.24, subdivisions 1, 3, 4, by adding subdivisions; 62S.25, subdivision 6, by adding a subdivision; 62S.26; 62S.266, subdivision 2; 62S.29, subdivision 1; 62S.30; 80C.01, subdivision 4; 84.0835, subdivision 3; 85.053, by adding a subdivision; 85.054, by adding a subdivision; 85.32, subdivision 1; 97A.028, subdivision 3; 97A.045, subdivision 11; 115.03, by adding a subdivision; 115B.48, subdivision 3; 115E.01, subdivisions 5, 6, 7, 13, by adding subdivisions; 115E.04, subdivision 2, by adding subdivisions; 115E.05, subdivisions 1, 2; 115E.08, subdivision 3; 116J.421, subdivision 3; 116J.543; 116L.04, subdivisions 1, 1a; 116L.12, subdivision 4; 119A.50, subdivision 1; 119A.52; 119A.53; 119A.545; 119B.011, by adding a subdivision; 119B.03, subdivision 4; 119B.05, subdivision 1; 119B.13, by adding a subdivision; 120A.20, subdivision 1; 120A.22, subdivision 3; 120B.021, subdivision 1; 120B.023; 120B.024; 121A.035; 121A.15, subdivision 10; 121A.17, subdivision 3; 122A.09, subdivision 4; 122A.18, subdivision 2; 122A.31, subdivision 1, by adding a subdivision; 123A.06, subdivision 2; 123A.44; 123A.441; 123A.442; 123A.443; 123B.10, subdivision 1; 123B.57, subdivision 6; 123B.77, subdivision 3, by adding a subdivision; 123B.90, subdivision 2; 123B.91, by adding a subdivision; 124D.02, subdivisions 2, 4; 124D.095, subdivision 3; 124D.096; 124D.10, subdivision 16; 124D.11, subdivision 9; 124D.13, subdivisions 2, 3; 124D.518, subdivision 4; 124D.52, subdivision 1; 124D.61; 124D.68, subdivision 3; 125A.02, subdivision 1; 125A.27, subdivisions 3, 7, 8, 11, 15, 18; 125A.29; 125A.30; 125A.32; 125A.33; 125A.48; 125A.515, subdivisions 1, 3, 5, 6, 7, 9, 10; 125A.62, subdivision 1; 125A.63, subdivision 4; 125A.65, subdivisions 3, 4, 6, 8, 10; 125A.69, subdivision 3; 125A.75, subdivision 1, by adding a subdivision; 126C.05, subdivision 1; 126C.10, subdivision 6, by adding subdivisions; 126C.44; 127A.41, subdivision 2; 135A.031, subdivision 7, by adding subdivisions; 135A.053, subdivision 2; 136A.101, subdivisions 4, 8; 136A.15, subdivisions 6, 9, by adding a subdivision; 136A.16, by adding a subdivision; 136A.162; 136A.1701, subdivisions 4, 7, by adding a subdivision; 136A.233, subdivision 3; 136F.02, subdivision 1; 136F.42, subdivision 1; 136F.71, subdivision 2, by adding a subdivision; 137.17, subdivisions 1, 3; 144.552; 144.6501, subdivision 6; 144.9501, subdivisions 1, 2, by adding a subdivision; 144.9503, subdivision 3; 144.9507, by adding a subdivision; 144A.071, subdivision 4c; 144A.4605; 144D.01, by adding a subdivision; 144D.015; 144D.02; 144D.03, subdivision 2; 144D.04; 144D.05; 144D.065; 145.925, by adding a subdivision; 169.01, subdivision 6; 169.447, subdivision 2; 169.4501, subdivisions 1, 2; 169.4502, subdivision 5; 169.4503, subdivision 20; 171.321, subdivisions 4, 5; 178.03, by adding a subdivision; 181.101; 183.02, by adding a subdivision; 216C.41, subdivision 4; 245.465, by adding a subdivision; 245.50, subdivisions 1, 2, 5; 245.771, by adding a subdivision; 245.94, subdivision 1; 245.97, subdivision

6; 245A.023; 245A.14, by adding a subdivision; 246.54, subdivision 1, by adding a subdivision; 253B.02, subdivision 2; 256.01, by adding subdivisions; 256.014, by adding subdivisions; 256.975, subdivision 7; 256B.02, subdivision 9; 256B.056, subdivision 2, by adding subdivisions; 256B.0595, subdivisions 1, 3, 4; 256B.0625, subdivisions 20, 28, by adding subdivisions; 256B.0911, subdivision 3a; 256B.0913, by adding a subdivision; 256B.0945, subdivisions 1, 4; 256B.15, by adding a subdivision; 256B.437, subdivision 3; 256B.69, subdivisions 5g, 5h, 9, by adding a subdivision; 256B.76; 256J.01, by adding a subdivision; 256J.021; 256J.08, subdivision 65; 256J.37, subdivision 3a; 256J.521, subdivisions 1, 2; 256J.53, subdivision 2, by adding a subdivision; 256J.626, subdivisions 1, 2, 3, 4, 5; 256L.03, subdivision 3; 256L.04, subdivisions 7, 10, by adding a subdivision; 256L.07, subdivision 2; 256L.11, subdivision 1, by adding subdivisions; 256L.12, subdivision 9a; 256L.15, subdivision 1; 259.87; 298.22, subdivisions 1, 8, by adding a subdivision; 298.2213, subdivision 4; 298.223, subdivisions 2, 3; 299F.30; 326.105; 446A.03, subdivision 5; 446A.12, subdivision 1; 462A.05, by adding a subdivision; 473.252, subdivision 3; 488A.03, subdivisions 6, 11; 518.551, subdivision 7; 518.5852; 626.556, subdivisions 3b, 3c; Minnesota Statutes 2005 Supplement, sections 35.05; 85.053, subdivision 2; 85.055, subdivision 1; 115C.09, subdivision 3j; 116J.551, subdivision 1; 119B.13, subdivision 1; 120B.021, subdivision 1a; 120B.11, subdivision 2; 120B.131, subdivision 2; 121A.19; 122A.414, subdivisions 2b, 3; 122A.415, subdivisions 1, 3; 123B.04, subdivision 2; 123B.76, subdivision 3; 123B.92, subdivisions 1, 5; 124D.095, subdivision 4; 124D.111, subdivision 1; 124D.135, subdivision 1; 124D.175; 124D.531, subdivision 1; 124D.68, subdivision 2; 125A.11, subdivision 1; 125A.28; 125A.79, subdivision 1; 126C.10, subdivisions 24, 31, 34; 126C.43, subdivision 2; 127A.45, subdivision 10; 135A.52, subdivisions 1, 2; 136A.121, subdivision 7a; 136A.1701, subdivision 12; 144.551, subdivision 1; 201.061, subdivision 3; 216C.052, subdivisions 3, 4; 216C.41, subdivision 3; 245.4874; 245C.24, subdivision 2; 256B.0571; 256B.0595, subdivision 2; 256B.06, subdivision 4; 256B.0625, subdivision 1a; 256B.075, subdivision 2; 256B.0911, subdivision 1a; 256B.0918, subdivisions 1, 3, 4; 256B.0946, subdivision 1; 256B.434, subdivision 4; 256B.69, subdivision 23; 256D.03, subdivisions 3, 4; 256J.626, subdivision 6; 256L.01, subdivision 4; 256L.03, subdivisions 1, 5; 256L.035; 256L.04, subdivision 1a; 256L.07, subdivisions 1, 3; 256L.15, subdivision 2; 298.296, subdivision 1; 298.298; 299A.78; 327.201; 626.556, subdivisions 2, 3; Laws 1998, chapter 404, section 15, subdivision 2, as amended; Laws 2005, chapter 136, article 1, sections 10; 13, subdivision 3; Laws 2005, chapter 156, article 1, section 11, subdivision 5; Laws 2005, First Special Session chapter 1, article 2, sections 3, subdivision 2; 11, subdivision 10; article 3, section 2, subdivision 4; Laws 2005, First Special Session chapter 4, article 7, section 59; article 9, sections 3, subdivision 2; 5, subdivision 8; Laws 2005, First Special Session chapter 5, article 1, sections 47; 54, subdivisions 2, 3, 5, 6, 7, 8; article 2, section 84, subdivisions 2, 3, 4, 6, 7, 10, 13; article 3, section 18, subdivisions 2, 3, 4, 5, 6, 7; article 4, section 25, subdivisions 2, 3, 4, 6; article 5, section 17, subdivisions 2, 3; article 6, section 1, subdivisions 2, 3, 5; article 7, section 20, subdivisions 2, 3, 4, 5; article 8, section 8, subdivisions 2, 3, 5; article 9, section 4, subdivision 2; article 10, section 5, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 3; 4; 16E; 43A; 62S; 80C; 85; 115E; 116J; 119A; 121A; 122A; 124D; 135A; 136A; 144; 144A; 144D; 152; 245; 254A; 256; 256B; 256D; 256J; 256K; 256L; 259; 299A; 299F; 325E; 341; proposing coding for new law as Minnesota Statutes, chapter 144G; repealing Minnesota Statutes 2004, sections 17.10; 62J.694, subdivision 5; 119A.46, subdivisions 4, 5, 6, 7, 9, 10; 119A.51; 120A.20, subdivision 3; 121A.23; 123B.749; 125A.10; 125A.515, subdivision 2; 135A.031, subdivision 5; 135A.033; 136A.15, subdivision 5; 136A.1702; 137.17, subdivisions 2, 4; 169.4502, subdivision 15; 169.4503, subdivisions 17, 18, 26; 245.465, subdivision 2; 256B.0945, subdivisions 5, 6, 7, 8, 9; 256B.83; 256J.626, subdivision 9; 488A.03, subdivision 11b; Minnesota Statutes 2005 Supplement, sections 119A.46, subdivisions 1, 2, 3, 8; 119B.13, subdivision 7; 135A.031, subdivisions 3, 4; 256B.0571, subdivisions 2, 5, 11; 256J.626, subdivision 7; 256L.035; Laws 2003, First Special Session chapter 14, article 9, section 36; Minnesota Rules, parts 4668.0215; 4850.0011, subparts 10, 14, 27, 9; 4850.0014, subpart 1.

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

Pages 5 to 7, delete sections 2 to 6

Page 9, delete section 9

Pages 11 to 13, delete sections 12 and 13

Page 14, lines 31 to 35, reinstate the stricken language and delete the new language

Page 15, lines 2 to 24, reinstate the stricken language and delete the new language

Page 16, delete lines 34 and 35

Page 27, delete sections 32 and 33

Page 28, before line 25, insert:

"EFFECTIVE DATE. This section is effective the day following final enactment."

Page 29, delete section 36

Page 29, before line 18, insert:

"EFFECTIVE DATE. This section is effective the day following final enactment."

Page 30, before line 4, insert:

"EFFECTIVE DATE. This section is effective the day following final enactment."

Page 30, delete section 39

Page 33, delete section 43

Page 34, line 23, delete "40" and insert "28"

Page 35, line 10, delete "38" and insert "27"

Page 35, line 24, delete "42" and insert "30"

Page 35, line 27, delete "Minnesota Statutes 2004, section 119A.51, and"

Pages 36 to 43, delete sections 1 to 11

Pages 45 to 47, delete sections 15 to 18

Page 48, delete section 21

Page 50, line 5, delete "23" and insert "6"

Page 50, delete section 24

Pages 50 to 60, delete sections 1 to 9

Pages 62 to 67, delete sections 11 to 15

Pages 67 to 88, delete sections 17 to 43

Page 90, delete section 46

Page 90, line 24, delete "47" and insert "5"

Page 90, line 27, delete "45" and insert "4"

Page 91, line 9, delete "44" and insert "3"

Page 91, delete section 49

Pages 91 to 98, delete sections 1 to 12

Page 99, delete section 14

Page 100, line 31, delete "15" and insert "2"

Page 101, delete sections 17 and 18

Pages 101 to 106, delete sections 1 to 5

Pages 107 to 109, delete sections 7 to 9

Page 110, delete sections 12 and 13

Pages 114 to 116, delete sections 1 to 6

Page 128, delete article 10

Pages 138 to 141, delete sections 4 to 10

Page 141, line 26, after "must" insert ", within four years of being licensed or registered as a postsecondary institution by the Office of Higher Education or another state agency,"

Page 141, line 30, delete "2009" and insert "2010"

Page 143, line 11, after "must" insert ", within four years of being licensed or registered as a postsecondary institution by the Office of Higher Education or another state agency,"

Page 143, line 15, delete "2009" and insert "2010"

Pages 143 to 146, delete sections 16 to 18

Pages 147 to 150, delete sections 21 to 29

Pages 151 to 153, delete sections 32 to 37

Page 153, delete section 38 and insert:

"Sec. 13. **REPEALER.**

Minnesota Statutes 2004, section 137.17, subdivisions 2 and 4, are repealed."

Page 164, delete sections 14 and 15

Pages 167 to 169, delete sections 17 to 19

Page 173, delete section 7

Pages 181 to 185, delete sections 9 to 14

Pages 187 to 195, delete sections 18 to 37

Page 195, delete section 39

Pages 202 to 204, delete sections 56 to 59

Page 217, delete section 9

Page 234, delete section 32

Page 234, delete lines 26 to 28 and insert:

"SUMMARY BY FUND

	<u>2006</u>		<u>2007</u>		<u>TOTAL</u>
<u>General</u>	\$ 4,250,000	\$	5,057,000	\$	9,307,000
<u>Workers' Compensation</u>	\$ -0-	\$	320,000	\$	320,000
<u>TOTAL</u>	\$ 4,250,000	\$	5,377,000	\$	9,627,000"

Page 236, after line 19, insert:

"Sec. 6. OFFICE OF ADMINISTRATIVE HEARINGS

-0- 320,000

From the workers' compensation fund for costs associated with the relocation of offices to St. Paul. The commissioner of administration shall take all steps as necessary to complete the renovation of the Stassen Building for these purposes by June 30, 2007. Minnesota Statutes, section 16B.33, subdivision 3, does not apply if the estimated cost of construction exceeds \$2,000,000. This is a onetime appropriation.

Beginning in fiscal year 2009 and for all fiscal years thereafter, the appropriation base for the workers' compensation fund for the Office of Administrative Hearings is reduced by \$297,000 to reflect savings in rent costs due to the relocation of offices to St. Paul."

Page 239, line 31, delete "16" and insert "13"

Page 241, delete section 10

Pages 243 to 247, delete sections 13 to 15

Pages 253 to 260, delete sections 2 to 4

Pages 262 to 271, delete sections 6 to 16

Page 272, delete sections 18 to 20

Page 274, line 14, delete "in the same county" and insert "located on the grounds of the Ah-Gwah-Ching campus"

Page 274, line 18, after the period, insert "For subsequent years, the property payment rate of \$25 shall be adjusted for inflation as provided in section 256B.434, subdivision 4, paragraph (c), as long as the facility has a contract under section 256B.434."

Page 296, delete section 25

Page 320, line 13, after the period, insert "State and county workers must assist applicants in obtaining satisfactory documentary evidence of citizenship or nationality."

Page 326, line 15, delete "2007" and insert "2006"

Page 331, delete section 61

Page 336, line 25, delete "federal law" and insert "section 6015 of the Deficit Reduction Act of 2005, Public Law 109-171"

Page 338, line 1, after "(b)" insert "Effective for applications filed on or after July 1, 2006, and for renewals after July 1, 2006, for persons who first applied for payment of long-term care services on or after January 2, 2006,"

Page 345, line 10, delete the new language

Page 345, delete lines 11 and 12 and insert:

"(a) The commissioner, in cooperation with the commissioner of commerce, shall pursue any federal law changes or waiver necessary to implement the long-term care partnership program requirements of Public Law 109-171, section 6021.

(b) The commissioner shall submit a state plan amendment to the federal government to implement the long-term care partnership program in accordance with this section."

Page 347, line 35, before "long-term" insert "or is receiving" and after "services" insert "or the individual's spouse"

Page 347, line 36, delete the colon

Page 348, line 1, delete "(1)"

Page 348, line 16, delete "; or" and insert a period

Page 348, delete line 17 and insert:

"(g) Effective for transactions, including the purchase of an annuity, occurring on or after February 8, 2006, the purchase of an annuity by or on behalf of an individual applying for or receiving long-term care services shall be treated as a disposal of assets for less than fair market value unless the annuity is:"

Page 348, line 30, delete "(g)" and insert "(h)"

Page 349, line 3, delete "(h)" and insert "(i)"

Page 349, line 4, delete "such" and insert "the"

Page 349, line 10, delete "paragraph (a)" and insert "clauses (1) to (3)" and delete "such" and insert "the"

Page 349, line 12, delete "(i)" and insert "(j)"

Page 351, after line 7, insert:

"EFFECTIVE DATE. Amendments to this section are effective for applications on or after July 1, 2006, and for renewals and reports of transfers on or after July 1, 2006."

Page 352, lines 5 to 7, delete the new language

Page 353, line 18, after the comma, insert "whether the individual has taken any action to prevent the designation of the department as a remainder beneficiary on an annuity as described in section 256B.056, subdivision 11,"

Page 354, line 10, after the period, insert "State and county workers must assist applicants in obtaining satisfactory documentary evidence of citizenship or nationality."

Page 372, delete article 23

Page 378, delete section 2

Page 382, delete section 6

Page 383, after line 5, insert:

"Sec. 8. Minnesota Statutes 2004, section 256J.02, subdivision 1, is amended to read:

Subdivision 1. **Commissioner's authority to administer block grant funds.** The commissioner of human services is authorized to receive, ~~and administer, and expend~~ funds available under the TANF block grant authorized under title I of Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. Notwithstanding section 4.07, the commissioner shall not spend TANF funds, except pursuant to a direct appropriation enacted by the legislature."

Page 399, delete section 25

Pages 403 and 404, delete sections 29 to 31

Pages 411 to 415, delete sections 6 to 10

Page 439, after line 7, insert:

PAY FOR PERFORMANCE. The commissioner shall provide recommendations to the legislature by January 15, 2007, to make payments for the optimum care of persons with diabetes consistent with the percentage enrollment of persons with diabetes in Minnesota health care programs, beginning on July 1, 2007."

Page 439, after line 15, insert:

ENHANCED RATES FOR MENTAL HEALTH SERVICES. The reimbursement rate increases effective July 1, 2007, under Minnesota Statutes, section 256B.763, for outpatient mental health services that currently have long waiting lists and other access problems shall be equalized for mental health providers in all Minnesota health care programs."

Pages 452 and 453, delete sections 9 to 11

Renumber the articles and sections in sequence

Amend the title accordingly

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

Senator Johnson, D.E., from the Committee on Rules and Administration, to which was referred

H.F. No. 3712 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
3712	3398				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 3712 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 3712, the third engrossment; and insert the language after the enacting clause of S.F. No. 3398, the first engrossment; further, delete the title of H.F. No. 3712, the third engrossment; and insert the title of S.F. No. 3398, the first engrossment.

And when so amended H.F. No. 3712 will be identical to S.F. No. 3398, and further recommends that H.F. No. 3712 be given its second reading and substituted for S.F. No. 3398, and that the 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. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. No. 3781 was read the second time.

SECOND READING OF HOUSE BILLS

H.F. No. 3712 was read the second time.

MOTIONS AND RESOLUTIONS

Senator Skoe moved that the name of Senator Dille be added as a co-author to S.F. No. 2117. The motion prevailed.

Senator Skoe moved that the name of Senator Dille be added as a co-author to S.F. No. 2922. The motion prevailed.

Senator Skoe moved that the name of Senator Dille be added as a co-author to S.F. No. 2923. The motion prevailed.

Senator Johnson, D.E. moved that H.F. No. 4162 be taken from the table and given its second reading. The motion prevailed.

H.F. No. 4162: A bill for an act relating to the financing of state government; making supplemental appropriations; regulating government operations; providing for and modifying certain programs; regulating abortion funding and notification; providing for a Rochester campus of the University of Minnesota; creating the Boxing Commission and regulating boxing; ratifying certain labor agreements and compensation plans; providing criminal penalties; appropriating money; amending Minnesota Statutes 2004, sections 3.737, subdivision 1; 3.7371, subdivision 3; 13.3806, by adding a subdivision; 16A.152, subdivision 1b; 137.022, subdivision 4; 137.17, subdivisions 1, 3; 256.01, subdivision 18, by adding a subdivision; 256B.431, by adding a subdivision; 256J.021; 256J.626, subdivision 2; Minnesota Statutes 2005 Supplement, sections 16A.152, subdivision 2; 35.05; 119B.13, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 4; 144; 197; 256; 256D; 341; repealing Minnesota Statutes 2004, sections 62J.694; 144.395.

H.F. No. 4162 was read the second time.

Senator Johnson, D.E. moved that H.F. No. 4162 be laid on the table. The motion prevailed.

SPECIAL ORDERS

Pursuant to Rule 26, Senator Johnson, D.E., Chair of the Committee on Rules and Administration, designated the following bills a Special Orders Calendar to be heard immediately:

H.F. Nos. 2514, 2876, S.F. No. 2995, H.F. No. 3464, S.F. Nos. 2123, 3106, 2849 and 3176.

SPECIAL ORDER

H.F. No. 2514: A bill for an act relating to securities; enacting and modifying the 2002 Uniform Securities Act of the National Conference of Commissioners on Uniform State Laws; prescribing criminal penalties; amending Minnesota Statutes 2004, sections 60A.077, subdivision 9; 82.23; 82.43, subdivision 7; 144A.01, subdivision 4; 245A.02, subdivision 5a; 302A.011, subdivision 26; 302A.251, subdivision 4; 308A.505; 308B.465, subdivision 2; 322B.03, subdivision 43; 322B.663, subdivision 4; 356A.06, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 80A; repealing Minnesota Statutes 2004, sections 80A.01; 80A.02; 80A.03; 80A.04; 80A.041; 80A.05; 80A.06; 80A.07; 80A.08; 80A.09; 80A.10; 80A.11; 80A.115; 80A.12; 80A.122; 80A.125; 80A.13; 80A.14; 80A.15; 80A.16; 80A.17; 80A.18; 80A.19; 80A.22; 80A.23; 80A.24; 80A.25; 80A.26; 80A.27; 80A.28; 80A.29; 80A.30; 80A.31.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson	Fischbach	Koch	Neuville	Saxhaug
Bachmann	Foley	Koering	Nienow	Scheid
Bakk	Frederickson	Kubly	Olson	Senjem
Belanger	Gerlach	Larson	Ortman	Skoe
Berglin	Hann	LeClair	Pappas	Skoglund
Betzold	Higgins	Limmer	Pariseau	Solon
Bonoff	Hottinger	Lourey	Ranum	Sparks
Chaudhary	Johnson, D.E.	Marko	Reiter	Stumpf
Clark	Johnson, D.J.	Marty	Rest	Tomassoni
Cohen	Jungbauer	McGinn	Robling	Vickerman
Day	Kelley	Metzen	Rosen	Wergin
Dibble	Kierlin	Michel	Ruud	Wiger
Dille	Kiscaden	Moua	Sams	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 2876: A bill for an act relating to town mutual insurance companies; modifying the exception to the restriction on insuring property in certain cities; amending Minnesota Statutes 2004, section 67A.14, subdivision 5.

Senator Scheid moved that the amendment made to H.F. No. 2876 by the Committee on Rules and Administration in the report adopted April 11, 2006, pursuant to Rule 45, be stricken. The motion prevailed. So the amendment was stricken.

Senator Scheid moved to amend H.F. No. 2876 as follows:

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 2004, section 60A.075, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms in this subdivision have the meanings given them.

(b) "Converting mutual insurer" means a Minnesota domestic mutual insurance company seeking to reorganize according to this section.

(c) "Converting mutual holding company" means a Minnesota domestic mutual insurance holding company seeking to reorganize according to this section.

(d) "Converting mutual company" means a converting mutual insurer or a converting mutual holding company seeking to convert according to this section.

(e) "Reorganized company" means a converting mutual insurer or a converting mutual holding company, as the case may be, that has reorganized according to this section.

(f) "Eligible member" means:

(1) for converting mutual insurers, a policyholder whose policy is in force as of the record date. Unless otherwise provided in the plan, a person ~~insured~~ covered under a group policy is not an eligible member, ~~unless except that a person insured under a group life insurance policy is an eligible member if,~~ on the record date:

(i) ~~the person is insured or covered under a group life policy or group annuity contract under which funds are cash value has accumulated and been allocated to the respective covered insured persons; and~~

~~(ii) the person has the right to direct the application of the funds so allocated;~~

~~(iii) (ii) the group policyholder makes no contribution to the premiums or deposits for the group policy or contract; and~~

~~(iv) the converting mutual company has the names and addresses of the persons covered under the group life policy or group annuity contract;~~

(2) for converting mutual holding companies, a person who is a member of the converting mutual holding company, as defined by the converting mutual holding company's articles of incorporation and bylaws, determined as of the record date.

(g) "Plan of conversion" or "plan" means a plan adopted by a converting mutual company's board of directors under this section.

(h) "Policy" means a policy or contract of insurance, including an annuity contract, issued by a converting mutual insurer or issued by a ~~stock~~ reorganized insurance company subsidiary of a mutual holding company, ~~but excluding individual noncontributory insurance policies for which the premiums are paid by a financial institution, association, employer, or other institutional entity.~~

(i) "Active participating policy" means an individual policy of a converting mutual company or its subsidiary that: (1) is a participating policy; (2) is among a class of similar policies that have been credited with policy dividends at any time within the 12 months preceding the effective date of the conversion or that will, under the then current dividend scale, be credited with policy dividends if in force on a future policy anniversary; (3) gives rise to membership interests in the converting mutual company; and (4) is in force on the effective date or some other reasonable date identified in the plan.

(j) "Commissioner" means the commissioner of commerce.

(k) "Effective date of a conversion" means the date determined according to subdivision 6.

(l) "Record date" means the date that the converting mutual company's board of directors adopts a plan of conversion, unless another date is specified in the plan of conversion and approved by the commissioner.

(m) "Membership interests" means all rights as members of the converting mutual company, including, but not limited to, the rights to vote and to participate in any distributions of distributable net worth, whether or not incident to the company's liquidation.

(n) "Distributable net worth" means the value of the converting mutual company as of the record date of the conversion, or other date approved by the commissioner, determined as set forth in the plan and approved by the commissioner. The commissioner may approve a valuation method based on any of the following: (1) the surplus as regards policyholders of a converting mutual insurer determined according to statutory accounting principles, which may be adjusted to reflect the current market values of assets and liabilities, together with any other adjustments that are appropriate in the circumstances; (2) the net equity of a converting mutual holding company or a converting mutual insurer determined according to generally accepted accounting principles, which may be adjusted to reflect the current market values of assets and liabilities, together with any other adjustments that are appropriate in the circumstances; (3) the fair market value of the converting mutual company determined by an independent, qualified person; or (4) any other reasonable valuation method.

(o) "Permitted issuer" means: (1) a corporation organized and owned by the converting mutual company or by any other insurance company or insurance holding company for the purpose of purchasing and holding securities representing a majority of voting control of the reorganized company; (2) a stock insurance company owned by the converting mutual company or by any other insurance company or insurance holding company into which the converting mutual company will be merged; or (3) any other corporation approved by the commissioner.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 2004, section 60A.077, subdivision 1, is amended to read:

Subdivision 1. **Formation.** (a) A domestic mutual insurance company, upon approval of the commissioner, may reorganize by forming an insurance holding company based upon a mutual plan and continuing the corporate existence of the reorganizing insurance company as a stock insurance company. The commissioner, if satisfied that the interests of the policyholders are properly protected and that the plan of reorganization is fair and equitable to the policyholders, may approve the proposed plan of reorganization and may require as a condition of approval the modifications of the proposed plan of reorganization as the commissioner finds necessary for the protection of the policyholders' interests. The commissioner shall retain jurisdiction over the mutual insurance holding company according to this section and chapter 60D to assure that policyholder and member interests are protected.

(b) All of the initial voting shares of the capital stock of the reorganized insurance company must be issued to the mutual insurance holding company or to an intermediate stock holding company. The membership interests of the policyholders of the reorganized insurance company become membership interests in the mutual insurance holding company. "Membership interests" means those interests described in section 60A.075, subdivision 1, paragraph ~~(h)~~ (m). Policyholders of the reorganized insurance company shall be members of the mutual insurance holding company and their voting rights must be determined in accordance with the articles of incorporation and bylaws of the mutual insurance holding company. Policyholders of any other insurance company subsidiary of a mutual insurance holding company shall not be members of the mutual insurance holding company unless otherwise specified in the articles of incorporation or bylaws of the mutual insurance holding company. For purposes of this paragraph, "other insurance company subsidiary" means an insurance company subsidiary of a mutual insurance holding company that

has not reorganized under this chapter or a comparable statute in another jurisdiction. The mutual insurance holding company shall, at all times, directly or through one or more intermediate stock holding companies, control a majority of the voting shares of the capital stock of the reorganized insurance company, taking into account any potential dilution resulting from convertible securities.

(c) A majority of the board of directors of a mutual insurance holding company must be disinterested directors. For purposes of this section, a director is disinterested if (i) the director is not or has not within the past two years been an officer or employee of the mutual insurance holding company or any subsidiary or predecessor corporation, and (ii) the director does not hold, directly or indirectly, a material ownership interest in any subsidiary of the mutual insurance holding company. An ownership interest is material if it represents more than one-half of one percent of the voting securities of the issuer, or a larger percentage as the commissioner may approve.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2004, section 60A.077, subdivision 3, is amended to read:

Subd. 3. **Plan of reorganization; approval by commissioner.** (a) A reorganizing or merging insurer or a merging mutual insurance holding company shall, by the affirmative vote of a majority of its board of directors, adopt a plan of reorganization or merger consistent with the requirements of this section and file the plan with the commissioner. At any time before the approval of a plan by the commissioner, the company, by the affirmative vote of a majority of its directors, may amend or withdraw the plan. The plan must provide for the following:

(1) in the case of a reorganization under subdivision 1, establishing a mutual insurance holding company with at least one stock insurance company subsidiary, or in the case of a reorganization under subdivision 2, a description of the terms and conditions of the proposed merger;

(2) analyzing the benefits and risks attendant to the proposed reorganization, including the rationale for the reorganization and analysis of the comparative benefits and risks of a demutualization under section 60A.075;

(3) protecting the immediate and long-term interests of existing policyholders;

(4) ensuring immediate membership in the mutual insurance holding company of all existing policyholders of the reorganizing domestic insurance company;

(5) describing a plan providing for membership interests of future policyholders;

(6) describing the number of members of the board of directors of the mutual insurance holding company required to be policyholders;

(7) describing the mutual insurance holding company's plan for distributions to members or other uses of accumulated mutual holding company earnings;

(8) describing the nature and content of the annual report and financial statement to be sent or otherwise made available to each member;

(9) describing a plan to send or otherwise make available to members the annual report and financial statement;

(10) a copy of the proposed mutual insurance holding company's articles of incorporation and bylaws specifying all membership rights;

~~(10)~~ (11) the names, addresses, and occupational information of all corporate officers and members of the proposed mutual insurance holding company board of directors;

~~(11)~~ (12) information sufficient to demonstrate that the financial condition of the reorganizing or merging company will not be materially diminished upon reorganization, including information concerning any subsidiaries of the reorganizing or merging insurers that will become subsidiaries

of the mutual insurance holding company or an intermediate holding company as part of the reorganization;

~~(12)~~(13) a copy of the articles of incorporation and bylaws for any proposed insurance company subsidiary or intermediate holding company subsidiary;

~~(13)~~(14) describing any plans for an initial sale or subscription of stock or other securities of the reorganized insurance company or any intermediate holding company; and

~~(14)~~(15) any other information requested by the commissioner or required by rule.

(b) The commissioner may approve the plan upon finding that the requirements of this section have been fully met and the plan will protect the immediate and long-term interests of policyholders.

(c) The commissioner may retain, at the reorganizing or merging mutual company's expense, any qualified experts not otherwise a part of the commissioner's staff to assist in reviewing the plan.

(d) The commissioner may, but need not, conduct a public hearing regarding the proposed plan. The hearing must be held within 30 days after submission of a completed plan of reorganization to the commissioner. The commissioner shall give the reorganizing mutual company at least 20 days' notice of the hearing. At the hearing, the reorganizing mutual company, its policyholders, and any other person whose interest may be affected by the proposed reorganization, may present evidence, examine and cross-examine witnesses, and offer oral and written arguments or comments according to the procedure for contested cases under chapter 14. The persons participating may conduct discovery proceedings in the same manner as prescribed for the district courts of this state. All discovery proceedings must be concluded no later than three days before the scheduled commencement of the public hearing.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. Minnesota Statutes 2004, section 60A.077, is amended by adding a subdivision to read:

Subd. 13. **Conversion.** (a) With the approval of the commissioner, a domestic insurance company that previously reorganized under this section into a stock subsidiary of a mutual insurance holding company may convert back into a mutual insurance company. It shall effect the conversion by merging with its parent mutual insurance holding company (a "parent mutual"), but only if the parent mutual owns or controls, directly or indirectly, all of the voting shares of capital stock of the reorganized insurance company. The reorganized subsidiary, as the surviving company, shall continue its corporate existence as a domestic mutual insurance company (a "remutualized company"). A conversion under this subdivision may, but need not, occur in connection with the simultaneous or subsequent merger of the remutualized company with a domestic or foreign mutual insurance company. Section 61A.37 is not applicable to a conversion under this subdivision.

(b) The conversion can be effected by the parent mutual pursuant to a plan of conversion adopted as follows:

(1) The parent mutual shall, by the affirmative vote of a majority of its board of directors, adopt a plan of conversion consistent with the requirements of this subdivision.

(2) The parent mutual, by the affirmative vote of a majority of its board of directors, may amend the plan at any time before approval of the plan by the commissioner and may withdraw the plan at any time before the effective date of the plan.

(3) The duties of the board of directors of the parent mutual, in considering or acting upon a proposed plan of conversion or related transaction, shall be as set forth in section 302A.251 and, to the extent not inconsistent with that section, the parent mutual's articles of incorporation and bylaws.

(c) The parent mutual shall file with the commissioner an application for approval of, and

permission to carry out the reorganization according to, the plan of conversion. The application must include the following:

- (1) the plan of conversion;
- (2) the form of notice of meeting for eligible members to vote on the plan;
- (3) the form of any proxies to be solicited from eligible members;
- (4) the proposed articles of incorporation and bylaws of the remutualized company;
- (5) information required under chapter 60D if the plan results in a change of control of the remutualizing company;
- (6) if required by the commissioner, an independent actuarial opinion on matters affecting the structure or fairness of the plan; and
- (7) other information or documentation required by the commissioner or required by rule.

(d) The commissioner shall determine, within 30 days of submission of the application, whether the application is complete.

(e) If the plan of conversion proposes a simultaneous merger of the remutualized company with a foreign or domestic mutual insurance company, the commissioner may conduct concurrent proceedings under this subdivision and section 60A.16.

(f) The commissioner may retain, at the parent mutual's expense, qualified experts not otherwise a part of the commissioner's staff, including without limitation, actuaries, accountants, investment bankers, and attorneys, to assist in reviewing the plan and supplemental materials and valuations.

(g) The commissioner may, but need not, conduct a public hearing regarding the proposed plan of conversion. If a hearing is to be held, the commissioner shall designate a date for the public hearing promptly upon determining that the application is complete and that the forms of notice are adequate. The public hearing must be held on one or more days, the first beginning within 90 days after the date on which the commissioner determines the application is complete, unless the parent mutual requests, and the commissioner agrees to, a longer period for the purpose of preparing and distributing the notices required by this paragraph and by paragraph (i), clause (1). The hearing shall be in the nature of a legislative hearing and shall not constitute or be considered a contested case under chapter 14. The hearing may be conducted by the commissioner or by a person designated by the commissioner, which designee may be an administrative law judge. The parent mutual shall provide its eligible members with at least 45 days' notice of the hearing, the notice to be in the form, and provided in a manner, approved by the commissioner. The purpose of the hearing is to receive comments and information for the purpose of aiding the commissioner in making a decision on the plan of conversion. Persons wishing to make comments and submit information may submit written statements before the public hearing and may appear and be heard at the hearing. The commissioner's order or determination must be issued within 45 days after the closing of the record of the hearing by the commissioner or the hearing officer, as applicable, which record must not be closed until the record includes certification of the vote on the plan of conversion by the eligible members of the parent mutual. The commissioner shall issue a written decision detailing the reasons why the parent mutual company's plan of conversion is approved or disapproved.

(h) The commissioner shall approve the application and permit the conversion according to the plan if the commissioner finds that:

- (1) the provisions of this subdivision have been fully met; and
- (2) the plan is not unfair or inequitable to the members of the parent mutual.

The commissioner's order approving or disapproving a plan of conversion is a final agency decision

subject to appeal according to sections 14.63 to 14.68.

(i)(1) No later than 90 days following the date of the public hearing, if any, or the date the commissioner determines the application is complete if no hearing is held, the parent mutual shall give all eligible members notice of a regular or special meeting of the members called for the purpose of considering the plan and any corporate actions that are a part of, or are reasonably attendant to, the accomplishment of the plan, including without limitation, any proposed merger of the remutualizing company with a domestic or foreign mutual insurance company.

(2) A copy of the plan or a summary of the plan must accompany the notice. The notice must be mailed to each eligible member's last known address, as shown on the parent mutual's records, not less than 45 days before the date of the meeting, unless the commissioner directs a later date for mailing. If the meeting to vote upon the plan is held coincident with the parent mutual's annual meeting of members, only one combined notice of meeting is required. The notice of the meeting of eligible members may be combined with the notice of hearing described in paragraph (g).

(3) If the parent mutual complies substantially and in good faith with the notice requirements of this section, the parent mutual's failure to give any member or members required notice does not impair the validity of an action taken under this section.

(j)(1) The plan must be adopted upon receiving the affirmative vote of a majority of the votes cast by eligible members.

(2) Eligible members may vote in person or by proxy. The form of any proxy must be filed with and approved by the commissioner.

(k)(1) Following approval by the eligible members, the parent mutual shall file a copy of the converting subsidiary's amended or restated articles of incorporation with the commissioner, together with a certified copy of the minutes of the meeting of the members of the parent mutual at which the plan was adopted and a certified copy of the plan. The commissioner shall review and, if appropriate, approve the amended or restated articles. After approval by the commissioner, the parent mutual shall file the articles with the secretary of state as provided by section 60A.07, subdivision 1d, and chapter 302A.

(2) The conversion is effective on the date of filing an amendment or restatement of the articles of incorporation with the secretary of state, or on a later date if the plan so specifies.

(1) Upon the effective date of the conversion in accordance with this subdivision:

(1) The corporate existence of the parent mutual is continued in the converted subsidiary. All the rights, privileges, powers, franchises, and interests of the parent mutual in and to all property and things in action belonging to the parent company are considered transferred to and vested in the converted subsidiary without any deed or transfer. Simultaneously, the converted subsidiary is considered to have assumed all the obligations and liabilities of the parent mutual.

(2) The directors and officers of the parent mutual, unless otherwise specified in the plan of conversion, shall serve as directors and officers of the converted subsidiary until new directors and officers of the converted subsidiary are duly elected according to the articles of incorporation and bylaws of the converted subsidiary.

(3) All policies issued by the converted subsidiary in force on the effective date of the conversion remain in force subject to the terms of those policies, except that the membership interests in the parent mutual shall become membership interests in the converted subsidiary, and member voting rights in the converted subsidiary shall be exclusively governed by the converted subsidiary's articles and bylaws.

(4) Except as otherwise provided in the plan of conversion, the converted subsidiary is no longer subject to the requirements of subdivisions 1 to 12 of this section or to the terms of the original plan

of reorganization.

(5) At the effective time of the merger, all of the voting shares of capital stock of the converted subsidiary shall be deemed to be redeemed and canceled.

(6) Any provisions of the original plan of reorganization pertaining to the protection of reasonable policyholder dividend expectations may be continued, modified, or extinguished as provided under the plan of conversion and approved by the commissioner.

(m) No director, officer, agent, employee of the parent mutual or the converting subsidiary, or any other person shall receive a fee, commission, or other valuable consideration, other than the person's usual regular salary and compensation, for in any manner aiding, promoting, or assisting in the conversion except as set forth in the plan approved by the commissioner. This provision does not prohibit the payment of reasonable fees and compensation to attorneys, accountants, investment bankers, and actuaries for services performed in the independent practice of their professions.

(n) All the costs and expenses connected with a plan of conversion must be paid for or reimbursed by the parent mutual or converted subsidiary except where the plan provides otherwise.

(o)(1) An action challenging the validity of or arising out of acts taken or proposed to be taken according to this section must be commenced within 180 days after the effective date of the conversion.

(2) The parent mutual, the converted subsidiary, or any defendant in an action described in clause (1) may petition the court in the action to order a party to give security for the reasonable attorney fees that may be incurred by a party to the action. The amount of security may be increased or decreased in the discretion of the court having jurisdiction if a showing is made that the security provided is or may become inadequate or excessive.

(p) For purposes of this subdivision, the following terms have the meanings given.

(1) "Eligible member" means a person who is a member of the parent mutual, as defined by the parent mutual's articles of incorporation and bylaws, determined as of the record date.

(2) "Membership interests" means all rights as members of the parent mutual, including, but not limited to, the rights to vote.

(3) "Plan of conversion" or "plan" means a plan adopted by a parent mutual's board of directors under this section.

(4) "Record date" means the date that the parent mutual's board of directors adopts a plan of conversion, unless another date is specified in the plan of conversion and approved by the commissioner.

(5) "Converted subsidiary" means a converting subsidiary that has converted into a mutual insurance company under this subdivision.

(6) "Converting subsidiary" means a Minnesota domestic insurance company that previously reorganized under this section that is seeking to convert back into a mutual insurance company in accordance with this subdivision.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2004, section 60A.207, is amended to read:

60A.207 POLICIES TO INCLUDE NOTICE.

Each policy, cover note, or instrument evidencing surplus lines insurance from an eligible surplus lines insurer which is delivered to an insured or a representative of an insured shall have printed, typed, or stamped ~~in red ink~~ upon its face in not less than 10 point type, the following notice: "THIS

INSURANCE IS ISSUED PURSUANT TO THE MINNESOTA SURPLUS LINES INSURANCE ACT. THE INSURER IS AN ELIGIBLE SURPLUS LINES INSURER BUT IS NOT OTHERWISE LICENSED BY THE STATE OF MINNESOTA. IN CASE OF INSOLVENCY, PAYMENT OF CLAIMS IS NOT GUARANTEED." This notice shall not be covered or concealed in any manner.

Sec. 6. Minnesota Statutes 2004, section 60D.19, subdivision 1, is amended to read:

Subdivision 1. **Registration.** Every insurer that is authorized to do business in this state and that is a member of an insurance holding company system shall register with the commissioner, except a foreign insurer subject to registration requirements and standards adopted by statute or regulation in the jurisdiction of its domicile that are substantially similar to those contained in:

(1) this section;

(2) section 60D.20, subdivisions 1, paragraph (a); 2; and 4; and

(3) either section 60D.20, subdivision 1, paragraph (b), or a provision such as the following: Each registered insurer shall keep current the information required to be disclosed in its registration statement by reporting all material changes or additions within 15 days after the end of the month in which it learns of each such change or addition.

Any insurer that is subject to registration under this section shall register within 15 days after it becomes subject to registration, and annually thereafter by ~~March~~ June 1 of each year for the previous calendar year, unless the commissioner for good cause shown extends the time for registration, and then within such extended time. The commissioner may require any insurer authorized to do business in the state that is a member of a holding company system, and that is not subject to registration under this section, to furnish a copy of the registration statement, the summary specified in subdivision 3 or other information filed by the insurance company with the insurance regulatory authority of domiciliary jurisdiction.

Sec. 7. Minnesota Statutes 2004, section 60K.56, subdivision 5, is amended to read:

Subd. 5. **Criteria for course accreditation.** (a) The commissioner may accredit a course only to the extent it is designed to impart substantive and procedural knowledge of the insurance field. The burden of demonstrating that the course satisfies this requirement is on the individual or organization seeking accreditation. The commissioner shall approve any educational program approved by Minnesota Continuing Legal Education relating to the insurance field. The commissioner is authorized to establish a procedure for renewal of course accreditation.

(b) The commissioner shall approve or disapprove professional designation examinations that are recommended for approval by the advisory task force. In order for an insurance producer to receive full continuing education credit for a professional designation examination, the producer must pass the examination. A producer may not receive credit for classroom instruction preparing for the professional designation examination and also receive continuing education credit for passing the professional designation examination.

(c) The commissioner may not accredit a course:

(1) that is designed to prepare students for a license examination;

~~(2) in mechanical office or business skills, including typing, speedreading, use of calculators, or other machines or equipment;~~

~~(3) (2) in sales promotion, including meetings held in conjunction with the general business of the licensed agent; or~~

~~(4) (3) in motivation, the art of selling, or psychology, or time management.~~

Sec. 8. Minnesota Statutes 2004, section 60K.56, subdivision 6, is amended to read:

Subd. 6. **Minimum education requirement.** Each person subject to this section shall complete a minimum of 30 credit hours of courses accredited by the commissioner during each 24-month licensing period. Any person whose initial licensing period extends more than six months shall complete 15 hours of courses accredited by the commissioner during the initial license period. Any person teaching or lecturing at an accredited course qualifies for three times the number of credit hours that would be granted to a person completing the accredited course. No more than one-half of the credit hours per licensing period required under this section may be credited to a person for attending any combination of courses either sponsored by, offered by, or affiliated with an insurance company or its agents; or offered using new delivery technology, including computer, interactive technology, and the Internet. A licensee may obtain up to five hours of the credit hours per licensing period from classes in the area of professional development including, but not limited to, best practices, ethics, privacy protection, customer/client, personal and safety awareness, software applications, agency management, claims settlement, business perpetuation, and disaster planning. Courses sponsored by, offered by, or affiliated with an insurance company or agent may restrict its students to agents of the company or agency.

Sec. 9. Minnesota Statutes 2004, section 64B.13, is amended to read:

64B.13 REINSURANCE.

(a) A domestic society may, by a reinsurance agreement, cede any individual risk or risks in whole or in part to an insurer, other than another fraternal benefit society, having the power to make such reinsurance and authorized to do business in this state, or if not so authorized, one which is approved by the commissioner, but no such society may reinsure substantially all of its insurance in force without the written permission of the commissioner. It may take credit for the reserves on the ceded risks to the extent reinsured, but no credit shall be allowed as an admitted asset or as a deduction from liability to a ceding society for reinsurance made, ceded, renewed, or otherwise becoming effective after August 1, 1985, unless the reinsurance is payable by the assuming insurer on the basis of the liability of the ceding society under the contract or contracts reinsured without diminution because of the insolvency of the ceding society.

(b) Notwithstanding the limitation in paragraph (a), a society may reinsure the risks of another society in a consolidation or merger approved by the commissioner under section 64B.14, or under such other circumstances as approved by the commissioner including reinsurance of an affiliated insurance company.

Sec. 10. Minnesota Statutes 2005 Supplement, section 66A.02, subdivision 2, is amended to read:

Subd. 2. **Mutual holding companies.** For purposes of sections 66A.01 to 66A.07 and 66A.21, ~~the term unless the context clearly suggests otherwise,~~ "domestic mutual insurance company" is deemed to include domestic mutual insurance holding companies organized under section 60A.077 and ~~the term~~ "member" is deemed to include members of a domestic mutual insurance holding company as specified in section 60A.077, subdivision 1, paragraph (b). For purposes of section 60A.07, subdivisions 1, 1a, ~~1b,~~ 1c, 1d, and 1e, a domestic mutual insurance holding company is deemed to be an insurance corporation.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 11. Minnesota Statutes 2005 Supplement, section 66A.02, subdivision 3, is amended to read:

Subd. 3. **Terms.** For purposes of applying chapter 302A to domestic mutual insurance companies, members of a domestic mutual insurance company must be treated in the same manner as shareholders of a stock corporation, except as otherwise provided in this chapter. Every member of the mutual insurance company shall be deemed to hold one share of the company for purposes of applying provisions of chapter 302A relating to voting. Mutual insurance companies are not included in the definitions of "closely held corporation," "publicly held corporation," or "issuing

public corporation." The term "distribution" does not include dividends paid on participating policies issued by the mutual insurance company or any reorganized insurance company subsidiary in the case of a mutual insurance holding company.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 12. Minnesota Statutes 2005 Supplement, section 66A.07, subdivision 2, is amended to read:

Subd. 2. **Life insurance companies.** (a) Unless otherwise approved by the commissioner of commerce, a domestic mutual life insurance company member is any person who is listed on the records of the company as the owner of an in-force policy, and each member is entitled to one vote regardless of the number of policies owned by the member or the amounts of coverage provided to the member. For purposes of this section, "policy" means a policy or contract of insurance, including an annuity contract issued by the company, but excluding individual noncontributory insurance policies for which the premiums are paid by a financial institution, association, employer, or other institutional entity. Except as otherwise provided in the company's certificate or bylaws, a person ~~insured covered~~ under a group policy is not a member by virtue of such coverage, unless except that a person insured under a group life insurance policy is a member if: (1) the person is insured or covered under a group life policy or group annuity contract under which funds are cash value has accumulated and been allocated to the respective covered insured persons; and (2) the person has the right to direct the application of the funds so allocated; (3) the group policyholder makes no contribution to the premiums or deposits for the policy or contract; and (4) the company has the names and addresses of the persons covered under the group life policy or group annuity contract.

(b) Every member of a mutual life insurance company must be notified of its annual meetings by a written notice mailed to the member's address, or by an imprint on the front or back of the policy, premium notice, receipt, or certificate of renewal, substantially as follows:

"The policyowner is hereby notified that by virtue of his or her ownership of this policy, the policyowner is a member of the Insurance Company, and that the annual meetings of said company are held at its home office on the day of in each year, at o'clock."

For mutual life insurance holding companies, the notice of the annual meeting may be modified to reflect that the policyowner, by virtue of his or her ownership of a policy issued by a subsidiary insurance company reorganized under section 60A.077, is a member of the mutual insurance holding company. Notice given in this manner is deemed to comply with the requirements of section 302A.435.

EFFECTIVE DATE. This section is effective the day following final enactment."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Pursuant to Rule 41.2, Senator Michel moved that he be excused from voting on all questions pertaining to H.F. No. 2876. The motion prevailed.

Pursuant to Rule 41.2, Senator Wiger moved that he be excused from voting on all questions pertaining to H.F. No. 2876. The motion prevailed.

The question was taken on the adoption of the Scheid amendment. The motion prevailed. So the amendment was adopted.

H.F. No. 2876 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Anderson	Fischbach	Koch	Murphy	Sams
Bachmann	Foley	Koering	Neuville	Saxhaug
Bakk	Frederickson	Kubly	Nienow	Scheid
Belanger	Gerlach	Langseth	Olson	Senjem
Berglin	Hann	Larson	Ortman	Skoe
Betzold	Higgins	LeClair	Pappas	Skoglund
Bonoff	Hottinger	Limmer	Pariseau	Solon
Chaudhary	Johnson, D.E.	Lourey	Ranum	Sparks
Clark	Johnson, D.J.	Marko	Reiter	Stumpf
Cohen	Jungbauer	Marty	Rest	Tomassoni
Day	Kelley	McGinn	Robling	Vickerman
Dibble	Kierlin	Metzen	Rosen	Wergin
Dille	Kiscaden	Moua	Ruud	

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

SPECIAL ORDER

S.F. No. 2995: A bill for an act relating to liens; regulating liens for storage charges on certain motor vehicles; amending Minnesota Statutes 2004, section 514.19.

Senator Anderson moved to amend S.F. No. 2995 as follows:

Page 1, line 23, delete "five" and insert "15"

Page 1, line 24, delete "registered" and insert "certified"

The motion prevailed. So the amendment was adopted.

Senator Murphy moved to amend S.F. No. 2995 as follows:

Page 1, before line 5, insert:

"Section 1. Minnesota Statutes 2005 Supplement, section 168A.20, subdivision 5, is amended to read:

Subd. 5. **Satisfaction of automobile lien seven years old; release.** ~~(a)~~ A security interest perfected under this chapter ~~expires~~ may be canceled seven years from the perfection date for a passenger automobile, as defined in section 168.011, subdivision 7, upon the request of the owner of the passenger automobile, if the owner has paid the lien in full and is unable to locate the lienholder to obtain a lien release. At a minimum, the owner must send a letter to the lienholder by certified mail, return receipt requested, requesting a lien release. If the owner is unable to obtain a lien release by sending a letter by certified mail, then the owner must present to the department or its agent the returned letter as evidence of the attempted contact. This subdivision applies only to vehicle owners who are individuals.

~~(b) A lien holder may notify the department in writing or in a format approved by the department during the sixth year of the lien, no later than 90 days in advance of the seven-year anniversary, if the lien will not be satisfied during this registration period and the lien must be extended up to seven additional years as requested by the lien holder.~~

EFFECTIVE DATE. This section is effective the day following final enactment."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 2995 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 67 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Foley	Kubly	Nienow	Scheid
Bachmann	Frederickson	Langseth	Olson	Senjem
Bakk	Gerlach	Larson	Ortman	Skoe
Belanger	Hann	LeClair	Pappas	Skoglund
Berglin	Higgins	Limmer	Pariseau	Solon
Betzold	Hottinger	Lourey	Pogemiller	Sparks
Bonoff	Johnson, D.E.	Marko	Ranum	Stumpf
Chaudhary	Johnson, D.J.	Marty	Reiter	Tomassoni
Clark	Jungbauer	McGinn	Rest	Vickerman
Cohen	Kelley	Metzen	Robling	Wergin
Day	Kierlin	Michel	Rosen	Wiger
Dibble	Kiscaden	Moua	Ruud	
Dille	Koch	Murphy	Sams	
Fischbach	Koering	Neuville	Saxhaug	

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

SPECIAL ORDER

H.F. No. 3464: A bill for an act relating to occupations and professions; modifying licensing provision for barbers and cosmetologists; amending Minnesota Statutes 2004, sections 155A.07, by adding a subdivision; 240.08, subdivision 2.

Senator Higgins moved that the amendment made to H.F. No. 3464 by the Committee on Rules and Administration in the report adopted April 12, 2006, pursuant to Rule 45, be stricken.

Senator Johnson, D.E. moved that H.F. No. 3464 be laid on the table. The motion prevailed.

Senator Johnson, D.E. moved that H.F. No. 3464 be taken from the table. The motion prevailed.

The question recurred on the motion of Senator Higgins to strike the Rule 45 amendment. The motion prevailed. So the amendment was stricken.

H.F. No. 3464 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 35 and nays 30, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Kiscaden	Murphy	Saxhaug
Bakk	Higgins	Kubly	Ortman	Scheid
Berglin	Hottinger	Langseth	Pappas	Skoe
Chaudhary	Johnson, D.E.	Larson	Pogemiller	Skoglund
Clark	Jungbauer	Marty	Ranum	Solon
Cohen	Kelley	Metzen	Robling	Stumpf
Dibble	Kierlin	Moua	Rosen	Tomassoni

Those who voted in the negative were:

Belanger	Frederickson	LeClair	Nienow	Sams
Betzold	Gerlach	Limmer	Olson	Senjem
Bonoff	Hann	Marko	Pariseau	Sparks
Day	Johnson, D.J.	McGinn	Reiter	Vickerman
Fischbach	Koch	Michel	Rest	Wergin
Foley	Koering	Neuville	Ruud	Wiger

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 2123: A resolution memorializing the President, Congress, and the United States Postal Service to maintain current levels of service.

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

The question was taken on the passage of the resolution.

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

Those who voted in the affirmative were:

Anderson	Foley	Koering	Neuville	Sams
Bakk	Frederickson	Kubly	Nienow	Saxhaug
Belanger	Gerlach	Langseth	Olson	Scheid
Berglin	Hann	Larson	Ortman	Senjem
Betzold	Higgins	LeClair	Pappas	Skoe
Bonoff	Hottinger	Limmer	Pariseau	Skoglund
Chaudhary	Johnson, D.E.	Marko	Pogemiller	Solon
Clark	Johnson, D.J.	Marty	Ranum	Sparks
Cohen	Jungbauer	McGinn	Reiter	Stumpf
Day	Kelley	Metzen	Rest	Tomassoni
Dibble	Kierlin	Michel	Robling	Vickerman
Dille	Kiscaden	Moua	Rosen	Wergin
Fischbach	Koch	Murphy	Ruud	Wiger

So the resolution passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 3106: A bill for an act relating to drivers' licenses; authorizing suspension of driver's license for attempting to pay vehicle taxes or fees with insufficient funds; amending Minnesota Statutes 2005 Supplement, section 171.18, subdivision 1.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Bakk	Frederickson	Kubly	Olson	Scheid
Belanger	Gerlach	Langseth	Ortman	Senjem
Berglin	Hann	Larson	Pappas	Skoe
Betzold	Higgins	LeClair	Pariseau	Skoglund
Bonoff	Hottinger	Limmer	Pogemiller	Solon
Chaudhary	Johnson, D.E.	Marko	Ranum	Sparks
Clark	Johnson, D.J.	McGinn	Reiter	Stumpf
Cohen	Jungbauer	Metzen	Rest	Tomassoni
Day	Kelley	Michel	Robling	Vickerman
Dibble	Kierlin	Moua	Rosen	Wergin
Dille	Kiscaden	Murphy	Ruud	Wiger
Fischbach	Koch	Neuville	Sams	
Foley	Koering	Nienow	Saxhaug	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 2849: A bill for an act relating to transportation; modifying provision governing

financial assistance from the town bridge account; amending Minnesota Statutes 2004, section 161.082, subdivision 2a.

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

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Bakk	Frederickson	Kubly	Nienow	Saxhaug
Belanger	Gerlach	Langseth	Olson	Scheid
Berglin	Hann	Larson	Ortman	Senjem
Betzold	Higgins	LeClair	Pappas	Skoe
Bonoff	Hottinger	Limmer	Pariseau	Skoglund
Chaudhary	Johnson, D.E.	Marko	Pogemiller	Solon
Clark	Johnson, D.J.	Marty	Ranum	Sparks
Cohen	Jungbauer	McGinn	Reiter	Stumpf
Day	Kelley	Metzen	Rest	Tomassoni
Dibble	Kierlin	Michel	Robling	Vickerman
Dille	Kiscaden	Moua	Rosen	Wergin
Fischbach	Koch	Murphy	Ruud	Wiger
Foley	Koering	Neuville	Sams	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 3176: A bill for an act relating to construction codes; recodifying and modifying construction codes and licensing provisions; modifying the State Building Code; providing penalties for enforcement; instructing the revisor to change certain terms; determining wage rates for apprenticeship agreements; amending Minnesota Statutes 2004, sections 16B.61, subdivision 2; 16B.63, subdivision 5; 16B.748; 144.99, subdivision 1; 175.16, subdivision 1; 178.03, by adding a subdivision; 183.44, subdivision 3; 214.01, subdivision 3; 214.04, subdivision 3; 299F.011, subdivision 1; 326.241; 326.242, subdivision 9i; 326.243; 326.247; 326.42, subdivision 1; 326.57, subdivision 1; 326.60, subdivision 3; 326.87, subdivision 1; 326.91, subdivision 1; 326.93; 327.20, subdivision 1; 327.35, subdivision 1; 327B.05, subdivision 1; Minnesota Statutes 2005 Supplement, sections 16B.04, subdivision 2; 214.04, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 326B; repealing Minnesota Statutes 2004, sections 183.52; 183.61, subdivisions 1, 3, 5, 6; 326.01, subdivision 6h; 326.242, subdivisions 9, 9a, 9b, 9c, 9d, 9e, 9f, 9g, 9h, 9j, 9k; 326.244, subdivision 6; 326.246; 326.2461; 326.51; 326.521; 327B.05, subdivisions 2, 3, 4, 5, 6; Minnesota Rules, parts 3800.2650; 3800.3580; 3800.3750; 3800.3835; 4715.5600; 4717.7000, subpart 1, item I.

Senator Scheid moved to amend S.F. No. 3176 as follows:

Page 17, delete line 14 and insert "provisions relating to, boilers, and high pressure steam piping and appurtenances"

Page 17, line 15, delete the new language

Page 17, line 25, reinstate the stricken language

Page 17, line 26, reinstate "Plumbing Code and Electrical Code when enforced by the" and before the period, insert "commissioner of labor and industry"

Page 20, after line 12, insert:

"Section 1. Minnesota Statutes 2004, section 326.01, subdivision 4, is amended to read:

Subd. 4. **Special electrician.** ~~The term "special electrician" means a person having the necessary qualifications, training, experience, and technical knowledge to install, alter, repair, and supervise the installing, altering, or repairing of special classes of electrical wiring, apparatus, or equipment for light, heat, power, and other purposes or for special classes of electrical work who is licensed as such by the Board of Electricity. The scope of any special electrician license created by the board under section 326.242, subdivision 4, shall be limited to that provided for by the rules adopted by the board an elevator constructor, lineman, maintenance electrician, or master elevator constructor."~~

Page 20, line 28, delete the new language and insert "At the request of the commissioner of labor and industry, the Electrical Advisory Council shall provide advice to the commissioner of labor and industry on issues regarding the electrical code. The advisory council shall be organized and administered according to section 15.059, except that, notwithstanding any other law to the contrary:

(1) the advisory council shall not expire; and

(2) a member of the advisory council who was appointed by the commissioner of labor and industry may be removed by the commissioner of labor and industry at any time for cause, which cause shall include missing three consecutive meetings of the council."

Page 20, delete lines 29 to 32

Page 21, after line 29, insert:

"Sec. 3. Minnesota Statutes 2004, section 326.242, subdivision 4, is amended to read:

Subd. 4. **Special electrician.** ~~Notwithstanding the provisions of subdivisions 1, 2, 6, and 7, the board commissioner may by rule provide for the issuance of issue special electrician licenses empowering the licensee to engage in a limited class or classes of electrical work, which class or classes shall be specified on the license certificate as an elevator constructor, lineman, maintenance electrician, or master elevator constructor. Each licensee shall have had at least two years of experience, acceptable to the board commissioner, in each such the limited class type of work for which the licensee is licensed."~~

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Rosen moved to amend S.F. No. 3176 as follows:

Page 33, delete article 11

Renumber the articles in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

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

Those who voted in the affirmative were:

Belanger	Johnson, D.J.	LeClair	Ortman	Senjem
Day	Jungbauer	Limmer	Pariseau	Stumpf
Dille	Kierlin	McGinn	Reiter	Wergin
Fischbach	Koch	Michel	Robling	
Frederickson	Koering	Neuville	Rosen	
Gerlach	Kubly	Nienow	Ruud	
Hann	Larson	Olson	Scheid	

Those who voted in the negative were:

Bakk	Dibble	Langseth	Pogemiller	Solon
Berglin	Foley	Marko	Ranum	Sparks
Betzold	Higgins	Marty	Rest	Tomassoni
Bonoff	Hottinger	Metzen	Sams	Vickerman
Chaudhary	Johnson, D.E.	Moua	Saxhaug	Wiger
Clark	Kelley	Murphy	Skoe	
Cohen	Kiscaden	Pappas	Skoglund	

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

S.F. No. 3176 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 50 and nays 14, as follows:

Those who voted in the affirmative were:

Bakk	Dille	Kiscaden	Murphy	Scheid
Belanger	Fischbach	Koering	Neuville	Senjem
Berglin	Foley	Kubly	Nienow	Skoe
Betzold	Frederickson	Langseth	Pappas	Skoglund
Bonoff	Higgins	Marko	Pogemiller	Solon
Chaudhary	Hottinger	Marty	Ranum	Sparks
Clark	Johnson, D.E.	McGinn	Rest	Tomassoni
Cohen	Jungbauer	Metzen	Robling	Vickerman
Day	Kelley	Michel	Sams	Wergin
Dibble	Kierlin	Moua	Saxhaug	Wiger

Those who voted in the negative were:

Gerlach	Koch	Limmer	Pariseau	Ruud
Hann	Larson	Olson	Reiter	Stumpf
Johnson, D.J.	LeClair	Ortman	Rosen	

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

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senator Metzen introduced—

S.F. No. 3793: A bill for an act relating to human services; appropriating money for the Commission Serving Deaf and Hard-of-Hearing People.

Referred to the Committee on Finance.

Senator Pogemiller introduced—

S.F. No. 3794: A bill for an act relating to taxation; making technical and minor policy changes related to calculation and administration of tax increment financing; modifying the procedures for issuing tax increment financing bonds; amending Minnesota Statutes 2004, sections 469.175, subdivision 4; 469.176, subdivision 1; 469.1763, subdivisions 3, 4; 469.1771, subdivision 2a; 475.58, subdivision 1; Minnesota Statutes 2005 Supplement, sections 469.175, subdivisions 2, 5; 469.1763, subdivision 6; 469.177, subdivision 1.

Referred to the Committee on Taxes.

MEMBERS EXCUSED

Senator Pogemiller was excused from the Session of today from 10:20 to 10:40 a.m. Senators Bachmann and Lourey were excused from the Session of today at 10:55 a.m. Senator Anderson was excused from the Session of today from 11:00 to 11:25 a.m.

ADJOURNMENT

Senator Johnson, D.E. moved that the Senate do now adjourn until 11:00 a.m., Thursday, May 4, 2006. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

