

STATE OF MINNESOTA

EIGHTY-FIFTH SESSION — 2008

 NINETY-FOURTH DAY

SAINT PAUL, MINNESOTA, TUESDAY, MARCH 25, 2008

The House of Representatives convened at 12:00 noon and was called to order by Margaret Anderson Kelliher, Speaker of the House.

Prayer was offered by Joänne Tromiczak-Neid, Interfaith Minister and Justice Coordinator, Sisters of St. Joseph of Carondelet, St. Paul, Minnesota.

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

The roll was called and the following members were present:

Abeler	Dettmer	Haws	Lenczewski	Norton	Slawik
Anderson, B.	Dill	Heidgerken	Lesch	Olin	Slocum
Anderson, S.	Dittrich	Hilstrom	Liebling	Otremba	Smith
Anzalc	Dominguez	Hilty	Lieder	Ozment	Solberg
Atkins	Doty	Holberg	Lillie	Paulsen	Swails
Beard	Drazkowski	Hoppe	Loeffler	Paymar	Thao
Benson	Eastlund	Hornstein	Madore	Pelowski	Thissen
Berns	Eken	Hortman	Magnus	Peppin	Tillberry
Bigham	Emmer	Hosch	Mahoney	Peterson, A.	Tingelstad
Bly	Erickson	Howes	Mariani	Peterson, N.	Tschumper
Brod	Faust	Huntley	Marquart	Peterson, S.	Urdahl
Brown	Finstad	Jaros	Masin	Poppe	Wagenius
Brynaert	Fritz	Johnson	McFarlane	Rukavina	Walker
Buesgens	Gardner	Juhnke	McNamara	Ruth	Ward
Bunn	Garofalo	Kahn	Moe	Sailer	Wardlow
Carlson	Gottwalt	Kalin	Morgan	Scalze	Welti
Clark	Greiling	Knuth	Morrow	Seifert	Westrom
Cornish	Gunther	Koenen	Mullery	Sertich	Winkler
Davnie	Hackbarth	Kohls	Murphy, E.	Severson	Wollschlager
Dean	Hamilton	Kranz	Murphy, M.	Shimanski	Zellers
DeLaForest	Hansen	Laine	Nelson	Simon	Spk. Kelliher
Demmer	Hausman	Lanning	Nornes	Simpson	

A quorum was present.

Ruud was excused.

Olson was excused until 12:40 p.m. Erhardt was excused until 12:45 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Brynaert moved that further reading of the Journal be suspended and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

S. F. No. 1605 and H. F. No. 2628, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Norton moved that the rules be so far suspended that S. F. No. 1605 be substituted for H. F. No. 2628 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2822 and H. F. No. 3115, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Atkins moved that the rules be so far suspended that S. F. No. 2822 be substituted for H. F. No. 3115 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2830 and H. F. No. 3481, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Atkins moved that S. F. No. 2830 be substituted for H. F. No. 3481 and that the House File be indefinitely postponed. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

March 19, 2008

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Kelliher:

Please be advised that I have received, approved, signed, and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 2827, relating to local government; amending county historical society funding.

H. F. No. 1219, relating to transportation; removing sunset date for weight exemptions for certain milk trucks.

Sincerely,

TIM PAWLENTY
Governor

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
ST. PAUL 55155

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2008 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S. F. No.</i>	<i>H. F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 2008</i>	<i>Date Filed 2008</i>
	2827	158	5:50 p.m. March 19	March 19
	1219	159	5:55 p.m. March 19	March 19

Sincerely,

MARK RITCHIE
Secretary of State

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Pelowski from the Committee on Governmental Operations, Reform, Technology and Elections to which was referred:

H. F. No. 2107, A bill for an act relating to telecommunications; establishing the High-Speed Broadband Task Force; proposing coding for new law in Minnesota Statutes, chapter 237.

Reported the same back with the following amendments:

Page 3, after line 9, insert:

"(e) This section expires March 2, 2010."

Page 3, delete section 2

With the recommendation that when so amended the bill pass.

The report was adopted.

Pelowski from the Committee on Governmental Operations, Reform, Technology and Elections to which was referred:

H. F. No. 3034, A bill for an act relating to construction professions; modifying provisions relating to the electrical, plumbing, water conditioning, boiler, and high-pressure piping professions; amending Minnesota Statutes 2006, sections 299F.011, subdivision 3; 326.244, subdivision 1; 327.32, subdivision 1; 327.33, by adding subdivisions; 327A.04, subdivision 2; 327A.07; 327B.06, subdivision 1; Minnesota Statutes 2007 Supplement, sections 16B.64, subdivision 8; 183.60, subdivision 2; 326.01, subdivisions 4b, 5; 326.2415, subdivisions 2, 6; 326.242, subdivisions 2, 3d, 5, 12, by adding subdivisions; 326.244, subdivision 5; 326.37, subdivision 1a; 326.3705, subdivision 1; 326.40, subdivisions 2, 3, by adding a subdivision; 326.47, subdivision 2; 326.48, subdivisions 1, 2, 2a, 2b, 5; 326.50; 326.505, subdivisions 1, 2, 8; 326.62; 326.84, subdivision 1; 326.841; 326.86, subdivision 1; 326.87, subdivision 5; 326.93, subdivision 4; 326.94, subdivision 2; 326.97, subdivision 1a; 326B.082, subdivisions 8, 10, 11, 12, 13; 326B.083, subdivision 3; 326B.42, by adding a subdivision; 326B.89, subdivisions 5, 6, 12, 14; 327B.04, subdivision 4; Laws 2007, chapter 140, article 4, section 12; repealing Minnesota Statutes 2006, section 16B.69; Minnesota Statutes 2007 Supplement, sections 326.2411; 326.372; 326.471; Laws 2007, chapter 9, section 1; Laws 2007, chapter 135, article 4, sections 2; 8; article 6, section 3; Laws 2007, chapter 140, article 12, section 9; Minnesota Rules, part 3800.3510.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Finance.

The report was adopted.

Mullery from the Committee on Public Safety and Civil Justice to which was referred:

H. F. No. 3129, A bill for an act relating to real property; modifying certain plat requirements; amending Minnesota Statutes 2006, sections 505.20; 508.47, subdivision 4; 508A.47, subdivision 4; Minnesota Statutes 2007 Supplement, sections 505.01, subdivision 3; 505.021, subdivisions 8, 10.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Mullery from the Committee on Public Safety and Civil Justice to which was referred:

H. F. No. 3146, A bill for an act relating to consumer protection; modifying restrictions on the collection and use of Social Security numbers; amending Minnesota Statutes 2006, section 325E.59, subdivision 3; Minnesota Statutes 2007 Supplement, section 325E.59, subdivision 1.

Reported the same back with the following amendments:

Page 2, after line 34, insert:

"(c) This section does not prohibit the use, disclosure, or transfer of a Social Security number in connection with the transfer of a loan, security, debt, account, or life insurance policy, where the value of the asset being transferred is based upon the ability to verify the identity of an individual that is a subject of an asset that is being transferred. For purposes of this paragraph, "transfer" includes an assignment as collateral."

With the recommendation that when so amended the bill pass.

The report was adopted.

Pelowski from the Committee on Governmental Operations, Reform, Technology and Elections to which was referred:

H. F. No. 3224, A bill for an act relating to boiler operations; making changes to licensing procedures; authorizing rulemaking; amending Minnesota Statutes 2006, sections 183.411, subdivision 3; 183.545, subdivision 4; Minnesota Statutes 2007 Supplement, sections 183.501; 183.51.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Mullery from the Committee on Public Safety and Civil Justice to which was referred:

H. F. No. 3372, A bill for an act relating to health; changing provisions for uniform billing forms and electronic claim filing; establishing compliance procedures for electronic transactions; amending Minnesota Statutes 2006, sections 62J.51, subdivisions 17, 18; 62J.52, subdivision 4; 62J.59; Minnesota Statutes 2007 Supplement, sections 62J.52, subdivisions 1, 2; 62J.536, subdivision 1, by adding subdivisions; repealing Minnesota Statutes 2006, sections 62J.52, subdivision 5; 62J.58.

Reported the same back with the following amendments:

Page 10, after line 2, insert:

"Section 10. Minnesota Statutes 2006, section 72A.201, subdivision 4, is amended to read:

Subd. 4. **Standards for claim filing and handling.** The following acts by an insurer, an adjuster, a self-insured, or a self-insurance administrator constitute unfair settlement practices:

(1) except for claims made under a health insurance policy, after receiving notification of claim from an insured or a claimant, failing to acknowledge receipt of the notification of the claim within ten business days, and failing to promptly provide all necessary claim forms and instructions to process the claim, unless the claim is settled within ten business days. The acknowledgment must include the telephone number of the company representative who can assist the insured or the claimant in providing information and assistance that is reasonable so that the insured or claimant can comply with the policy conditions and the insurer's reasonable requirements. If an acknowledgment is made by means other than writing, an appropriate notation of the acknowledgment must be made in the claim file of the insurer and dated. An appropriate notation must include at least the following information where the acknowledgment is by telephone or oral contact:

- (i) the telephone number called, if any;
- (ii) the name of the person making the telephone call or oral contact;
- (iii) the name of the person who actually received the telephone call or oral contact;
- (iv) the time of the telephone call or oral contact; and
- (v) the date of the telephone call or oral contact;

(2) failing to reply, within ten business days of receipt, to all other communications about a claim from an insured or a claimant that reasonably indicate a response is requested or needed;

(3)(i) unless provided otherwise by clause (ii) or (iii), other law, or in the policy, failing to complete its investigation and inform the insured or claimant of acceptance or denial of a claim within 30 business days after receipt of notification of claim unless the investigation cannot be reasonably completed within that time. In the event that the investigation cannot reasonably be completed within that time, the insurer shall notify the insured or claimant within the time period of the reasons why the investigation is not complete and the expected date the investigation will be complete. For claims made under a health policy the notification of claim must be in writing;

(ii) for claims submitted under a health policy, the insurer must comply with all of the requirements of section 62Q.75;

(iii) for claims submitted under a health policy that are accepted, the insurer must notify the insured or claimant no less than semiannually of the disposition of claims of the insured or claimant. Notwithstanding the requirements of section 72A.20, subdivision 37, this notification requirement is satisfied if the information related to the acceptance of the claim is made accessible to the insured or claimant on a secured Web site maintained by the insurer. For purposes of this clause, acceptance of a claim means that there is no additional financial liability for the insured or claimant, either because there is a flat co-payment amount specified in the health plan or because there is no co-payment, deductible, or coinsurance owed;

(4) where evidence of suspected fraud is present, the requirement to disclose their reasons for failure to complete the investigation within the time period set forth in clause (3) need not be specific. The insurer must make this evidence available to the Department of Commerce if requested;

(5) failing to notify an insured who has made a notification of claim of all available benefits or coverages which the insured may be eligible to receive under the terms of a policy and of the documentation which the insured must supply in order to ascertain eligibility;

(6) unless otherwise provided by law or in the policy, requiring an insured to give written notice of loss or proof of loss within a specified time, and thereafter seeking to relieve the insurer of its obligations if the time limit is not complied with, unless the failure to comply with the time limit prejudices the insurer's rights and then only if the insurer gave prior notice to the insured of the potential prejudice;

(7) advising an insured or a claimant not to obtain the services of an attorney or an adjuster, or representing that payment will be delayed if an attorney or an adjuster is retained by the insured or the claimant;

(8) failing to advise in writing an insured or claimant who has filed a notification of claim known to be unresolved, and who has not retained an attorney, of the expiration of a statute of limitations at least 60 days prior to that expiration. For the purposes of this clause, any claim on which the insurer has received no communication from the insured or claimant for a period of two years preceding the expiration of the applicable statute of limitations shall not be considered to be known to be unresolved and notice need not be sent pursuant to this clause;

(9) demanding information which would not affect the settlement of the claim;

(10) unless expressly permitted by law or the policy, refusing to settle a claim of an insured on the basis that the responsibility should be assumed by others;

(11) failing, within 60 business days after receipt of a properly executed proof of loss, to advise the insured of the acceptance or denial of the claim by the insurer. No insurer shall deny a claim on the grounds of a specific policy provision, condition, or exclusion unless reference to the provision, condition, or exclusion is included in the denial. The denial must be given to the insured in writing with a copy filed in the claim file;

(12) denying or reducing a claim on the basis of an application which was altered or falsified by the agent or insurer without the knowledge of the insured;

(13) failing to notify the insured of the existence of the additional living expense coverage when an insured under a homeowners policy sustains a loss by reason of a covered occurrence and the damage to the dwelling is such that it is not habitable;

(14) failing to inform an insured or a claimant that the insurer will pay for an estimate of repair if the insurer requested the estimate and the insured or claimant had previously submitted two estimates of repair."

Renumber the sections in sequence

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Pelowski from the Committee on Governmental Operations, Reform, Technology and Elections to which was referred:

H. F. No. 3435, A bill for an act relating to human services; making technical changes; amending children's mental health, health care, and miscellaneous provisions; amending Minnesota Statutes 2006, sections 254A.035, subdivision 2; 254A.04; 256.046; 256B.093, subdivision 1; 256B.0943, subdivisions 1, 2, 7; 256L.07, subdivision 5;

Minnesota Statutes 2007 Supplement, sections 256.01, subdivision 2b; 256.476, subdivisions 4, 5; 256B.057, subdivision 2c; 256B.06, subdivision 4; 256B.0655, subdivision 12; 256B.0943, subdivisions 6, 9, 12; 256D.03, subdivision 3; 256L.15, subdivision 2; repealing Minnesota Statutes 2006, section 256B.039.

Reported the same back with the following amendments:

Page 1, delete article 1

Renumber the articles in sequence

Amend the title as follows:

Page 1, line 2, delete "children's"

Page 1, line 3, delete "mental health, health care," and insert "health care"

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Pelowski from the Committee on Governmental Operations, Reform, Technology and Elections to which was referred:

H. F. No. 3516, A bill for an act relating to mortgage foreclosure; providing specification of certain information about a premises subject to foreclosure; requiring a report; amending Minnesota Statutes 2006, section 58.02, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 580.

Reported the same back with the following amendments:

Page 1, after line 6, insert:

"ARTICLE 1
FORECLOSURE DATA"

Page 2, after line 34, insert:

"ARTICLE 2
ELECTRONIC RECORDING; COMMISSION"

Section 1. **[507.0941] DEFINITIONS.**

For purposes of sections 507.0941 to 507.0948:

(a) "Document" means information that is:

(1) inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form; and

(2) eligible to be recorded in the land records maintained by the recorder or registrar.

(b) "Electronic" means relating to technology having electrical, digital, magnetic, wireless, optical, electromagnetic, or similar capabilities.

(c) "Electronic document" means a document that is received by the recorder or registrar in an electronic form.

(d) "Electronic real estate recording commission" and "commission" mean the commission established by sections 507.0941 to 507.0948.

(e) "Electronic signature" means an electronic sound, symbol, or process attached to or logically associated with a document and executed or adopted by a person with the intent to sign the document.

(f) "Legislative Coordinating Commission" means the commission established by section 3.303.

(g) "Paper document" means a document that a recorder or registrar receives in a form that is not an electronic document.

(h) "Person" means an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, public corporation, government or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

(i) "Recorder" means the county recorder for the county in which a document is received.

(j) "Registrar" means the registrar of titles for the county in which a document is received.

Sec. 2. **[507.0942] UNIFORMITY OF APPLICATION AND CONSTRUCTION.**

Persons applying or construing this act must consider the need to promote uniformity of the law with respect to the subject matter of this act among states that enact a law substantially similar to this act.

Sec. 3. **[507.0943] VALIDITY AND TIME OF RECORDING OF ELECTRONIC DOCUMENTS.**

(a) If a law requires, as a condition for recording, that a document be an original, on paper or another tangible medium, or in writing, the requirement is satisfied by an electronic document satisfying this act. If a law requires or refers to something related to tangible media including, without limitation, book, certificate, floor plan, page, volume, or words derived from them, the requirement or reference is satisfied by an electronic document satisfying this act.

(b) If a law requires, as a condition for recording, that a document be signed, the requirement is satisfied by an electronic signature.

(c) A requirement that a document or a signature associated with a document be attested, acknowledged, verified, witnessed, or made under oath is satisfied if the electronic signature of the person authorized to perform that act, and all other information required to be included, is attached to or logically associated with the document or signature. A physical or electronic image of a stamp, impression, or seal need not accompany an electronic signature.

(d) Notwithstanding the time of its delivery, an electronic document is recorded for purposes of this chapter at the earlier of (i) the time the electronic document is accepted for recording or (ii) the next close of the recorder's office hours following the time of delivery.

(e) Notwithstanding the time of its delivery, an electronic document is registered as to a parcel of registered land for purposes of chapters 508 and 508A when the electronic document is memorialized or otherwise noted on the certificate of title for the parcel.

(f) A law that authorizes or requires any act to be performed with respect to any document affecting real property that is to be filed in the office of the recorder or registrar shall be deemed satisfied if the act is performed electronically in accordance with the standards established by the electronic real estate recording commission. By way of illustration, the acts referred to in this section include, without limitation, the following words as well as words derived from them: affix, apply, attest, bind, certify, conform, contain, copy, deliver, draw, duplicate, endorse, enter, file, form, hold, issue, leave, make, mark, mount, note, open, present, print, proffer, receive, recite, record, refer, register, seal, send, sign, stamp, state, store, subscribe, witness, and write.

Sec. 4. **[507.0944] RECORDING OF DOCUMENTS.**

(a) A recorder or registrar may:

(1) receive, index, store, archive, and transmit electronic documents;

(2) provide for access to documents and other information by electronic means;

(3) provide for search and retrieval of documents and other information by electronic means;

(4) index, store, and archive, in electronic form, paper documents accepted for recording;

(5) convert into electronic form the record of documents recorded or registered before the recorder or registrar began to record electronic documents;

(6) accept electronically any fee or tax that the recorder or registrar is authorized to collect; and

(7) agree with other officials of this state or a political subdivision of this state on procedures or processes to facilitate the electronic satisfaction of conditions to recording and the electronic payment of fees and taxes.

(b) A recorder who accepts electronic documents for recording shall:

(1) continue to accept paper documents; and

(2) place entries for paper documents and electronic documents in the same index.

(c) A registrar who accepts electronic documents for registration shall:

(1) continue to accept paper documents; and

(2) place entries for paper documents and electronic documents in the same index.

Sec. 5. **[507.0945] ADMINISTRATION.**

(a) An Electronic Real Estate Recording Commission administered by the Legislative Coordinating Commission is created to and must adopt standards to implement this act.

(b) The Electronic Real Estate Recording Commission shall consist of the following:

(1) three members appointed by the Minnesota Association of County Officials who are county employees, including one from within the seven-county metropolitan area, one from outside the seven-county metropolitan area, and at least one of whom is a county recorder and at least one of whom is a registrar of titles;

(2) one member appointed by the Minnesota Land Title Association;

(3) one member who represents the Minnesota Bankers Association;

(4) one member who represents the Section of Real Property Law of the Minnesota State Bar Association;

(5) one nonvoting member who is appointed by the other members of the commission and an expert in the technological aspects of electronic real estate recording; and

(6) one member who is the state archivist appointed pursuant to section 138.17.

(c) Members of the Electronic Real Estate Recording Commission shall serve four-year terms, except that (1) the initial appointments of county employees shall be for two years and (2) the expert in the technological aspects of electronic real estate recording shall serve at the pleasure of a majority of the other members of the commission. All initial terms shall commence on July 1, 2008. Members shall serve until their successors are appointed. Any member may be reappointed for successive terms.

(d) The state archivist shall call the first meeting of the Electronic Real Estate Recording Commission. At the first meeting and biennially thereafter, the commission shall elect from its membership a chair and vice-chair to serve two-year terms. Meetings may be called by the chair or the vice-chair or the director of the Legislative Coordinating Commission. Meetings shall be held as often as necessary, but at least once a year.

(e) A majority of the voting members of the Electronic Real Estate Recording Commission constitutes a quorum to do business, and a majority of a quorum may act in any matter within the jurisdiction of the commission.

(f) As soon as practicable and as needed thereafter, the Electronic Real Estate Recording Commission shall identify the information technology expertise it requires and report its needs to the Legislative Coordinating Commission. The Electronic Real Estate Recording Commission also shall report any other expertise it needs to fulfill its responsibilities. The Legislative Coordinating Commission shall provide support services, including meeting space, as needed for the Electronic Real Estate Recording Commission to carry out its duties in an effective manner.

Sec. 6. **[507.0946] STANDARDS.**

To keep the standards and practices of recorders and registrars in this state in harmony with the standards and practices of recorders' and registrars' offices in other jurisdictions that enact a law that is substantially similar to this act, and to keep the technology used by recorders and registrars in this state compatible with technology used by recorders' and registrars' offices in other jurisdictions that enact a law that is substantially similar to this act, the Electronic Real Estate Recording Commission, so far as is consistent with the purposes, policies, and provisions of this act, in adopting, amending, and repealing standards, shall consider:

(1) standards and practices of other jurisdictions;

(2) the most recent standards promulgated by national standard-setting bodies;

(3) the views of interested persons and governmental officials and entities;

(4) the needs of counties of varying size, population, and resources; and

(5) standards requiring adequate information-security protection to ensure that electronic documents are accurate, authentic, adequately preserved, and resistant to tampering.

Sec. 7. **[507.0947] RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT.**

This act modifies, limits, and supersedes the federal Electronic Signatures in Global and National Commerce Act, United States Code, title 15, section 7001, et seq., but does not modify, limit, or supersede section 101(c) of that act, United States Code, title 15, section 7001(c), or authorize electronic delivery of any of the notices described in section 103(b) of that act, United States Code, title 15, section 7003(b).

Sec. 8. **[507.0948] TITLE.**

This act may be cited as the Minnesota Real Property Electronic Recording Act.

Sec. 9. **EFFECTIVE DATE.**

This act is effective July 1, 2008.

ARTICLE 3

CONFORMING CHANGES

Section 1. Minnesota Statutes 2006, section 14.03, subdivision 3, is amended to read:

Subd. 3. **Rulemaking procedures.** (a) The definition of a rule in section 14.02, subdivision 4, does not include:

(1) rules concerning only the internal management of the agency or other agencies that do not directly affect the rights of or procedures available to the public;

(2) an application deadline on a form; and the remainder of a form and instructions for use of the form to the extent that they do not impose substantive requirements other than requirements contained in statute or rule;

(3) the curriculum adopted by an agency to implement a statute or rule permitting or mandating minimum educational requirements for persons regulated by an agency, provided the topic areas to be covered by the minimum educational requirements are specified in statute or rule;

(4) procedures for sharing data among government agencies, provided these procedures are consistent with chapter 13 and other law governing data practices.

(b) The definition of a rule in section 14.02, subdivision 4, does not include:

(1) rules of the commissioner of corrections relating to the release, placement, term, and supervision of inmates serving a supervised release or conditional release term, the internal management of institutions under the commissioner's control, and rules adopted under section 609.105 governing the inmates of those institutions;

(2) rules relating to weight limitations on the use of highways when the substance of the rules is indicated to the public by means of signs;

(3) opinions of the attorney general;

(4) the data element dictionary and the annual data acquisition calendar of the Department of Education to the extent provided by section 125B.07;

(5) the occupational safety and health standards provided in section 182.655;

(6) revenue notices and tax information bulletins of the commissioner of revenue;

(7) uniform conveyancing forms adopted by the commissioner of commerce under section 507.09; ~~or~~

(8) standards adopted by the electronic real estate recording commission established under section 507.0945; or

~~(8)~~ (9) the interpretive guidelines developed by the commissioner of human services to the extent provided in chapter 245A.

Sec. 2. **[272.122] ELECTRONIC FACSIMILE.**

All notations or certifications that are required under this chapter may be performed by electronic means.

Sec. 3. Minnesota Statutes 2006, section 287.08, is amended to read:

287.08 TAX, HOW PAYABLE; RECEIPTS.

(a) The tax imposed by sections 287.01 to 287.12 must be paid to the treasurer of any county in this state in which the real property or some part is located at or before the time of filing the mortgage for record. The treasurer shall endorse receipt on the mortgage and the receipt is conclusive proof that the tax has been paid in the amount stated and authorizes any county recorder or registrar of titles to record the mortgage. Its form, in substance, shall be "registration tax hereon of dollars paid." If the mortgage is exempt from taxation the endorsement shall, in substance, be "exempt from registration tax." In either case the receipt must be signed by the treasurer. In case the treasurer is unable to determine whether a claim of exemption should be allowed, the tax must be paid as in the case of a taxable mortgage. For documents submitted electronically, the endorsements and tax amount shall be affixed electronically and no signature by the treasurer will be required. The actual payment method must be arranged in advance between the submitter and the receiving county.

(b) The county treasurer may refund in whole or in part any mortgage registry tax overpayment if a written application by the taxpayer is submitted to the county treasurer within 3-1/2 years from the date of the overpayment. If the county has not issued a denial of the application, the taxpayer may bring an action in Tax Court in the county in which the tax was paid at any time after the expiration of six months from the time that the application was submitted. A denial of refund may be appealed within 60 days from the date of the denial by bringing an action in Tax Court in the county in which the tax was paid. The action is commenced by the serving of a petition for relief on the county treasurer, and by filing a copy with the court. The county attorney shall defend the action. The county treasurer shall notify the treasurer of each county that has or would receive a portion of the tax as paid.

(c) If the county treasurer determines a refund should be paid, or if a refund is ordered by the court, the county treasurer of each county that actually received a portion of the tax shall immediately pay a proportionate share of three percent of the refund using any available county funds. The county treasurer of each county that received, or would have received, a portion of the tax shall also pay their county's proportionate share of the remaining 97 percent of the court-ordered refund on or before the 20th day of the following month using solely the mortgage registry tax funds that would be paid to the commissioner of revenue on that date under section 287.12. If the funds on hand under this procedure are insufficient to fully fund 97 percent of the court-ordered refund, the county treasurer of the county in which the action was brought shall file a claim with the commissioner of revenue under section 16A.48 for the remaining portion of 97 percent of the refund, and shall pay over the remaining portion upon receipt of a warrant from the state issued pursuant to the claim.

(d) When any mortgage covers real property located in more than one county in this state the total tax must be paid to the treasurer of the county where the mortgage is first presented for recording, and the payment must be received as provided in paragraph (a). If the principal debt or obligation secured by such a multiple county mortgage exceeds \$1,000,000, the nonstate portion of the tax must be divided and paid over by the county treasurer receiving it, on or before the 20th day of each month after receipt, to the county or counties entitled in the ratio that the market value of the real property covered by the mortgage in each county bears to the market value of all the real property in this state described in the mortgage. In making the division and payment the county treasurer shall send a statement giving the description of the real property described in the mortgage and the market value of the part located in each county. For this purpose, the treasurer of any county may require the treasurer of any other county to certify to the former the market valuation of any tract of real property in any mortgage.

(e) The mortgagor must pay the tax imposed by sections 287.01 to 287.12. The mortgagee may undertake to collect and remit the tax on behalf of the mortgagor. If the mortgagee collects money from the mortgagor to remit the tax on behalf of the mortgagor, the mortgagee has a fiduciary duty to remit the tax on behalf of the mortgagor as to the amount of the tax collected for that purpose and the mortgagor is relieved of any further obligation to pay the tax as to the amount collected by the mortgagee for this purpose.

Sec. 4. Minnesota Statutes 2006, section 287.241, is amended to read:

287.241 STATEMENT OF TAX DUE OR EXEMPTION; RECORDING OR REGISTERING OF DOCUMENTS.

Subdivision 1. **Statement of tax due or exemption.** No deed or instrument, taxable under the provisions of section 287.21, shall be recorded unless it contains the statement of the grantor or grantee, or any successor in interest, setting forth the amount of tax due under this chapter or that it is exempt from tax. The county recorder or registrar of titles shall record any deed or instrument when the statement sets forth that the transfer is tax exempt, or when documentary stamps or the treasurer's receipt appear for the amount of deed tax recited in the statement. Deeds or other instruments taxable under section 287.21 recorded electronically shall have the deed tax data affixed electronically. The validity or effectiveness of a deed or instrument as between the parties, and as to any person who would otherwise be bound, is not affected by the failure to comply with this section. If a deed or instrument is accepted for recording contrary to this section, the failure to comply does not destroy or impair the record of the deed or instrument as notice.

Subd. 2. **Notice of certificate of value.** No deed or instrument providing for the transfer of title to real property that is subject to the tax as provided in section 287.21, and no executory contract for the sale of land, shall be recorded unless such deed or instrument is accompanied by a notice from the county auditor that a certificate of value was filed in the auditor's office as provided in section 272.115. Documents subject to this provision that are filed electronically must include the certificate of value number assigned by the electronic certificate of value system established by the Department of Revenue.

Sec. 5. Minnesota Statutes 2006, section 287.25, is amended to read:

287.25 PAYMENT OF TAX; STAMPS.

Except for documents filed electronically, the county board shall determine the method for collection of the tax imposed by section 287.21:

(1) The tax imposed by section 287.21 may be paid by the affixing of a documentary stamp or stamps in the amount of the tax to the document or instrument with respect to which the tax is paid, provided that the county board may permit the payment of the tax without the affixing of the documentary stamps and in such cases shall direct the treasurer to endorse a receipt for such tax upon the face of the document or instrument. Documents submitted electronically must have the deed tax data affixed electronically and the tax paid as provided in section 287.08.

(2) The tax imposed by section 287.21 may be paid in the manner prescribed by section 287.08 relating to payment of mortgage registration tax.

Sec. 6. Minnesota Statutes 2006, section 386.03, is amended to read:

386.03 RECEPTION INDEX.

Every county recorder shall keep an index, to be denominated as a grantor's and grantee's reception index, which shall contain the following information: date of reception, year, month, day, hour and minute, grantor and grantee, where situated, to whom delivered after recording, fees received, instrument number, and kind of instrument.

The recorder shall enter in the index, in the order and manner aforesaid, as soon as the same are received, all deeds and other instruments ~~left, and all copies left, as cautions or notices of liens,~~ authorized by law to be recorded. The reception index shall be maintained in alphabetical order, and every entry made therein shall be made in the reception index under the grantor's surname, and under the grantee's surname, and all such entries shall appear therein consecutively and in the order as to time in which the instruments were received. The recorder shall make an entry in the record immediately for each instrument recorded specifying the time of the day, month, and year when the same was recorded.

Sec. 7. Minnesota Statutes 2006, section 386.19, is amended to read:

386.19 RECORD BOOKS, INDEXES.

The county recorder shall keep suitable word for word records by either manual or electronic means of all instruments ~~left with~~ delivered to the recorder for record keeping. The recorder shall keep an alphabetical index either by manual or electronic means, to record, under the proper letter of the alphabet, the name of each grantor and grantee of any instrument ~~left delivered for record~~ recording.

Sec. 8. Minnesota Statutes 2006, section 386.26, subdivision 1, is amended to read:

Subdivision 1. **Counties over 100,000.** The county recorder in each county having a population of over 100,000 is hereby authorized and directed to transcribe in appropriate records in writing or by electronic media to be provided by the county for such purpose and to appropriately index all instruments affecting: lists of lands selected by railroad companies under grants from the United States or the state of Minnesota; and all instruments affecting: condemnation proceedings; awards of damages in condemnation proceedings; building line easements; easements for slopes; easements for electric light and telephone poles; now on file in the recorder's office and which have not heretofore been recorded.

Sec. 9. Minnesota Statutes 2006, section 386.31, is amended to read:

386.31 CONSECUTIVE NUMBERING.

Each county recorder shall endorse plainly upon each instrument received for record as soon as received a number consecutive, to the extent practicable, to the number affixed to the instrument next previously received and enter such number as a part of the entry relating to such instrument in all the indexes kept in the office and on the margin of the record of the instrument, and such number shall be prima facie evidence of priority of registration. If more than one instrument shall be received at the same time, by mail or other like enclosure, the recorder shall affix such number in the order directed by the sender; if no direction be given, then in the order in which the instruments actually come to the ~~recorder's hand in opening the enclosures~~ recorder.

Sec. 10. Minnesota Statutes 2006, section 386.409, is amended to read:

386.409 COUNTY RECORDER'S OFFICIAL SIGNATURE.

When the county recorder's official signature, or that of a deputy is required under section 386.41, an electronically generated ~~facsimile~~ signature or name may be used.

Sec. 11. Minnesota Statutes 2006, section 507.093, is amended to read:

507.093 STANDARDS FOR DOCUMENTS TO BE RECORDED OR FILED.

The following standards are imposed on documents to be recorded with the county recorder or the registrar of titles other than by electronic means as provided in section 507.24:

(1) The document shall consist of one or more individual sheets measuring no larger than 8.5 inches by 14 inches.

(2) The form of the document shall be printed, typewritten, or computer generated in black ink and the form of the document shall not be smaller than 8-point type.

(3) The document shall be on white paper of not less than 20-pound weight with no background color or images and, except for the first page, shall have a border of at least one-half inch on the top, bottom, and each side.

(4) The first page of the document shall contain a blank space at the top measuring three inches, as measured from the top of the page, and a border of one-half inch on each side and the bottom. The right half of the blank space shall be reserved for recording information and the left half shall be reserved for tax certification. Any person may attach an administrative page before the first page of the document to accommodate this standard. The administrative page may contain the document title, document date, and, if applicable, the grantor and grantee, and shall be deemed part of the document when recorded.

(5) The title of the document shall be prominently displayed at the top of the first page below the blank space referred to in clause (4), or on the administrative page.

(6) No additional sheet shall be attached or affixed to a page that covers up any information or printed part of the form.

(7) A document presented for recording must be sufficiently legible to reproduce a readable copy using the county recorder's or registrar of title's current method of reproduction.

Sec. 12. Minnesota Statutes 2007 Supplement, section 507.24, subdivision 2, is amended to read:

Subd. 2. **Original signatures required.** (a) Unless otherwise provided by law, an instrument affecting real estate that is to be recorded as provided in this section or other applicable law must contain the original signatures of the parties who execute it and of the notary public or other officer taking an acknowledgment. However, a financing statement that is recorded as a filing pursuant to section 336.9-502(b) need not contain: (1) the signatures of the debtor or the secured party; or (2) an acknowledgment.

~~(b)(4) Any electronic instruments, including signatures and seals, affecting real estate may only be recorded as part of a pilot project for the electronic filing of real estate documents implemented by the task force created in Laws 2000, chapter 391, or by the Electronic Real Estate Recording Task Force created under section 507.094. The Electronic Real Estate Recording Task Force created under section 507.094 may amend standards set by the task force created in Laws 2000, chapter 391, in conformance with standards implemented by the Electronic Real Estate Recording Commission created under the Minnesota Real Property Electronic Recording Act, sections 507.0941 to 507.0948. The Electronic Real Estate Recording Commission created under the Minnesota Real Property Electronic Recording Act may adopt or amend standards set by the task force created in Laws 2000, chapter 391, and the Electronic Real Estate Recording Task Force created under section 507.094 and may set new or additional standards and establish pilot projects to the full extent permitted in section 507.094, subdivision 2, paragraph (b) 507.0945. Documents recorded in conformity with those standards and in those pilot projects the standards created as part of a pilot project for the electronic filing of real estate documents implemented by the task force created in Laws 2000, chapter 391, or by the Electronic Real Estate Recording Task Force created under section 507.094 are deemed to meet the requirements of this section.~~

~~(2)(i) A county that participated in the pilot project for the electronic filing of real estate documents under the task force created in Laws 2000, chapter 391, may continue to record or file documents electronically, if:~~

~~(A) the county complies with standards adopted by the task force; and~~

~~(B) the county uses software that was validated by the task force.~~

~~(ii) A county that did not participate in the pilot project may record or file a real estate document electronically, if:~~

~~(A) the document to be recorded or filed is of a type included in the pilot project for the electronic filing of real estate documents under the task force created in Laws 2000, chapter 391;~~

~~(B) the county complies with the standards adopted by the task force;~~

~~(C) the county uses software that was validated by the task force; and~~

~~(D) the task force created under section 507.094, votes to accept a written certification of compliance with paragraph (b), clause (2), of this section by the county board and county recorder of the county to implement electronic filing under this section.~~

(c) Notices filed pursuant to section 168A.141, subdivisions 1 and 3, need not contain an acknowledgment.

Sec. 13. Minnesota Statutes 2006, section 507.40, is amended to read:

507.40 MORTGAGES, HOW DISCHARGED.

A mortgage may be discharged by filing for record a certificate of its satisfaction executed and acknowledged by the mortgagee, the mortgagee's personal representative, or assignee, as in the case of a conveyance. ~~The county recorder shall enter the number of such certificate and the book and page of its record upon the record of the mortgage or on a microfilm card whenever possible. In all cases the discharge shall be entered in the reception book~~

and indexes as conveyances are entered. If a mortgage be recorded in more than one county and discharged of record in one of them, a certified copy of such discharge may be recorded in another county with the same effect as the original. If the discharge be by marginal entry, heretofore made, such copy shall include the record of the mortgage. ~~In all cases the discharge shall be entered in the reception book and indexes as conveyances are entered.~~

Sec. 14. Minnesota Statutes 2006, section 507.46, subdivision 1, is amended to read:

Subdivision 1. **Form of certificate.** A county recorder or registrar of titles shall accept for recording a document that is not ~~written~~ prepared in the English language, but is otherwise in recordable form, if there is appended to the non-English language document a translation of the document into the English language and a certificate of translation in substantially the following form:

CERTIFICATE OF TRANSLATION

State of Minnesota

County of

I certify that the attached English language document is a complete and accurate translation of the attached document from the language.

.....
Signature of translator

.....
Typed or printed name

.....
Street Address

.....
City, State, and Zip Code

.....
Telephone number

.....
Subscribed and sworn to before me this .. day of, 20....

.....
Notary public"

Amend the title as follows:

Page 1, line 2, delete "mortgage foreclosure" and insert "real property"

Page 1, line 3, before "requiring" insert "providing for electronic recording;"

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Mullery from the Committee on Public Safety and Civil Justice to which was referred:

H. F. No. 3553, A bill for an act relating to data practices; making technical changes; amending Minnesota Statutes 2006, sections 13.03, subdivision 3; 260B.171, subdivision 5; Minnesota Statutes 2007 Supplement, section 13.39, subdivisions 2, 2a.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2006, section 6.715, is amended by adding a subdivision to read:

Subd. 5. **Review of data; data protection.** If, before releasing a report, the state auditor provides a person with data relating to the audit for the purpose of review and verification of the data, the person must protect the data from unlawful disclosure or be subject to the penalties and liabilities provided in sections 13.08 and 13.09.

Sec. 2. Minnesota Statutes 2006, section 13.03, subdivision 3, is amended to read:

Subd. 3. **Request for access to data.** (a) Upon request to a responsible authority or designee, a person shall be permitted to inspect and copy public government data at reasonable times and places, and, upon request, shall be informed of the data's meaning. If a person requests access for the purpose of inspection, the responsible authority may not assess a charge or require the requesting person to pay a fee to inspect data.

(b) For purposes of this section, "inspection" includes, but is not limited to, the visual inspection of paper and similar types of government data. Inspection does not include printing copies by the government entity, unless printing a copy is the only method to provide for inspection of the data. In the case of data stored in electronic form and made available in electronic form on a remote access basis to the public by the government entity, inspection includes remote access to the data by the public and the ability to print copies of or download the data on the public's own computer equipment. Nothing in this section prohibits a government entity from charging a reasonable fee for remote access to data under a specific statutory grant of authority. A government entity may charge a fee for remote access to data where either the data or the access is enhanced at the request of the person seeking access.

(c) The responsible authority or designee shall provide copies of public data upon request. If a person requests copies or electronic transmittal of the data to the person, the responsible authority may require the requesting person to pay the actual costs of searching for and retrieving government data, including the cost of employee time, and for making, certifying, ~~compiling~~, and electronically transmitting the copies of the data or the data, but may not charge for separating public from not public data. However, if 100 or fewer pages of black and white, letter or legal size paper copies are requested, actual costs shall not be used, and instead, the responsible authority may charge no more than 25 cents for each page copied. If the responsible authority or designee is not able to provide copies at the time a request is made, copies shall be supplied as soon as reasonably possible.

(d) When a request under this subdivision involves any person's receipt of copies of public government data that has commercial value and is a substantial and discrete portion of or an entire formula, pattern, compilation, program, device, method, technique, process, database, or system developed with a significant expenditure of public funds by the government entity, the responsible authority may charge a reasonable fee for the information in addition to the costs of making, ~~certifying, and compiling~~ and certifying the copies. Any fee charged must be clearly demonstrated by the government entity to relate to the actual development costs of the information. The responsible authority, upon the request of any person, shall provide sufficient documentation to explain and justify the fee being charged.

(e) The responsible authority of a government entity that maintains public government data in a computer storage medium shall provide to any person making a request under this section a copy of any public data contained in that medium, in electronic form, if the government entity can reasonably make the copy or have a copy made. This does not require a government entity to provide the data in an electronic format or program that is different from the format or program in which the data are maintained by the government entity. The entity may require the requesting person to pay the actual cost of providing the copy.

(f) If the responsible authority or designee determines that the requested data is classified so as to deny the requesting person access, the responsible authority or designee shall inform the requesting person of the determination either orally at the time of the request, or in writing as soon after that time as possible, and shall cite the specific statutory section, temporary classification, or specific provision of federal law on which the determination is based. Upon the request of any person denied access to data, the responsible authority or designee shall certify in writing that the request has been denied and cite the specific statutory section, temporary classification, or specific provision of federal law upon which the denial was based.

Sec. 3. Minnesota Statutes 2006, section 13.08, subdivision 1, is amended to read:

Subdivision 1. **Action for damages.** Notwithstanding section 466.03, a responsible authority or government entity which violates any provision of this chapter is liable to a person or representative of a decedent who suffers any damage as a result of the violation, and the person damaged or a representative in the case of private data on decedents or confidential data on decedents may bring an action against the responsible authority or government entity to cover any damages sustained, plus costs and reasonable attorney fees. In the case of a willful violation, the government entity shall, in addition, be liable to exemplary damages of not less than ~~\$100~~ \$5,000, nor more than ~~\$10,000~~ \$50,000 for each violation. The state is deemed to have waived any immunity to a cause of action brought under this chapter.

Sec. 4. Minnesota Statutes 2007 Supplement, section 13.08, subdivision 4, is amended to read:

Subd. 4. **Action to compel compliance.** (a) In addition to the remedies provided in subdivisions 1 to 3 or any other law, any aggrieved person seeking to enforce the person's rights under this chapter or obtain access to data may bring an action in district court to compel compliance with this chapter and may recover costs and disbursements, including reasonable attorney's fees, as determined by the court. If the court determines that an action brought under this subdivision is frivolous and without merit and a basis in fact, it may award reasonable costs and attorney fees to the responsible authority. If the court issues an order to compel compliance under this subdivision, the court may impose a civil penalty of up to ~~\$300~~ \$3,000 against the government entity. This penalty is payable to the state general fund and is in addition to damages under subdivision 1. The matter shall be heard as soon as possible. In an action involving a request for government data under section 13.03 or 13.04, the court may inspect in camera the government data in dispute, but shall conduct its hearing in public and in a manner that protects the security of data classified as not public. If the court issues an order to compel compliance under this subdivision, the court shall forward a copy of the order to the commissioner of administration.

(b) In determining whether to assess a civil penalty under this subdivision, the court shall consider whether the government entity has substantially complied with general data practices under this chapter, including but not limited to, whether the government entity has:

- (1) designated a responsible authority under section 13.02, subdivision 16;
- (2) designated a data practices compliance official under section 13.05, subdivision 13;
- (3) prepared the public document that names the responsible authority and describes the records and data on individuals that are maintained by the government entity under section 13.05, subdivision 1;

(4) developed public access procedures under section 13.03, subdivision 2; procedures to guarantee the rights of data subjects under section 13.05, subdivision 8; and procedures to ensure that data on individuals are accurate and complete and to safeguard the data's security under section 13.05, subdivision 5;

(5) acted in conformity with an opinion issued under section 13.072 that was sought by a government entity or another person; or

(6) provided ongoing training to government entity personnel who respond to requests under this chapter.

(c) The court shall award reasonable attorney fees to a prevailing plaintiff who has brought an action under this subdivision if the government entity that is the defendant in the action was also the subject of a written opinion issued under section 13.072 and the court finds that the opinion is directly related to the cause of action being litigated and that the government entity did not act in conformity with the opinion.

Sec. 5. Minnesota Statutes 2006, section 13.202, subdivision 11, is amended to read:

Subd. 11. **Metropolitan government.** (a) **Affirmative action plans.** Treatment of data relating to metropolitan agency affirmative action plans is governed by section 473.143, subdivisions 5 and 7.

(b) **Contracts for management services.** Data relating to compensation of personnel who work under a management service contract are classified by section 473.405, subdivision 12.

(c) **Arena acquisition.** Certain data in connection with a decision whether to acquire a sports arena are classified under section 473.598, subdivision 4.

(d) **Airports commission.** Certain airline data submitted to the Metropolitan Airports Commission in connection with the issuance of revenue bonds are classified under section 473.6671, subdivision 3.

(e) **Solid waste landfill fee.** Information obtained from the operator of a mixed municipal solid waste disposal facility under section 473.843 is classified under section 473.843, subdivision 4.

(f) **Metropolitan airport parking customers.** Data relating to applicants for or users of automated parking facilities at the Minneapolis-St. Paul International Airport are classified under section 473.674.

Sec. 6. Minnesota Statutes 2007 Supplement, section 13.39, subdivision 2, is amended to read:

Subd. 2. **Civil actions.** (a) Except as provided in paragraph (b), data collected by ~~state agencies, political subdivisions, or statewide systems~~ a government entity as part of an active investigation undertaken for the purpose of the commencement or defense of a pending civil legal action, or which are retained in anticipation of a pending civil legal action, are classified as protected nonpublic data pursuant to section 13.02, subdivision 13, in the case of data not on individuals and confidential pursuant to section 13.02, subdivision 3, in the case of data on individuals. Any ~~agency, political subdivision, or statewide system~~ government entity may make any data classified as confidential or protected nonpublic pursuant to this subdivision accessible to any person, agency or the public if the ~~agency, political subdivision, or statewide system~~ government entity determines that the access will aid the law enforcement process or investigative process, promote public health or safety or dispel widespread rumor or unrest.

(b) A complainant has access to a statement provided by the complainant to a government entity under paragraph (a).

Sec. 7. Minnesota Statutes 2007 Supplement, section 13.39, subdivision 2a, is amended to read:

Subd. 2a. **Disclosure of data.** During the time when a civil legal action is determined to be pending under subdivision 1, any person may bring an action in the district court in the county where the data ~~is~~ are maintained to obtain disclosure of data classified as confidential or protected nonpublic under subdivision 2. The court may order that all or part of the data be released to the public or to the person bringing the action. In making the determination whether data shall be disclosed, the court shall consider whether the benefit to the person bringing the action or to the public outweighs any harm to the public, the government entity, or any person identified in the data. The data in dispute shall be examined by the court in camera.

Sec. 8. Minnesota Statutes 2006, section 13.41, subdivision 1, is amended to read:

Subdivision 1. **Definition.** As used in this section, the following terms have the meanings given them.

(a) "License" means a credential specified in Minnesota Statutes as a license, certification, registration, permit, or other credential issued by a state agency that is required in order for an individual to engage in an occupation, trade, or business regulated by law.

(b) "Licensing agency" means any board, department or agency of this state which state agency that is given the statutory authority to issue professional or other types of licenses, except the various agencies primarily administered by the commissioner of human services. Data pertaining to persons or agencies licensed or registered under authority of the commissioner of human services shall be administered pursuant to section 13.46.

Sec. 9. Minnesota Statutes 2006, section 13.41, subdivision 2, is amended to read:

Subd. 2. **Private data; designated addresses and telephone numbers.** (a) Except as provided in this chapter or other law, the following data collected, created, or maintained by any licensing agency are classified as private, pursuant to section 13.02, subdivision 12: data, other than their names data on individuals:

(1) data related to an application for a license, except for the applicant's name and designated addresses, submitted by applicants for licenses; address, the license period for which the applicant applied, and whether the application is approved, disapproved, withdrawn, or pending;

(2) the nondesignated address of a licensee;

(3) the identity of complainants who have made reports concerning licensees or applicants which appear in inactive ~~complaint data~~ civil investigative data under section 13.39, unless the complainant consents to the disclosure;

(4) the nature or content of unsubstantiated complaints when no disciplinary action or penalty is imposed and when the information is not ~~maintained in anticipation of legal action~~ civil investigative data under section 13.39; and

(5) the identity of patients whose medical records are received by any health licensing agency for purposes of review or in anticipation of a contested matter; inactive investigative data relating to violations of statutes or rules; and the record of any disciplinary proceeding except as limited by subdivision 5.

(b) An applicant for a license shall designate on the application a residence or business address and telephone number at which the applicant can be contacted in connection with the license application. A licensee shall designate a residence or business address and telephone number at which the licensee can be contacted in connection

with the license. By designating an address under this paragraph other than a residence address, the applicant or licensee consents to accept personal service of process by service on the licensing agency for legal or administrative proceedings. The licensing agency shall mail a copy of the documents to the applicant or licensee at the last known residence address.

Sec. 10. Minnesota Statutes 2007 Supplement, section 13.41, subdivision 3, is amended to read:

Subd. 3. **Board of Peace Officer Standards and Training.** The following government data of the Board of Peace Officer Standards and Training are private data:

- (1) home addresses of licensees and applicants for licenses; and
- (2) data that identify the government entity that employs a licensed peace officer.

The board may disseminate private data on applicants and licensees as is necessary to administer law enforcement licensure or to provide data under section 626.845, subdivision 1, to law enforcement agencies who are conducting employment background investigations. License numbers, license status, and continuing education records issued or maintained by the Board of Peace Officer Standards and Training are public data.

Sec. 11. Minnesota Statutes 2006, section 13.41, subdivision 5, is amended to read:

Subd. 5. **Public data.** Licensing agency minutes, application data on licensees except nondesignated addresses, orders for hearing, findings of fact, conclusions of law and specification of the final disciplinary action contained in the record of the disciplinary action are classified as public, pursuant to section 13.02, subdivision 15. The entire record concerning the disciplinary proceeding is public data pursuant to section 13.02, subdivision 15, in those instances where there is a public hearing concerning the disciplinary action. If the licensee and the licensing agency agree to resolve a complaint without a hearing, the agreement and the specific reasons for the agreement are public data. ~~The license numbers, the license status, and continuing education records issued or maintained by the Board of Peace Officer Standards and Training are classified as public data, pursuant to section 13.02, subdivision 15.~~

Sec. 12. Minnesota Statutes 2006, section 13.41, is amended by adding a subdivision to read:

Subd. 7. **Complaints and investigations.** Data related to complaints against or investigations about a licensee or applicant for a license are governed by section 13.39.

Sec. 13. Minnesota Statutes 2006, section 13.601, subdivision 3, is amended to read:

Subd. 3. **Applicants for election or appointment.** Data on candidates for election or applicants for appointment to boards, commissions, committees, task forces, advisory groups, or other public bodies are private except that the following data on all applicants for election or appointment to a public body, including those subject to chapter 13D, are public: name, city of residence address, education and training, employment history, volunteer work, awards and honors, and prior government service or experience.

Sec. 14. Minnesota Statutes 2006, section 13.601, is amended by adding a subdivision to read:

Subd. 4. **Boards, commissions, and advisory groups.** (a) Upon election or appointment to a public body, all application data held by the government entity on the appointee or elected official are public, including: home address, telephone number, and e-mail address.

(b) An individual whose contact information is made public by paragraph (a) may request the government entity with jurisdiction over the body to keep the individual's contact information private. The individual must provide a request, in writing, to the responsible authority of the government entity. Upon receiving a request, the responsible authority must classify any addresses, telephone numbers, and e-mail addresses provided by the individual as private data on individuals.

(c)(1) A responsible authority must provide a requestor with a postal or electronic mail address at which the requestor may send documents or other information related to the individual's public duties. The responsible authority may provide the same postal mail address for more than one individual whose data has been made private.

(2) In providing an alternate address, the responsible authority must also provide the individual whose contact information has been made private with secure access procedures for purposes of collecting materials sent to the address. The individual must regularly collect any materials sent to the alternate address.

Sec. 15. Minnesota Statutes 2006, section 13.6905, subdivision 2, is amended to read:

Subd. 2. **Vehicle registration application data.** ~~Certain~~ Driver's license numbers and other information provided in applications for motor vehicle registrations is ~~are governed under section 168.10, subdivision 168.346, subdivisions 1 and 1a.~~

Sec. 16. Minnesota Statutes 2006, section 13.6905, is amended by adding a subdivision to read:

Subd. 9a. **Driver's license number and application data.** Driver's license numbers and information provided in applications for drivers' licenses are governed under section 171.12, subdivisions 7 and 7a.

Sec. 17. Minnesota Statutes 2006, section 13.6905, is amended by adding a subdivision to read:

Subd. 28a. **Use and storage of explosives.** Data related to the use and storage of explosives by individuals holding a permit are governed by sections 299F.28 and 299F.75, subdivision 4.

Sec. 18. Minnesota Statutes 2006, section 168.346, subdivision 1, is amended to read:

Subdivision 1. **Vehicle registration data; federal compliance.** (a) The Department of Public Safety shall treat data on an individual provided to register a vehicle ~~shall be treated, including the driver's license number,~~ as provided by United States Code, title 18, section 2721, as in effect on May 23, 2005, and ~~shall be disclosed~~ may disclose that data only as required or permitted by that section.

(b) The registered owner of a vehicle who is an individual may consent in writing to the commissioner to disclose the individual's personal information exempted by United States Code, title 18, section 2721, to any person who makes a written request for the personal information. If the registered owner is an individual and so authorizes disclosure, the commissioner shall implement the request.

(c) If authorized by the registered owner as indicated in paragraph (b), the registered owner's personal information may be used, rented, or sold solely for bulk distribution by organizations for business purposes including surveys, marketing, or solicitation.

Sec. 19. Minnesota Statutes 2006, section 168.346, is amended by adding a subdivision to read:

Subd. 1a. **Driver's license number classified as private data on individuals.** Except as otherwise provided for the Department of Public Safety under subdivision 1:

(1) driver's license numbers must be treated as private data on individuals, as defined in section 13.02, subdivision 12; and

(2) data in applications for drivers' licenses provided to a state or local government agency must also be treated as private data on individuals if the data are provided by the department and shall not be disclosed except:

(i) according to court order;

(ii) according to a statute specifically authorizing disclosure of the private data; or

(iii) to administer federal funds or programs for child support enforcement purposes.

Sec. 20. Minnesota Statutes 2006, section 171.12, subdivision 7, is amended to read:

Subd. 7. **Privacy of data.** (a) The department shall treat driver's license numbers and data on individuals provided to obtain a driver's license or Minnesota identification card ~~shall be treated~~ as provided by United States Code, title 18, section 2721, as in effect on May 23, 2005, and ~~shall be disclosed~~ may disclose the numbers or data only as required or permitted by that section.

(b) An applicant for a driver's license or a Minnesota identification card may consent, in writing, to the commissioner to disclose the applicant's personal information exempted by United States Code, title 18, section 2721, to any person who makes a request for the personal information. If the applicant so authorizes disclosures, the commissioner shall implement the request and the information may be used.

(c) If authorized by an applicant for a driver's license or a Minnesota identification card, as indicated in paragraph (b), the applicant's personal information may be used, rented, or sold solely for bulk distribution by organizations for business purposes, including surveys, marketing, or solicitation.

(d) An applicant for a driver's license, instruction permit, or Minnesota identification card may request that the applicant's residence address be classified as "private data on individuals," as defined in section 13.02, subdivision 12. The commissioner shall grant the classification on receipt of a signed statement by the individual that the classification is required for the safety of the applicant or the applicant's family, if the statement also provides a valid, existing address where the applicant consents to receive service of process. The commissioner shall use the service for process mailing address in place of the residence address in all documents and notices pertaining to the driver's license, instruction permit, or Minnesota identification card. The residence address and any information provided in the classification request, other than the mailing address, are private data on individuals and may be provided to requesting law enforcement agencies, probation and parole agencies, and public authorities, as defined in section 518A.26, subdivision 18.

Sec. 21. Minnesota Statutes 2006, section 171.12, is amended by adding a subdivision to read:

Subd. 7b. **Driver's license number classified as private data on individuals.** Except as otherwise provided for the Department of Public Safety under subdivision 7:

(1) driver's license numbers must be treated as private data on individuals, as defined in section 13.02, subdivision 12; and

(2) data in applications for drivers' licenses provided to a state or local government agency must also be treated as private data on individuals if the data are provided by the department and shall not be disclosed except:

(i) according to court order;

(ii) according to a statute specifically authorizing disclosure of the private data; or

(iii) to administer federal funds or programs for child support enforcement purposes.

Sec. 22. Minnesota Statutes 2006, section 260B.171, subdivision 5, is amended to read:

Subd. 5. **Peace officer records of children.** (a) Except for records relating to an offense where proceedings are public under section 260B.163, subdivision 1, peace officers' records of children who are or may be delinquent or who may be engaged in criminal acts shall be kept separate from records of persons 18 years of age or older and are private data but shall be disseminated: (1) by order of the juvenile court, (2) as required by section 121A.28, (3) as authorized under section 13.82, subdivision 2, (4) to the child or the child's parent or guardian unless disclosure of a record would interfere with an ongoing investigation, (5) to the Minnesota crime victims reparations board as required by section 611A.56, subdivision 2, clause (f), for the purpose of processing claims for crime victims reparations, or (6) as otherwise provided in this subdivision. Except as provided in paragraph (c), no photographs of a child taken into custody may be taken without the consent of the juvenile court unless the child is alleged to have violated section 169A.20. Peace officers' records containing data about children who are victims of crimes or witnesses to crimes must be administered consistent with section 13.82, subdivisions 2, 3, 6, and 17. Any person violating any of the provisions of this subdivision shall be guilty of a misdemeanor.

In the case of computerized records maintained about juveniles by peace officers, the requirement of this subdivision that records about juveniles must be kept separate from adult records does not mean that a law enforcement agency must keep its records concerning juveniles on a separate computer system. Law enforcement agencies may keep juvenile records on the same computer as adult records and may use a common index to access both juvenile and adult records so long as the agency has in place procedures that keep juvenile records in a separate place in computer storage and that comply with the special data retention and other requirements associated with protecting data on juveniles.

(b) Nothing in this subdivision prohibits the exchange of information by law enforcement agencies if the exchanged information is pertinent and necessary for law enforcement purposes.

(c) A photograph may be taken of a child taken into custody pursuant to section 260B.175, subdivision 1, clause (b), provided that the photograph must be destroyed when the child reaches the age of 19 years. The commissioner of corrections may photograph juveniles whose legal custody is transferred to the commissioner. Photographs of juveniles authorized by this paragraph may be used only for institution management purposes, case supervision by parole agents, and to assist law enforcement agencies to apprehend juvenile offenders. The commissioner shall maintain photographs of juveniles in the same manner as juvenile court records and names under this section.

(d) Traffic investigation reports are open to inspection by a person who has sustained physical harm or economic loss as a result of the traffic accident. Identifying information on juveniles who are parties to traffic accidents may be disclosed as authorized under section 13.82, subdivision 4~~6~~, and accident reports required under section 169.09 may be released under section 169.09, subdivision 13, unless the information would identify a juvenile who was taken into custody or who is suspected of committing an offense that would be a crime if committed by an adult, or would associate a juvenile with the offense, and the offense is not an adult court traffic offense under section 260B.225.

(e) The head of a law enforcement agency or a person specifically given the duty by the head of the law enforcement agency shall notify the superintendent or chief administrative officer of a juvenile's school of an incident occurring within the agency's jurisdiction if:

(1) the agency has probable cause to believe that the juvenile has committed an offense that would be a crime if committed as an adult, that the victim of the offense is a student or staff member of the school, and that notice to the school is reasonably necessary for the protection of the victim; or

(2) the agency has probable cause to believe that the juvenile has committed an offense described in subdivision 3, paragraph (a), clauses (1) to (3), that would be a crime if committed by an adult, regardless of whether the victim is a student or staff member of the school.

A law enforcement agency is not required to notify the school under this paragraph if the agency determines that notice would jeopardize an ongoing investigation. For purposes of this paragraph, "school" means a public or private elementary, middle, secondary, or charter school.

(f) In any county in which the county attorney operates or authorizes the operation of a juvenile prepetition or pretrial diversion program, a law enforcement agency or county attorney's office may provide the juvenile diversion program with data concerning a juvenile who is a participant in or is being considered for participation in the program.

(g) Upon request of a local social services agency, peace officer records of children who are or may be delinquent or who may be engaged in criminal acts may be disseminated to the agency to promote the best interests of the subject of the data.

(h) Upon written request, the prosecuting authority shall release investigative data collected by a law enforcement agency to the victim of a criminal act or alleged criminal act or to the victim's legal representative, except as otherwise provided by this paragraph. Data shall not be released if:

- (1) the release to the individual subject of the data would be prohibited under section 13.821; or
- (2) the prosecuting authority reasonably believes:
 - (i) that the release of that data will interfere with the investigation; or
 - (ii) that the request is prompted by a desire on the part of the requester to engage in unlawful activities.

Sec. 23. Minnesota Statutes 2007 Supplement, section 268.19, subdivision 1, is amended to read:

Subdivision 1. **Use of data.** (a) Except as provided by this section, data gathered from any person under the administration of the Minnesota Unemployment Insurance Law are private data on individuals or nonpublic data on individuals as defined in section 13.02, subdivisions 9 and 12, and may not be disclosed except according to a district court order or section 13.05. A subpoena is not considered a district court order. These data may be disseminated to and used by the following agencies without the consent of the subject of the data:

- (1) state and federal agencies specifically authorized access to the data by state or federal law;
- (2) any agency of any other state or any federal agency charged with the administration of an unemployment insurance program;
- (3) any agency responsible for the maintenance of a system of public employment offices for the purpose of assisting individuals in obtaining employment;
- (4) the public authority responsible for child support in Minnesota or any other state in accordance with section 256.978;

- (5) human rights agencies within Minnesota that have enforcement powers;
 - (6) the Department of Revenue to the extent necessary for its duties under Minnesota laws;
 - (7) public and private agencies responsible for administering publicly financed assistance programs for the purpose of monitoring the eligibility of the program's recipients;
 - (8) the Department of Labor and Industry and the Division of Insurance Fraud Prevention in the Department of Commerce for uses consistent with the administration of their duties under Minnesota law;
 - (9) local and state welfare agencies for monitoring the eligibility of the data subject for assistance programs, or for any employment or training program administered by those agencies, whether alone, in combination with another welfare agency, or in conjunction with the department or to monitor and evaluate the statewide Minnesota family investment program by providing data on recipients and former recipients of food stamps or food support, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;
 - (10) local and state welfare agencies for the purpose of identifying employment, wages, and other information to assist in the collection of an overpayment debt in an assistance program;
 - (11) local, state, and federal law enforcement agencies for the purpose of ascertaining the last known address and employment location of an individual who is the subject of a criminal investigation;
 - (12) the United States Citizenship and Immigration Services has access to data on specific individuals and specific employers provided the specific individual or specific employer is the subject of an investigation by that agency;
 - (13) the Department of Health for the purposes of epidemiologic investigations; and
 - (14) the Department of Corrections for the purpose of preconfinement and postconfinement employment tracking of individuals who had been committed to the custody of the commissioner of corrections committed offenders for the purpose of case planning.
- (b) Data on individuals and employers that are collected, maintained, or used by the department in an investigation under section 268.182 are confidential as to data on individuals and protected nonpublic data not on individuals as defined in section 13.02, subdivisions 3 and 13, and must not be disclosed except under statute or district court order or to a party named in a criminal proceeding, administrative or judicial, for preparation of a defense.
- (c) Data gathered by the department in the administration of the Minnesota unemployment insurance program must not be made the subject or the basis for any suit in any civil proceedings, administrative or judicial, unless the action is initiated by the department.

EFFECTIVE DATE. This section is effective July 1, 2008.

Sec. 24. Minnesota Statutes 2006, section 299F.28, is amended to read:

299F.28 RECORDS ARE PUBLIC, EXCEPTIONS.

All records on file in the state fire marshal's office shall be public, except: (1) any testimony, correspondence, or other matter taken in an investigation under the provisions of this chapter, which the state fire marshal may withhold from the public; and (2) any data collected on the locations of storage and use of explosives or blasting agents by individuals authorized under sections 299F.72 to 299F.831, which shall be classified as nonpublic data pursuant to section 13.02, subdivision 9.

Sec. 25. Minnesota Statutes 2006, section 299F.75, is amended by adding a subdivision to read:

Subd. 4. Use of data. The portions of an application submitted under this section and any other data held by an issuing authority, local fire official, or law enforcement agency that indicate the applicant's place and time of intended use of explosives or blasting agents and place and means of storage of the explosives or blasting agents until such use shall be classified as nonpublic data pursuant to section 13.02, subdivision 9.

Sec. 26. Minnesota Statutes 2006, section 383B.917, subdivision 1, is amended to read:

Subdivision 1. **Data Practices Act.** (a) The corporation is subject to chapter 13, the Minnesota Government Data Practices Act.

(b) "Competitive data," as defined in this subdivision, are nonpublic data pursuant to section 13.02, subdivision 9, or private data on individuals pursuant to section 13.02, subdivision 12. Competitive data are any type of data that the corporation, in its discretion, determines that if disclosed could cause competitive disadvantage to the corporation, including causing adverse effects on the current or future competitive position of the corporation or the entities, facilities, and operations for which it is responsible. Data discussed at an open meeting of the corporation retains the data's original classification, including classification as competitive data, as provided in section 13D.05, subdivision 1, paragraph (c). Any data disseminated by the corporation to the county shall retain the same classification in the hands of the county, including the classification as competitive data, as provided in section 13.03, subdivision 4.

(c) A subsidiary, joint venture, association, partnership, or other entity that is formed by the corporation is not subject to chapter 13, except that if the corporation enters into a contract with such an entity to perform any functions of the corporation, the corporation shall include in the contract terms that make it clear that data created, collected, received, stored, used, maintained, or disseminated by the contracting entity in performing those functions is subject to the same requirements under chapter 13 as the corporation under this subdivision. However, this section does not create a duty on the part of the contracting entity to provide access to public data to the public if the public data are available from the corporation, except as required by the terms of the contract. Any entity contracting to perform functions of the corporation may classify data as competitive data as defined in paragraph (b).

(d) Notwithstanding section 13.384, if a nonprofit corporation provides faculty physician services to the corporation and is participating in an electronic exchange of health records with the corporation, the nonprofit corporation may share medical data with all other participants in the exchange for purposes of treatment, payment, or health care operations. The nonprofit corporation and other participants in the exchange are considered related health care entities for purposes of section 144.293, subdivision 5, clause (2), and are not considered outside of the corporation's facility for purposes of section 144.651, subdivision 16.

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

Sec. 27. **[473.674] AIRPORT PARKING SPACE CUSTOMER DATA.**

The following data relating to applicants for or users of automated parking facilities at the Minneapolis-St. Paul International Airport are classified as nonpublic data with regard to data not on individuals and as private data with regard to data on individuals: (1) data contained in applications for an electronic tag or device that provides access to airport parking facilities and which assesses charges for a vehicle's use of those facilities; (2) personal and vehicle information data; (3) financial and credit data; and (4) parking usage data. Nothing in this section prohibits the production of summary data as defined in section 13.02, subdivision 19.

Sec. 28. Minnesota Statutes 2006, section 518.10, is amended to read:

518.10 REQUISITES OF PETITION.

Subdivision 1. **Petition.** The petition for dissolution of marriage or legal separation shall state and allege:

(a) the name, and address, ~~and, in circumstances in which child support or spousal maintenance will be addressed, Social Security number~~ of the petitioner and any prior or other name used by the petitioner;

(b) the name and, if known, the address ~~and, in circumstances in which child support or spousal maintenance will be addressed, Social Security number~~ of the respondent and any prior or other name used by the respondent and known to the petitioner;

(c) the place and date of the marriage of the parties;

(d) in the case of a petition for dissolution, that either the petitioner or the respondent or both:

(1) has resided in this state for not less than 180 days immediately preceding the commencement of the proceeding, or

(2) has been a member of the armed services and has been stationed in this state for not less than 180 days immediately preceding the commencement of the proceeding, or

(3) has been a domiciliary of this state for not less than 180 days immediately preceding the commencement of the proceeding;

(e) the name at the time of the petition and any prior or other name, Social Security number, age, and date of birth of each living minor or dependent child of the parties born before the marriage or born or adopted during the marriage and a reference to, and the expected date of birth of, a child of the parties conceived during the marriage but not born;

(f) whether or not a separate proceeding for dissolution, legal separation, or custody is pending in a court in this state or elsewhere;

(g) in the case of a petition for dissolution, that there has been an irretrievable breakdown of the marriage relationship;

(h) in the case of a petition for legal separation, that there is a need for a decree of legal separation;

(i) any temporary or permanent maintenance, child support, child custody, disposition of property, attorneys' fees, costs and disbursements applied for without setting forth the amounts; and

(j) whether an order for protection under chapter 518B or a similar law of another state that governs the parties or a party and a minor child of the parties is in effect and, if so, the district court or similar jurisdiction in which it was entered.

The petition shall be verified by the petitioner or petitioners, and its allegations established by competent evidence.

Subd. 2. **Social Security number document.** In proceedings where child support or spousal maintenance issues will be addressed, the petition under subdivision 1 must be accompanied by a separate document that contains the Social Security numbers of the petitioner and the respondent. The Social Security number document must be maintained in a portion of the court file or records that are not accessible to the general public.

Sec. 29. **REPEALER.**

Minnesota Statutes 2006, section 13.41, subdivision 4, is repealed."

Delete the title and insert:

"A bill for an act relating to data practices; making technical changes; defining terms; authorizing electronic exchange of certain data; regulating use of certain data; increasing liability limits for damages; requiring protection from disclosure for certain data; classifying data; amending Minnesota Statutes 2006, sections 6.715, by adding a subdivision; 13.03, subdivision 3; 13.08, subdivision 1; 13.202, subdivision 11; 13.41, subdivisions 1, 2, 5, by adding a subdivision; 13.601, subdivision 3, by adding a subdivision; 13.6905, subdivision 2, by adding subdivisions; 168.346, subdivision 1, by adding a subdivision; 171.12, subdivision 7, by adding a subdivision; 260B.171, subdivision 5; 299F.28; 299F.75, by adding a subdivision; 383B.917, subdivision 1; 518.10; Minnesota Statutes 2007 Supplement, sections 13.08, subdivision 4; 13.39, subdivisions 2, 2a; 13.41, subdivision 3; 268.19, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 473; repealing Minnesota Statutes 2006, section 13.41, subdivision 4."

With the recommendation that when so amended the bill pass.

The report was adopted.

Mullery from the Committee on Public Safety and Civil Justice to which was referred:

H. F. No. 3572, A bill for an act relating to public safety; repealing the Furniture Fire Safety Act; repealing Minnesota Statutes 2006, sections 299F.840; 299F.841, subdivisions 1, 4, 5, 6, 7, 8; 299F.842; 299F.843; 299F.844; 299F.845; 299F.846; 299F.847; 299F.848.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Pelowski from the Committee on Governmental Operations, Reform, Technology and Elections to which was referred:

H. F. No. 3665, A bill for an act relating to state auditor; requiring employees and officers of local public pension plans to report unlawful actions; amending Minnesota Statutes 2006, section 609.456, subdivision 1.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Pelowski from the Committee on Governmental Operations, Reform, Technology and Elections to which was referred:

H. F. No. 3702, A bill for an act relating to elections; providing for assessment and payment of certain costs; amending Minnesota Statutes 2006, section 211B.37.

Reported the same back with the following amendments:

Page 1, line 14, delete "contest"

Page 1, line 18, delete everything after the period

Page 1, delete lines 19 and 20

With the recommendation that when so amended the bill pass.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

H. F. No. 3783, A bill for an act relating to commerce; regulating insurance fees, coverages, contracts, filings, and forms; regulating financial planners, real estate appraisers, domestic mutual insurance companies, and collection agencies; making technical and clarifying changes; amending Minnesota Statutes 2006, sections 60A.71, subdivision 7; 62A.149, subdivision 1; 62A.152, subdivision 2; 62E.10, subdivision 2; 62M.02, subdivision 21; 62Q.47; 62Q.64; 62S.01, by adding subdivisions; 62S.13, subdivision 4; 62S.15; 62S.18, subdivision 2; 62S.20, subdivision 6, by adding subdivisions; 62S.26, subdivision 2; 62S.266, subdivisions 4, 10; 62S.29, by adding subdivisions; 65A.37; 66A.02, subdivision 4; 66A.07, by adding a subdivision; 72A.51, subdivision 2; 82B.23, subdivision 1; 256B.0571, subdivision 8; Minnesota Statutes 2007 Supplement, sections 62A.30, subdivision 2; 72A.52, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 62S; 332; repealing Minnesota Statutes 2006, section 62A.149, subdivision 2; Laws 2006, chapter 255, section 26.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2006, section 53C.01, subdivision 2, is amended to read:

Subd. 2. **Cash sale price.** "Cash sale price" means the price at which the seller would in good faith sell to the buyer, and the buyer would in good faith buy from the seller, the motor vehicle which is the subject matter of the retail installment contract, if such sale were a sale for cash, instead of a retail installment sale. The cash sale price may include any taxes, charges for delivery, servicing, repairing, or improving the motor vehicle, including accessories and their installation, and any other charges agreed upon between the parties. The cash price may not include a documentary fee or document administration fee in excess of ~~50~~ 75 for services actually rendered to, for, or on behalf of, the retail buyer in preparing, handling, and processing documents relating to the motor vehicle and the closing of the retail sale. "Documentary fee" and "document administration fee" do not include an optional electronic transfer fee as defined under subdivision 14.

Sec. 2. Minnesota Statutes 2006, section 59B.01, is amended to read:

59B.01 SCOPE AND PURPOSE.

(a) The purpose of this chapter is to create a legal framework within which service contracts may be sold in this state.

(b) The following are exempt from this chapter:

(1) warranties;

(2) maintenance agreements;

(3) warranties, service contracts, or maintenance agreements offered by public utilities, as defined in section 216B.02, subdivision 4, or an entity or operating unit owned by or under common control with a public utility;

(4) service contracts sold or offered for sale to persons other than consumers;

(5) service contracts on tangible property where the tangible property for which the service contract is sold has a purchase price of \$250 or less, exclusive of sales tax;

~~(6) motor vehicle service contracts as defined in section 65B.29, subdivision 1, paragraph (1);~~

~~(7)~~ (6) service contracts for home security equipment installed by a licensed technology systems contractor; and

~~(8)~~ (7) motor club membership contracts that typically provide roadside assistance services to motorists stranded for reasons that include, but are not limited to, mechanical breakdown or adverse road conditions.

(c) The types of agreements referred to in paragraph (b) are not subject to chapters 60A to 79A, except as otherwise specifically provided by law.

(d) Service contracts issued by motor vehicle manufacturers covering private passenger automobiles are only subject to sections 59B.03, subdivision 5, 59B.05, and 59B.07.

Sec. 3. Minnesota Statutes 2006, section 59B.02, is amended by adding a subdivision to read:

Subd. 5a. **Motor vehicle manufacturer.** "Motor vehicle manufacturer" means a person that:

(1) manufactures or produces motor vehicles and sells motor vehicles under its own name or label;

(2) is a wholly owned subsidiary of the person that manufactures or produces motor vehicles;

(3) is a corporation which owns 100 percent of the person that manufactures or produces motor vehicles;

(4) does not manufacture or produce motor vehicles, but sells motor vehicles under the trade name or label of another person that manufactures or produces motor vehicles;

(5) manufactures or produces motor vehicles and sells the motor vehicles under the trade name or label of another person that manufactures or produces motor vehicles; or

(6) does not manufacture or produce motor vehicles but, pursuant to a written contract, licenses the use of its trade name or label to another person that manufactures or produces motor vehicles and that sells motor vehicles under the licensor's trade name or label.

Sec. 4. Minnesota Statutes 2006, section 59B.02, subdivision 11, is amended to read:

Subd. 11. **Service contract.** "Service contract" means a contract or agreement for a separately stated consideration for a specific duration to perform the repair, replacement, or maintenance of property or indemnification for repair, replacement, or maintenance, for the operational or structural failure due to a defect in materials, workmanship, or normal wear and tear, with or without additional provisions for incidental payment of indemnity under limited circumstances, including without limitation, towing, rental, emergency road service, and road hazard protection. Service contracts may provide for the repair, replacement, or maintenance of property for damage resulting from power surges and accidental damage from handling.

Sec. 5. Minnesota Statutes 2006, section 59B.05, subdivision 5, is amended to read:

Subd. 5. **Coverages, limitations, and exclusions.** No particular causes of loss or property are required to be covered, but service contracts must specify the merchandise and services to be provided and, with equal prominence, any limitations, exceptions, or exclusions including, but not limited to, any damage or breakdown not covered by the service contract. Service contracts may cover damage resulting from rust, corrosion, or damage caused by a noncovered part or system.

Sec. 6. Minnesota Statutes 2006, section 60A.71, subdivision 7, is amended to read:

Subd. 7. **Duration; fees.** (a) Each applicant for a reinsurance intermediary license shall pay to the commissioner a fee of \$200 for an initial two-year license and a fee of \$150 for each renewal. Applications shall be submitted on forms prescribed by the commissioner.

(b) Initial licenses issued under this chapter are valid for a period not to exceed 24 months and expire on October 31 of the renewal year assigned by the commissioner. Each renewal reinsurance intermediary license is valid for a period of 24 months. Licensees who submit renewal applications postmarked or delivered on or before October 15 of the renewal year may continue to transact business whether or not the renewal license has been received by November 1. Licensees who submit applications postmarked or delivered after October 15 of the renewal year must not transact business after the expiration date of the license until the renewal license has been received.

(c) All fees are nonreturnable, except that an overpayment of any fee may be refunded upon proper application.

Sec. 7. Minnesota Statutes 2007 Supplement, section 61A.257, subdivision 1, is amended to read:

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

(b) "2001 CSO Mortality Table" means that mortality table, consisting of separate rates of mortality for male and female lives, developed by the American Academy of Actuaries CSO Task Force from the Valuation Basic Mortality Table developed by the Society of Actuaries Individual Life Insurance Valuation Mortality Task Force, and adopted by the NAIC in December 2002. The 2001 CSO Mortality Table is included in the Proceedings of the NAIC (2nd Quarter 2002) and supplemented by the 2001 CSO Preferred Class Structure Mortality Table defined in paragraph (c). Unless the context indicates otherwise, the "2001 CSO Mortality Table" includes both the ultimate form of that table and the select and ultimate form of that table and includes both the smoker and nonsmoker mortality tables and the composite mortality tables. It also includes both the age-nearest-birthday and age-last-birthday bases of the mortality tables. Mortality tables in the 2001 CSO Mortality Table include the following:

(1) "2001 CSO Mortality Table (F)" means that mortality table consisting of the rates of mortality for female lives from the 2001 CSO Mortality Table;

(2) "2001 CSO Mortality Table (M)" means that mortality table consisting of the rates of mortality for male lives from the 2001 CSO Mortality Table;

(3) "composite mortality tables" means mortality tables with rates of mortality that do not distinguish between smokers and nonsmokers; and

(4) "smoker and nonsmoker mortality tables" means mortality tables with separate rates of mortality for smokers and nonsmokers.

(c) "2001 CSO Preferred Class Structure Mortality Table" means mortality tables with separate rates of mortality for ~~the super preferred Nonsmokers nonsmoker~~, preferred ~~Nonsmokers nonsmoker~~, residual standard ~~Nonsmokers nonsmoker~~, preferred ~~Smokers smoker~~, and residual standard smoker splits of the 2001 CSO Nonsmoker and Smoker Mortality Tables as adopted by the NAIC at the September 2006 national meeting and published in the NAIC Proceedings (3rd Quarter 2006). Unless the context indicates otherwise, the "2001 CSO Preferred Class Structure Mortality Table" includes both the ultimate form of that table and the select and ultimate form of that table, the smoker and nonsmoker mortality tables, both the male and female mortality tables and the gender composite mortality tables, and both the age-nearest-birthday and age-last-birthday bases of the mortality table.

(d) "Statistical agent" means an entity with proven systems for protecting the confidentiality of individual insured and insurer information; demonstrated resources for and history of ongoing electronic communications and data transfer ensuring data integrity with insurers, which are its members or subscribers; and a history of and means for aggregation of data and accurate promulgation of the experience modifications in a timely manner.

Sec. 8. Minnesota Statutes 2006, section 61A.57, is amended to read:

61A.57 DUTIES OF INSURERS THAT USE AGENTS OR BROKERS.

Each insurer that uses an agent or broker in a life insurance or annuity sale shall:

(a) Require with or as part of each completed application for life insurance or annuity, a statement signed by the agent or broker as to whether the agent or broker knows replacement is or may be involved in the transaction.

(b) Where a replacement is involved:

(1) require from the agent or broker with the application for life insurance or annuity, a copy of the fully completed and signed replacement notice provided the applicant under section 61A.55. The existing life insurance or annuity must be identified by name of insurer, insured, and contract number. If a number has not been assigned by the existing insurer, alternative identification, such as an application or receipt number, must be listed; and

(2) send to each existing insurer a written communication advising of the replacement or proposed replacement and the identification information obtained under this section. This written communication must be made within five working days of the date that the application is received in the replacing insurer's home or regional office, or the date the proposed policy or contract is issued, whichever is sooner.

(c) The replacing insurer shall maintain evidence of the "notice regarding replacement" and a replacement register, cross-indexed, by replacing agent and existing insurer to be replaced. Evidence that all requirements were met shall be maintained for at least six years.

(d) The replacing insurer shall provide in its policy or contract, or in a separate written notice that is delivered with the policy or contract, that the applicant has a right to an unconditional refund of all premiums paid, which right may be exercised within a period of ~~20~~ 30 days beginning from the date of delivery of the policy.

Sec. 9. Minnesota Statutes 2006, section 62A.149, subdivision 1, is amended to read:

Subdivision 1. **Application.** The provisions of this section apply to all group policies of accident and health insurance and group subscriber contracts offered by nonprofit health service plan corporations regulated under chapter 62C, and to a plan or policy that is individually underwritten or provided for a specific individual and family members as a nongroup policy unless the individual elects in writing to refuse benefits under this subdivision in exchange for an appropriate reduction in premiums or subscriber charges under the policy or plan, when the policies or subscriber contracts are issued or delivered in Minnesota or provide benefits to Minnesota residents enrolled thereunder.

This section does not apply to policies designed primarily to provide coverage payable on a per diem, fixed indemnity or nonexpense incurred basis or policies that provide accident only coverage.

Every insurance policy or subscriber contract included within the provisions of this subdivision, upon issuance or renewal, shall provide ~~for payment of benefits coverage that complies with the requirements of section 62Q.47, paragraphs (b) and (c), for the treatment of alcoholism, chemical dependency or drug addiction to any Minnesota resident entitled to coverage, thereunder on the same basis as coverage for other benefits when treatment is rendered in~~

~~(1) a licensed hospital;~~

~~(2) a residential treatment program as licensed by the state of Minnesota pursuant to diagnosis or recommendation by a doctor of medicine;~~

~~(3) a nonresidential treatment program approved or licensed by the state of Minnesota.~~

Sec. 10. Minnesota Statutes 2006, section 62A.152, subdivision 2, is amended to read:

Subd. 2. **Minimum benefits.** ~~(a)~~ All group policies and all group subscriber contracts providing benefits for mental or nervous disorder treatments in a hospital shall also provide coverage ~~on the same basis as coverage for other benefits for at least 80 percent of the cost of the usual and customary charges of the first ten hours of treatment incurred over a 12 month benefit period, for mental or nervous disorder consultation, diagnosis and treatment services delivered while the insured person is not a bed patient in a hospital, and at least 75 percent of the cost of the usual and customary charges for any additional hours of treatment during the same 12 month benefit period for serious or persistent mental or nervous disorders, if the services are furnished by (1) a licensed or accredited hospital, (2) a community mental health center or mental health clinic approved or licensed by the commissioner of human services or other authorized state agency, or (3) a mental health professional, as defined in sections 245.462, subdivision 18, clauses (1) to (5); and 245.4871, subdivision 27, clauses (1) to (5). Prior authorization from an accident and health insurance company, or a nonprofit health service corporation, shall be required for an extension of coverage beyond ten hours of treatment. This prior authorization must be based upon the severity of the disorder, the patient's risk of deterioration without ongoing treatment and maintenance, degree of functional impairment, and a concise treatment plan. Authorization for extended treatment may be limited to a maximum of 30 visit hours during any 12 month benefit period.~~

~~(b) For purposes of this section, covered treatment for a minor includes treatment for the family if family therapy is recommended by a provider listed in paragraph (a). For purposes of determining benefits under this section, "hours of treatment" means treatment rendered on an individual or single family basis. If treatment is rendered on a group basis, the hours of covered group treatment must be provided at a ratio of no less than two group treatment sessions to one individual treatment hour, that complies with the requirements of section 62Q.47, paragraphs (b) and (c).~~

Sec. 11. Minnesota Statutes 2007 Supplement, section 62A.30, subdivision 2, is amended to read:

Subd. 2. **Required coverage.** Every policy, plan, certificate, or contract referred to in subdivision 1 that provides coverage to a Minnesota resident must provide coverage for routine screening procedures for cancer and the office or facility visit, including mammograms, surveillance tests for ovarian cancer for women who are at risk for ovarian cancer as defined in subdivision 3, pap smears, and colorectal screening tests for men and women, when ordered or provided by a physician in accordance with the standard practice of medicine.

Sec. 12. Minnesota Statutes 2006, section 62A.44, is amended by adding a subdivision to read:

Subd. 2a. **Electronic enrollment.** (a) For any Medicare supplement plan as defined in section 62A.3099, any requirement that a signature of an insured be obtained by an agent or insurer is satisfied if:

(1) the consent is obtained by telephonic or electronic enrollment by the group policyholder or insured. A verification of the enrollment information must be provided to the applicant;

(2) the telephonic or electronic enrollment provides necessary and reasonable safeguards to ensure the accuracy, retention, and prompt retrieval of records; and

(3) the telephonic or electronic enrollment provides necessary and reasonable safeguards to ensure that the confidentiality of individual information and privileged information as defined in section 72A.491, subdivision 19, is maintained.

(b) The insurer shall make available, upon request of the commissioner, records that will demonstrate the insurer's ability to confirm enrollment and coverage.

Sec. 13. Minnesota Statutes 2006, section 62E.10, subdivision 2, is amended to read:

Subd. 2. **Board of directors; organization.** The board of directors of the association shall be made up of eleven members as follows: six directors selected by contributing members, subject to approval by the commissioner, one of which must be a health actuary; five public directors selected by the commissioner, at least two of whom must be plan enrollees, two of whom ~~must be representatives of employers whose accident and health insurance premiums are part of the association's assessment base, are covered under an individual plan subject to assessment under section 62E.11 or group plan offered by an employer subject to assessment under section 62E.11,~~ and one of whom must be a licensed insurance agent. At least two of the public directors must reside outside of the seven county metropolitan area. In determining voting rights at members' meetings, each member shall be entitled to vote in person or proxy. The vote shall be a weighted vote based upon the member's cost of self-insurance, accident and health insurance premium, subscriber contract charges, health maintenance contract payment, or community integrated service network payment derived from or on behalf of Minnesota residents in the previous calendar year, as determined by the commissioner. In approving directors of the board, the commissioner shall consider, among other things, whether all types of members are fairly represented. Directors selected by contributing members may be reimbursed from the money of the association for expenses incurred by them as directors, but shall not otherwise be compensated by the association for their services. The costs of conducting meetings of the association and its board of directors shall be borne by members of the association.

Sec. 14. Minnesota Statutes 2006, section 62F.02, is amended by adding a subdivision to read:

Subd. 3. **Merger.** Effective January 1, 2008, the association is merged into the joint underwriting association under chapter 62I.

Sec. 15. Minnesota Statutes 2006, section 62M.02, subdivision 21, is amended to read:

Subd. 21. **Utilization review organization.** "Utilization review organization" means an entity including but not limited to an insurance company licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01; a prepaid limited health service organization issued a certificate of authority and operating under sections 62A.451 to 62A.4528; a health service plan licensed under chapter 62C; a health maintenance organization licensed under chapter 62D; a community integrated service network licensed under chapter 62N; an accountable provider network operating under chapter 62T; a fraternal benefit society operating under chapter 64B; a joint self-insurance employee health plan operating under chapter 62H; a multiple employer welfare arrangement, as defined in section 3 of the Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, section 1103, as amended; a third party administrator licensed under section 60A.23, subdivision 8, which conducts utilization review and determines certification of an admission, extension of stay, or other health care services for a Minnesota resident; or any entity performing utilization review that is affiliated with, under contract with, or conducting utilization review on behalf of, a business entity in this state. Utilization review organization does not include a clinic or health care system acting pursuant to a written delegation agreement with an otherwise regulated utilization review organization that contracts with the clinic or health care system. The regulated utilization review organization is accountable for the delegated utilization review activities of the clinic or health care system.

Sec. 16. Minnesota Statutes 2006, section 62Q.47, is amended to read:

62Q.47 ALCOHOLISM, MENTAL HEALTH, AND CHEMICAL DEPENDENCY SERVICES.

(a) All health plans, as defined in section 62Q.01, that provide coverage for alcoholism, mental health, or chemical dependency services, must comply with the requirements of this section.

(b) Cost-sharing requirements and benefit or service limitations for outpatient mental health and outpatient chemical dependency and alcoholism services, except for persons placed in chemical dependency services under Minnesota Rules, parts 9530.6600 to 9530.6660, must not place a greater financial burden on the insured or enrollee, or be more restrictive than those requirements and limitations for outpatient medical services.

(c) Cost-sharing requirements and benefit or service limitations for inpatient hospital mental health and inpatient hospital and residential chemical dependency and alcoholism services, except for persons placed in chemical dependency services under Minnesota Rules, parts 9530.6600 to 9530.6660, must not place a greater financial burden on the insured or enrollee, or be more restrictive than those requirements and limitations for inpatient hospital medical services.

Sec. 17. Minnesota Statutes 2006, section 62Q.64, is amended to read:

62Q.64 DISCLOSURE OF EXECUTIVE COMPENSATION.

(a) Each health plan company doing business in this state whose annual Minnesota premiums exceed \$10,000,000 based on the most recent assessment base of the Minnesota Comprehensive Health Association shall annually file with the Consumer Advisory Board created in section 62J.75 either the commissioner of commerce or the commissioner of health, as appropriate:

(1) a copy of the health plan company's form 990 filed with the federal Internal Revenue Service; or

(2) if the health plan company did not file a form 990 with the federal Internal Revenue Service, a list of the amount and recipients of the health plan company's five highest salaries, including all types of compensation, in excess of \$50,000.

(b) A filing under this section is public data under section 13.03.

Sec. 18. Minnesota Statutes 2006, section 62S.01, is amended by adding a subdivision to read:

Subd. 16a. **Hands-on assistance.** "Hands-on assistance" means minimal, moderate, or maximal physical assistance without which the individual would not be able to perform the activity of daily living.

Sec. 19. Minnesota Statutes 2006, section 62S.01, is amended by adding a subdivision to read:

Subd. 22a. **Personal care.** "Personal care" means the provision of hands-on services to assist an individual with activities of daily living.

Sec. 20. Minnesota Statutes 2006, section 62S.01, is amended by adding a subdivision to read:

Subd. 23b. **Providers of services.** All providers of services, including but not limited to "skilled nursing facility," "extended care facility," "convalescent nursing home," "personal care facility," "specialized care providers," "assisted living facility," and "home care agency" are defined in relation to the services and facilities required to be available and the licensure, certification, registration, or degree status of those providing or supervising the services. When the definition requires that the provider be appropriately licensed, certified, or registered, it must also state what requirements a provider must meet in lieu of licensure, certification, or registration when the state in which the service is to be furnished does not require a provider of these services to be licensed, certified, or registered, or when the state licenses, certifies, or registers the provider of services under another name.

Sec. 21. Minnesota Statutes 2006, section 62S.01, is amended by adding a subdivision to read:

Subd. 25b. **Skilled nursing care, personal care, home care, specialized care, assisted living care, and other services.** "Skilled nursing care," "personal care," "home care," "specialized care," "assisted living care," and other services are defined in relation to the level of skill required, the nature of the care, and the setting in which care must be delivered.

Sec. 22. Minnesota Statutes 2006, section 62S.13, subdivision 4, is amended to read:

Subd. 4. **Field issue prohibition.** A long-term care insurance policy or certificate may not be field issued based on medical or health status. For purposes of this section, "field issued" means a policy or certificate issued by an agent or a third-party administrator under the underwriting authority granted to the agent or third-party administrator by an insurer and using the insurer's underwriting guidelines.

Sec. 23. Minnesota Statutes 2006, section 62S.15, is amended to read:

62S.15 AUTHORIZED LIMITATIONS AND EXCLUSIONS.

(a) No policy may be delivered or issued for delivery in this state as long-term care insurance if the policy limits or excludes coverage by type of illness, treatment, medical condition, or accident, except as follows:

(1) preexisting conditions or diseases;

(2) mental or nervous disorders; except that the exclusion or limitation of benefits on the basis of Alzheimer's disease is prohibited;

(3) alcoholism and drug addiction;

(4) illness, treatment, or medical condition arising out of war or act of war; participation in a felony, riot, or insurrection; service in the armed forces or auxiliary units; suicide, attempted suicide, or intentionally self-inflicted injury; or non-fare-paying aviation;

(5) treatment provided in a government facility unless otherwise required by law, services for which benefits are available under Medicare or other government program except Medicaid, state or federal workers' compensation, employer's liability or occupational disease law, motor vehicle no-fault law; services provided by a member of the covered person's immediate family; and services for which no charge is normally made in the absence of insurance; ~~and~~

(6) expenses for services or items available or paid under another long-term care insurance or health insurance policy; ~~and~~

(7) in the case of a qualified long-term care insurance contract, expenses for services or items to the extent that the expenses are reimbursable under title XVIII of the Social Security Act or would be so reimbursable but for the application of a deductible or coinsurance amount.

(b) This subdivision does not prohibit exclusions and limitations by type of provider or territorial limitations. However, no long-term care issuer may deny a claim because services are provided in a state other than the state of policy issued under the following conditions:

(1) when the state other than the state of policy issue does not have the provider licensing, certification, or registration required in the policy, but where the provider satisfies the policy requirements outlined for providers in lieu of licensure, certification, or registration; or

(2) when the state other than the state of policy issue licenses, certifies, or registers the provider under another name.

For purposes of this paragraph, "state of policy issue" means the state in which the individual policy or certificate was originally issued.

Sec. 24. Minnesota Statutes 2006, section 62S.18, subdivision 2, is amended to read:

Subd. 2. **Premiums.** (a) The premiums charged to an insured for long-term care insurance replaced under subdivision 1 shall not increase due to either the increasing age of the insured at ages beyond 65 or the duration the insured has been covered under this policy.

(b) The purchase of additional coverage must not be considered a premium rate increase, but for purposes of the calculation required under section 62S.291, the portion of the premium attributable to the additional coverage must be added to and considered part of the initial annual premium.

(c) A reduction in benefits must not be considered a premium change, but for purpose of the calculation required under section 62S.291, the initial annual premium must be based on the reduced benefits.

Sec. 25. **[62S.181] ELECTRONIC ENROLLMENT FOR GROUP POLICIES.**

Subdivision 1. **Employers or labor unions.** In the case of a group defined in section 62S.01, subdivision 15, clause (1), any requirement that a signature of an insured be obtained by an agent or insurer is satisfied if:

(1) the consent is obtained by telephonic or electronic enrollment by the group policyholder or insurer. A verification of enrollment information must be provided to the enrollee;

(2) the telephonic or electronic enrollment provides necessary and reasonable safeguards to ensure the accuracy, retention, and prompt retrieval of records; and

(3) the telephonic or electronic enrollment provides necessary and reasonable safeguards to ensure that the confidentiality of individually identifiable information and "privileged information" as defined by section 72A.491, subdivision 19, is maintained.

Subd. 2. **Availability of insurer records.** The insurer shall make available, upon request of the commissioner, records that will demonstrate the insurer's ability to confirm enrollment and coverage amounts.

Sec. 26. Minnesota Statutes 2006, section 62S.20, is amended by adding a subdivision to read:

Subd. 5a. **Disclosure of tax consequences.** With regard to life insurance policies that provide an accelerated benefit for long-term care, a disclosure statement is required at the time of application for the policy or rider and at the same time the accelerated benefit payment request is submitted that receipt of these accelerated benefits may be taxable, and that assistance should be sought from a personal tax advisor. The disclosure statement must be prominently displayed on the first page of the policy or rider and any other related documents. This subdivision does not apply to qualified long-term care insurance contracts.

Sec. 27. Minnesota Statutes 2006, section 62S.20, is amended by adding a subdivision to read:

Subd. 5b. **Benefit triggers.** Activities of daily living and cognitive impairment must be used to measure an insured's need for long-term care and must be described in the policy or certificate in a separate paragraph and must be labeled "Eligibility for the Payment of Benefits." Any additional benefit triggers must also be explained in this section. If these triggers differ for different benefits, explanation of the trigger must accompany each benefit description. If an attending physician or other specified person must certify a certain level of functional dependency in order to be eligible for benefits, this too shall be specified.

Sec. 28. Minnesota Statutes 2006, section 62S.20, subdivision 6, is amended to read:

Subd. 6. **Qualified long-term care insurance policy.** A qualified long-term care insurance policy must include a disclosure statement in the policy that the policy is intended to be a qualified long-term care insurance policy under section 7702B(b) of the Internal Revenue Code of 1986, as amended.

Sec. 29. Minnesota Statutes 2007 Supplement, section 62S.23, subdivision 1, is amended to read:

Subdivision 1. **Inflation protection feature.** (a) No insurer may offer a long-term care insurance policy unless the insurer also offers to the policyholder, in addition to any other inflation protection, the option to purchase a policy that provides for benefit levels to increase with benefit maximums or reasonable durations which are meaningful to account for reasonably anticipated increases in the costs of long-term care services covered by the policy. In addition to other options that may be offered, insurers must offer to each policyholder, at the time of purchase, the option to purchase a policy with an inflation protection feature no less favorable than one of the following:

(1) increases benefit levels annually in a manner so that the increases are compounded annually at a rate not less than five percent;

(2) guarantees the insured individual the right to periodically increase benefit levels without providing evidence of insurability or health status so long as the option for the previous period has not been declined. The amount of the additional benefit shall be no less than the difference between the existing policy benefit and that benefit compounded annually at a rate of at least five percent for the period beginning with the purchase of the existing benefit and extending until the year in which the offer is made; or

(3) covers a specified percentage of actual or reasonable charges and does not include a maximum specified indemnity amount or limit.

(b) A long-term care partnership policy must provide the inflation protection described in this subdivision. If the policy is sold to an individual who:

(1) has not attained age 61 as of the date of purchase, the policy must provide compound annual inflation protection;

(2) has attained age 61, but has not attained age 76 as of such date, the policy must provide some level of inflation protection; and

(3) has attained the age of 76 as of such date, the policy may, but is not required to, provide some level of inflation protection.

Inflation protection for a long-term care partnership policy may not be less than three percent per year or a rate based on changes in the Consumer Price Index. The commissioner, however, may approve other types of inflation protection that comply with this section and further the goals of the partnership program.

Sec. 30. **[62S.251] RESERVE STANDARDS.**

Subdivision 1. **Benefits provided through acceleration of benefits under life policies.** When long-term care benefits are provided through the acceleration of benefits under group or individual life policies or riders to these policies, policy reserves for the benefits must be determined in accordance with section 61A.25. Claim reserves must also be established in the case when the policy or rider is in claim status.

Reserves for policies and riders subject to this section must be based on the multiple decrement model utilizing all relevant decrements except for voluntary termination rates. Single decrement approximations are acceptable if the calculation produces essentially similar reserves, if the reserve is clearly more conservative, or if the reserve is immaterial. The calculations may take into account the reduction in life insurance benefits due to the payment of long-term care benefits. However, in no event must the reserves for the long-term care benefit and the life insurance benefit be less than the reserves for the life insurance benefit assuming no long-term care benefit.

In the development and calculation of reserves for policies and riders subject to this subdivision, due regard must be given to the applicable policy provisions, marketing methods, administrative procedures, and all other considerations which have an impact on projected claim costs, including, but not limited to, the following:

(1) definition of insured events;

(2) covered long-term care facilities;

(3) existence of home convalescence care coverage;

- (4) definition of facilities;
- (5) existence or absence of barriers to eligibility;
- (6) premium waiver provision;
- (7) renewability;
- (8) ability to raise premiums;
- (9) marketing method;
- (10) underwriting procedures;
- (11) claims adjustment procedures;
- (12) waiting period;
- (13) maximum benefit;
- (14) availability of eligible facilities;
- (15) margins in claim costs;
- (16) optional nature of benefit;
- (17) delay in eligibility for benefit;
- (18) inflation protection provisions; and
- (19) guaranteed insurability option.

Any applicable valuation morbidity table shall be certified as appropriate as a statutory valuation table by a member of the American Academy of Actuaries.

Subd. 2. **Benefits provided otherwise.** When long-term care benefits are provided other than as in subdivision 1, reserves must be determined in accordance with sections 60A.76 to 60A.768.

Sec. 31. Minnesota Statutes 2006, section 62S.26, subdivision 2, is amended to read:

Subd. 2. **Life insurance policies.** Subdivision 1 shall not apply to life insurance policies that accelerate benefits for long-term care. A life insurance policy that funds long-term care benefits entirely by accelerating the death benefit is considered to provide reasonable benefits in relation to premiums paid, if the policy complies with all of the following provisions:

(1) the interest credited internally to determine cash value accumulations, including long-term care, if any, are guaranteed not to be less than the minimum guaranteed interest rate for cash value accumulations without long-term care set forth in the policy;

(2) the portion of the policy that provides life insurance benefits meets the nonforfeiture requirements of section 61A.24;

(3) the policy meets the disclosure requirements of sections 62S.09, 62S.10, and 62S.11; ~~and~~

(4) any policy illustration that meets the applicable requirements of the NAIC Life Insurance Illustrations Model Regulation; and

~~(4)~~ (5) an actuarial memorandum is filed with the commissioner that includes:

(i) a description of the basis on which the long-term care rates were determined;

(ii) a description of the basis for the reserves;

(iii) a summary of the type of policy, benefits, renewability, general marketing method, and limits on ages of issuance;

(iv) a description and a table of each actuarial assumption used. For expenses, an insurer must include percentage of premium dollars per policy and dollars per unit of benefits, if any;

(v) a description and a table of the anticipated policy reserves and additional reserves to be held in each future year for active lives;

(vi) the estimated average annual premium per policy and the average issue age;

(vii) a statement as to whether underwriting is performed at the time of application. The statement shall indicate whether underwriting is used and, if used, the statement shall include a description of the type or types of underwriting used, such as medical underwriting or functional assessment underwriting. Concerning a group policy, the statement shall indicate whether the enrollee or any dependent will be underwritten and when underwriting occurs; and

(viii) a description of the effect of the long-term care policy provision on the required premiums, nonforfeiture values, and reserves on the underlying life insurance policy, both for active lives and those in long-term care claim status.

Sec. 32. Minnesota Statutes 2006, section 62S.266, subdivision 4, is amended to read:

Subd. 4. **Contingent benefit upon lapse.** (a) After rejection of the offer required under subdivision 2, for individual and group policies without nonforfeiture benefits issued after July 1, 2001, the insurer shall provide a contingent benefit upon lapse.

(b) If a group policyholder elects to make the nonforfeiture benefit an option to the certificate holder, a certificate shall provide either the nonforfeiture benefit or the contingent benefit upon lapse.

(c) The contingent benefit on lapse must be triggered every time an insurer increases the premium rates to a level which results in a cumulative increase of the annual premium equal to or exceeding the percentage of the insured's initial annual premium based on the insured's issue age provided in this paragraph, and the policy or certificate lapses within 120 days of the due date of the premium increase. Unless otherwise required, policyholders shall be notified at least 30 days prior to the due date of the premium reflecting the rate increase.

Triggers for a Substantial Premium Increase

Issue Age	Percent Increase Over Initial Premium
29 and Under	200
30-34	190
35-39	170
40-44	150
45-49	130
50-54	110
55-59	90
60	70
61	66
62	62
63	58
64	54
65	50
66	48
67	46
68	44
69	42
70	40
71	38
72	36
73	34
74	32
75	30
76	28
77	26
78	24
79	22
80	20
81	19
82	18
83	17
84	16
85	15
86	14
87	13
88	12
89	11
90 and over	10

(d) A contingent benefit on lapse must also be triggered for policies with a fixed or limited premium paying period every time an insurer increases the premium rates to a level that results in a cumulative increase of the annual premium equal to or exceeding the percentage of the insured's initial annual premium set forth below based on the insured's issue age, the policy or certificate lapses within 120 days of the due date of the premium so increased, and the ratio in paragraph (e), clause (2), is 40 percent or more. Unless otherwise required, policyholders shall be notified at least 30 days prior to the due date of the premium reflecting the rate increase.

Triggers for a Substantial Premium Increase

<u>Issue Age</u>	<u>Percent Increase Over Initial Premium</u>
<u>Under 65</u>	<u>50%</u>
<u>65-80</u>	<u>30%</u>
<u>Over 80</u>	<u>10%</u>

This provision shall be in addition to the contingent benefit provided by paragraph (c) and where both are triggered, the benefit provided must be at the option of the insured.

(e) On or before the effective date of a substantial premium increase as defined in paragraph (c), the insurer shall:

(1) offer to reduce policy benefits provided by the current coverage without the requirement of additional underwriting so that required premium payments are not increased;

(2) offer to convert the coverage to a paid-up status with a shortened benefit period according to the terms of subdivision 5. This option may be elected at any time during the 120-day period referenced in paragraph (c); and

(3) notify the policyholder or certificate holder that a default or lapse at any time during the 120-day period referenced in paragraph (c) is deemed to be the election of the offer to convert in clause (2).

(f) On or before the effective date of a substantial premium increase as defined in paragraph (d), the insurer shall:

(1) offer to reduce policy benefits provided by the current coverage without the requirement of additional underwriting so that required premium payments are not increased;

(2) offer to convert the coverage to a paid-up status where the amount payable for each benefit is 90 percent of the amount payable in effect immediately prior to lapse times the ratio of the number of completed months of paid premiums divided by the number of months in the premium paying period. This option may be elected at any time during the 120-day period referenced in paragraph (d); and

(3) notify the policyholder or certificate holder that a default or lapse at any time during the 120-day period referenced in paragraph (d) shall be deemed to be the election of the offer to convert in clause (2) if the ratio is 40 percent or more.

Sec. 33. Minnesota Statutes 2006, section 62S.266, subdivision 10, is amended to read:

Subd. 10. **Purchased blocks of business.** To determine whether contingent nonforfeiture upon lapse provisions are triggered under subdivision 4, paragraph (c) or (d), a replacing insurer that purchased or otherwise assumed a block or blocks of long-term care insurance policies from another insurer shall calculate the percentage increase based on the initial annual premium paid by the insured when the policy was first purchased from the original insurer.

Sec. 34. **[62S.267] STANDARDS FOR BENEFIT TRIGGERS.**

Subdivision 1. **Benefit payment determinations.** A long-term care insurance policy must condition the payment of benefits on a determination of the insured's ability to perform activities of daily living and on cognitive impairment. Eligibility for the payment of benefits must not be more restrictive than requiring either a deficiency in the ability to perform not more than two of the activities of daily living or the presence of cognitive impairment.

Activities of daily living include at least the following as defined in section 62S.01 and in the policy: bathing, continence, dressing, eating, toileting, and transferring.

Insurers may use activities of daily living to trigger covered benefits in addition to those contained in this subdivision as long as they are defined in the policy.

Subd. 2. **Additional provisions for determining benefit payments.** An insurer may use additional provisions for the determination of when benefits are payable under a policy or certificate if the provisions do not restrict, and are not in lieu of, the requirements contained in subdivision 1.

Subd. 3. **Deficiency determination.** For purposes of this section, the determination of a deficiency must not be more restrictive than requiring the hands-on assistance of another person to perform the prescribed activities of daily living, or of the deficiency is due to the presence of a cognitive impairment, supervision or verbal cueing by another person is needed in order to protect the insured or others.

Subd. 4. **Assessments.** Assessments of activities of daily living and cognitive impairment must be performed by licensed or certified professionals, such as physicians, nurses, or social workers.

Subd. 5. **Appeal process.** Long-term care insurance policies must include a clear description of the process for appealing and resolving benefit determinations.

EFFECTIVE DATE. This section is effective and applies to a long-term care policy issued in this state on or after the effective date of this section. This section does not apply to certificates issued on or after the effective date of this section, under a group long-term care insurance policy as defined in section 62S.01, subdivision 15, that was in force at the time this section became effective.

Sec. 35. **[62S.268] ADDITIONAL STANDARDS FOR BENEFIT TRIGGERS FOR QUALIFIED LONG-TERM CARE INSURANCE CONTRACTS.**

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

(a) "Qualified long-term care services" means services that meet the requirements of section 7702(c)(1) of the Internal Revenue Code of 1986, as amended, as follows: necessary diagnostic, preventive, therapeutic, curative, treatment, mitigation, and rehabilitative services, and maintenance or personal care services which are required by a chronically ill individual, and are provided pursuant to a plan of care prescribed by a licensed health care practitioner.

(b) "Chronically ill individual" has the meaning prescribed for this term by section 7702B(c)(2) of the Internal Revenue Code of 1986, as amended. Under this provision, a chronically ill individual means any individual who has been certified by a licensed health care practitioner as being unable to perform, without substantial assistance from another individual, at least two activities of daily living for a period of at least 90 days due to a loss of functional capacity, or requiring substantial supervision to protect the individual from threats to health and safety due to severe cognitive impairment.

The term "chronically ill individual" does not include an individual otherwise meeting these requirements unless within the preceding 12-month period a licensed health care practitioner has certified that the individual meets these requirements.

(c) "Licensed health care practitioner" means a physician, as defined in section 1861(r)(1) of the Social Security Act, a registered professional nurse, licensed social worker, or other individual who meets requirements prescribed by the Secretary of the Treasury.

(d) "Maintenance or personal care services" means any care the primary purpose of which is the provision of needed assistance with any of the disabilities as a result of which the individual is a chronically ill individual, including the protection from threats to health and safety due to severe cognitive impairment.

Subd. 2. **Services.** A qualified long-term care insurance contract shall pay only for qualified long-term care services received by a chronically ill individual provided pursuant to a plan of care prescribed by a licensed health care practitioner.

Subd. 3. **Payment of benefits.** A qualified long-term care insurance contract shall condition the payment of benefits on a determination of the insured's inability to perform activities of daily living for an expected period of at least 90 days due to a loss of functional capacity or to severe cognitive impairment.

Subd. 4. **Certifications.** (a) Certifications regarding activities of daily living and cognitive impairment required pursuant to subdivision 3 shall be performed by the following licensed or certified professionals: physicians, registered professional nurses, licensed social workers, or other individuals who meet requirements prescribed by the Secretary of the Treasury.

(b) Certifications required pursuant to subdivision 3 may be performed by a licensed health care professional at the direction of the carrier as is reasonably necessary with respect to a specific claim, except that when a licensed health care practitioner has certified that an insured is unable to perform activities of daily living for an expected period of at least 90 days due to a loss of functional capacity and the insured is in claim status, the certification may not be rescinded and additional certifications may not be performed until after the expiration of the 90-day period.

Subd. 5. **Dispute resolution.** Qualified long-term care insurance contracts shall include a clear description of the process for appealing and resolving disputes with respect to benefit determinations.

Sec. 36. Minnesota Statutes 2006, section 62S.29, is amended by adding a subdivision to read:

Subd. 2a. **Associations to educate members.** With respect to the obligations set forth in this section, the primary responsibility of an association, as defined in section 62S.01, subdivision 15, clause (2), when endorsing or selling long-term care insurance is to educate its members concerning long-term care issues in general so that its members can make informed decisions. Associations shall provide objective information regarding long-term care insurance policies or certificates endorsed or sold by the associations to ensure that members of such associations receive a balanced and complete explanation of the features in the policies or certificates that are being endorsed or sold.

Sec. 37. Minnesota Statutes 2006, section 62S.29, is amended by adding a subdivision to read:

Subd. 6a. **Additional association duties.** An association shall also at the time of the association's decision to endorse, engage the services of a person with expertise in long-term care insurance not affiliated with the insurer to conduct an examination of the policies, including its benefits, features, and rates and update the examination thereafter in the event of material change; actively monitor the marketing efforts of the insurer and its agents; and review and approve all marketing materials or other insurance communications used to promote sales or sent to members regarding the policies or certificates. This subdivision does not apply to qualified long-term care insurance contracts.

Sec. 38. Minnesota Statutes 2006, section 62S.29, is amended by adding a subdivision to read:

Subd. 9. **Unfair trade practices.** Failure to comply with the filing and certification requirements of this section constitutes an unfair trade practice in violation of sections 72A.17 to 72A.32.

Sec. 39. **[62S.291] AVAILABILITY OF NEW SERVICES OR PROVIDERS.**

Subdivision 1. **Requirement.** An insurer shall notify policyholders of the availability of a new long-term policy series that provides coverage for new long-term care services or providers material in nature and not previously available through the insurer to the general public. The notice must be provided within 12 months of the date that the new policy series is made available for sale in this state.

Subd. 2. **Exception.** (a) Notwithstanding subdivision 1, notification is not required for any policy issued before the effective date of this section or to any policyholder or certificate holder who is currently eligible for benefits, within an elimination period or on a claim, or who previously had been in claim status, or who would not be eligible to apply for coverage due to issue age limitations under the new policy. The insurer may require that policyholders meet all eligibility requirements, including underwriting and payment of the required premium to add such new services or providers.

(b) An insurer is not required to notify policyholders of a new proprietary policy series created and filed for use in a limited distribution channel. For purposes of this subdivision, "limited distribution channel" means through a discrete entity, such as a financial institution or brokerage, for which specialized products are available that are not available for sale to the general public. Policyholders that purchased such a new proprietary policy shall be notified when a new long-term care policy series that provides coverage for new long-term care services or providers material in nature is made available to that limited distribution channel.

Subd. 3. **Compliance.** An insurer shall make the new coverage available in one of the following ways:

(1) by adding a rider to the existing policy and charging a separate premium for the new rider based in the insured's attained age;

(2) by exchanging the existing policy or certificate for one with an issue age based on the present age of the insured and recognizing past insured status by granting premium credits toward the premiums for the new policy or certificate. The premium credits must be based on premiums paid or reserves held for the prior policy or certificate;

(3) by exchanging the existing policy or certificate for a new policy or certificate in which consideration for past insured status is recognized by setting the premium for the new policy or certificate at the issue age of the policy or certificate being exchanged. The cost for the new policy or certificate may recognize the difference in reserves between the new policy or certificate and the original policy or certificate; or

(4) by an alternative program developed by the insurer that meets the intent of this section if the program is filed with and approved by the commissioner.

Subd. 4. **Policies considered exchanges.** Policies issued pursuant to this section shall be considered exchanges and not replacements. These exchanges are not subject to sections 62S.24 and 62S.30, and the reporting requirements of section 62S.25, subdivisions 1 to 6.

Subd. 5. **Notification to certain groups.** Where the policy is offered through an employer, labor organization, professional, trade, or occupational organization, the required notification in subdivision 1 must be made to the offering entity. However, if the policy is issued to a group defined in section 62S.01, subdivision 15, clause (4), the notification shall be made to each certificate holder.

Subd. 6. **Effect on coverage offers and requests for coverage.** Nothing in this section prohibits an insurer from offering any policy, rider, certificate, or coverage change to any policyholder or certificate holder. However, upon request any policyholder may apply for currently available coverage that includes the new services or providers. The insurer may require that policyholders meet all eligibility requirements, including underwriting and payment of the required premium to add such new services or providers.

Subd. 7. **Life policies or riders.** This section does not apply to life insurance policies or riders containing accelerated long-term care benefits.

Sec. 40. **[62S.292] RIGHT TO REDUCE COVERAGE AND LOWER PREMIUMS.**

Subdivision 1. **Required policy or certificate provision.** Every long-term care insurance policy and certificate shall include a provision that allows the policyholder or certificate holder to reduce coverage and lower the policy or certificate premium in at least one of the following ways:

(1) reducing the maximum benefit; or

(2) reducing the daily, weekly, or monthly benefit amount.

The insurer may also offer other reduction options that are consistent with the policy or certificate design or the carrier's administrative processes.

The provision shall include a description of the ways in which coverage may be reduced and the process for requesting and implementing a reduction in coverage.

Subd. 2. **Age determination.** The age to determine the premium for the reduced coverage shall be based on the age used to determine the premiums for the coverage currently in force.

Subd. 3. **Limitation.** The insurer may limit any reduction in coverage to plans or options available for that policy form and to those for which benefits will be available after consideration of claims paid or payable.

Subd. 4. **Written reminder.** If a policy or certificate is about to lapse, the insurer shall provide a written reminder to the policyholder or certificate holder of his or her right to reduce coverage and premiums in the notice required by section 7A(3) of this regulation.

Subd. 5. **Nonapplication.** This section does not apply to life insurance policies or riders containing accelerated long-term care benefits.

EFFECTIVE DATE. This section applies to any long-term care policy issued in this state on or after August 1, 2008.

Sec. 41. Minnesota Statutes 2006, section 65A.37, is amended to read:

65A.37 POLICY FORMS.

All policies must be on standard policy forms ~~published by Insurance Services Office~~, issued for a term of one year, and approved by the commissioner.

Sec. 42. Minnesota Statutes 2006, section 66A.02, subdivision 4, is amended to read:

Subd. 4. **Exceptions.** The following provisions of chapter 302A do not apply to domestic mutual insurance companies: sections 302A.011, subdivisions 2, 6, 6a, 7, 10, 20, 21, 25, 26, 27, 28, 29, 31, 32, and 37 to 59; 302A.105; 302A.137; 302A.161, subdivision 19; 302A.201, subdivision 2; 302A.401 to 302A.429; 302A.433, subdivisions 1, paragraphs (a), (b), (c), and (e), and 2; 302A.437, subdivision 2; 302A.443; 302A.445, subdivisions 3 to 6; 302A.449, subdivision 7; 302A.453 to 302A.457; 302A.461; 302A.463; 302A.471 to 302A.473; 302A.553; 302A.601 to 302A.651; 302A.671 to 302A.675; 302A.681 to 302A.691; and 302A.701 to 302A.791. Those clauses of section 302A.111 that refer to any of the sections previously referenced in this subdivision do not apply to domestic mutual insurance companies. The following sections of chapter 302A are modified in their application to domestic mutual insurance companies in the manner indicated:

(1) with regard to section 302A.133, the articles may be amended pursuant to section 302A.171 by the incorporators or by the board before the issuance of any policies by the company;

(2) with regard to section 302A.135, subdivision 2, a resolution proposing an amendment to the certificate of authority must be filed with the corporate secretary no less than 30 days before the meeting to consider the proposed amendment;

(3) with regard to section 302A.161, subdivision 19 of that section does not apply, except this must not be construed to limit the power of a mutual insurance company from issuing securities other than stock;

(4) with regard to section 302A.201, the references in subdivision 1 of that section to "subdivision 2" and "section 302A.457" do not apply;

(5) with regard to section 302A.203, the board shall consist of no less than five directors;

(6) with regard to section 302A.215, subdivisions 2 and 3 of that section only apply if the corporation's certificate of incorporation provides cumulative voting;

(7) with regard to section 302A.433, subdivision 1 of that section, special meetings of the members may be called for any purpose or purposes at any time by a person or persons authorized in the articles or bylaws to call special meetings, and with regard to subdivision 3 of that section, special meetings must be held on the date and at the time and place fixed by a person or persons authorized by the articles or bylaws to call a meeting; and

(8) with regard to section 302A.435, if the company complies substantially and in good faith with the notice requirements of section 302A.435, the company's failure to give any member or members the required notice does not impair the validity of any action taken at the members' meeting.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 43. Minnesota Statutes 2006, 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 covered under a group policy is not a member by virtue of such coverage, except that a person insured under a group life

insurance policy is a member if: (1) the person is insured under a group life policy under which cash value has accumulated and ~~been~~ some cash value is allocated to the insured persons person; and (2) the group policyholder makes no contribution to the premiums or deposits for the policy.

(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 66A.40, 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.

Sec. 44. Minnesota Statutes 2006, section 66A.07, is amended by adding a subdivision to read:

Subd. 5. **Quorum.** The number of members present in person or by proxy at a member meeting are a quorum for the transaction of business, unless a larger proportion or number is provided in the articles or bylaws. If a quorum is present when a duly called or held meeting is convened, the members present may continue to transact business until adjournment, even though the withdrawal of members originally present leaves less than the proportion or number otherwise required for a quorum.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 45. Minnesota Statutes 2006, section 66A.41, 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 covered under a group policy is not an eligible member, 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 under a group life policy under which cash value has accumulated and ~~been~~ some cash value is allocated to the insured ~~persons~~ person; and

(ii) the group policyholder makes no contribution to the premiums for the group policy; and

(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 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.

Sec. 46. Minnesota Statutes 2006, section 67A.31, subdivision 2, is amended to read:

Subd. 2. **Insurable property in cities.** They may also insure churches and dwellings, together with the usual outbuildings and the usual contents of ~~both~~ those dwellings and churches and outbuildings, in any city except a city of the first ~~or second~~ class, or a city of the second class only with approval granted by the commissioner.

Sec. 47. Minnesota Statutes 2006, section 72A.51, subdivision 2, is amended to read:

Subd. 2. **Return of policy or contract; notice.** Any individual person may cancel an individual policy of insurance against loss or damage by reason of the sickness of the assured or the assured's dependents, a nonprofit health service plan contract providing benefits for hospital, surgical and medical care, a health maintenance organization subscriber contract, or a policy of insurance authorized by section 60A.06, subdivision 1, clause (4), by returning the policy or contract and by giving written notice of cancellation any time before midnight of the tenth day following the date of purchase. Notice of cancellation may be given personally, ~~or by mail, or by telegram.~~ The policy or contract may be returned personally or by mail. If by mail, the notice or return of the policy or contract is effective upon being postmarked, properly addressed and postage prepaid.

Sec. 48. Minnesota Statutes 2007 Supplement, section 72A.52, subdivision 1, is amended to read:

Subdivision 1. **Contents.** In addition to all other legal requirements a policy or contract of insurance described in section 72A.51 shall show the name and address of the insurer and the seller of the policy or contract and shall ~~state include a notice,~~ clearly and conspicuously in boldface type of a minimum size of ten points, ~~a right to cancel notice~~ which shall include the following elements:

- (1) a minimum of ten days to cancel the policy beginning on the date the policy is received by the owner;
- (2) ~~if the policy is a replacement policy,~~ a minimum of 30 days beginning on the date the policy is received by the owner ~~if the policy is a replacement policy.~~ Pursuant to section 61A.57, this requirement may also be provided in a separate written notice that is delivered with the policy or contract;
- (3) a requirement for the return of the policy to the company or an agent of the company;
- (4) a statement that the policy is considered void from the beginning ~~and the parties shall be in the same position as if no policy had been issued;~~
- (5) ~~a for policies or contracts other than a variable annuity or a variable life policy,~~ a statement that the insurer will refund of all premiums paid, including any fees or charges, if the policy is returned; and
- (6) a statement ~~that notice given by mail and return of the policy or contract by mail are effective on being postmarked, properly addressed, and postage prepaid~~ describing when the cancellation becomes effective.

The insurer must return all payments made for this policy within ten days after it receives notice of cancellation and the returned policy. For variable annuity contracts issued pursuant to sections 61A.13 to 61A.21, this notice shall be suitably modified so as to notify the purchaser that the purchaser is entitled to a refund of the amount calculated in accordance with the provisions of section 72A.51, subdivision 3. For variable life insurance policies, this notice must be suitably modified so as to notify the purchaser that the purchaser is entitled to a refund of: (i) the premiums paid; or (ii) the variable account value plus any amount deducted from the portion of the premium applied to the account.

Sec. 49. Minnesota Statutes 2006, section 79A.06, subdivision 5, is amended to read:

Subd. 5. **Private employers who have ceased to be self-insured.** (a) Private employers who have ceased to be private self-insurers shall discharge their continuing obligations to secure the payment of compensation which is accrued during the period of self-insurance, for purposes of Laws 1988, chapter 674, sections 1 to 21, by compliance with all of the following obligations of current certificate holders:

(1) Filing reports with the commissioner to carry out the requirements of this chapter;

(2) Depositing and maintaining a security deposit for accrued liability for the payment of any compensation which may become due, pursuant to chapter 176. However, if a private employer who has ceased to be a private self-insurer purchases an insurance policy from an insurer authorized to transact workers' compensation insurance in this state which provides coverage of all claims for compensation arising out of injuries occurring during the entire period the employer was self-insured, whether or not reported during that period, the policy will:

(i) discharge the obligation of the employer to maintain a security deposit for the payment of the claims covered under the policy;

(ii) discharge any obligation which the self-insurers' security fund has or may have for payment of all claims for compensation arising out of injuries occurring during the period the employer was self-insured, whether or not reported during that period; and

(iii) discharge the obligations of the employer to pay any future assessments to the self-insurers' security fund.

A private employer who has ceased to be a private self-insurer may instead buy an insurance policy described above, except that it covers only a portion of the period of time during which the private employer was self-insured; purchase of such a policy discharges any obligation that the self-insurers' security fund has or may have for payment of all claims for compensation arising out of injuries occurring during the period for which the policy provides coverage, whether or not reported during that period.

A policy described in this clause may not be issued by an insurer unless it has previously been approved as to form and substance by the commissioner; and

(3) Paying within 30 days all assessments of which notice is sent by the security fund, for a period of seven years from the last day its certificate of self-insurance was in effect. Thereafter, the private employer who has ceased to be a private self-insurer may either: (i) continue to pay within 30 days all assessments of which notice is sent by the security fund until it has no incurred liabilities for the payment of compensation arising out of injuries during the period of self-insurance; or (ii) pay the security fund a cash payment equal to four percent of the net present value of all remaining incurred liabilities for the payment of compensation under sections 176.101 and 176.111 as certified by a member of the casualty actuarial society. Assessments shall be based on the benefits paid by the employer during the calendar year immediately preceding the calendar year in which the employer's right to self-insure is terminated or withdrawn.

(b) With respect to a self-insurer who terminates its self-insurance authority after April 1, 1998, that member shall obtain and file with the commissioner an actuarial opinion of its outstanding liabilities as determined by an associate or fellow of the Casualty Actuarial Society within 120 days of the date of its termination. If the actuarial opinion is not timely filed, the self-insurers' security fund may, at its discretion, engage the services of an actuary for this purpose. The expense of this actuarial opinion must be assessed against and be the obligation of the self-insurer. The commissioner may issue a certificate of default against the self-insurer for failure to pay this assessment to the self-insurers' security fund as provided by section 79A.04, subdivision 9. The opinion must separate liability for indemnity benefits from liability from medical benefits, and must discount each up to four percent per annum to net

present value. Within 30 days after notification of approval of the actuarial opinion by the commissioner, the member shall pay to the security fund an amount equal to 120 percent of that discounted outstanding indemnity liability, multiplied by the greater of the average annualized assessment rate since inception of the security fund or the annual rate at the time of the most recent assessment before termination. If the payment is not made within 30 days of the notification, interest on it at the rate prescribed by section 549.09 must be paid by the former member to the security fund until the principal amount is paid in full.

(c) A former member who terminated its self-insurance authority before April 1, 1998, who has paid assessments to the self-insurers' security fund for seven years, and whose annualized assessment is ~~\$\$\$~~ \$15,000 or less, may buy out of its outstanding liabilities to the self-insurers' security fund by an amount calculated as follows: 1.35 multiplied by the indemnity case reserves at the time of the calculation, multiplied by the then current self-insurers' security fund annualized assessment rate.

(d) A former member who terminated its self-insurance authority before April 1, 1998, and who is paying assessments within the first seven years after ceasing to be self-insured under paragraph (a), clause (3), may elect to buy out its outstanding liabilities to the self-insurers' security fund by obtaining and filing with the commissioner an actuarial opinion of its outstanding liabilities as determined by an associate or fellow of the Casualty Actuarial Society. The opinion must separate liability for indemnity benefits from liability for medical benefits, and must discount each up to four percent per annum to net present value. Within 30 days after notification of approval of the actuarial opinion by the commissioner, the member shall pay to the security fund an amount equal to 120 percent of that discounted outstanding indemnity liability, multiplied by the greater of the average annualized assessment rate since inception of the security fund or the annual rate at the time of the most recent assessment.

(e) A former member who has paid the security fund according to paragraphs (b) to (d) and subsequently receives authority from the commissioner to again self-insure shall be assessed under section 79A.12, subdivision 2, only on indemnity benefits paid on injuries that occurred after the former member received authority to self-insure again; provided that the member furnishes verified data regarding those benefits to the security fund.

(f) In addition to proceedings to establish liabilities and penalties otherwise provided, a failure to comply may be the subject of a proceeding before the commissioner. An appeal from the commissioner's determination may be taken pursuant to the contested case procedures of chapter 14 within 30 days of the commissioner's written determination.

Any current or past member of the self-insurers' security fund is subject to service of process on any claim arising out of chapter 176 or this chapter in the manner provided by section 5.25, or as otherwise provided by law. The issuance of a certificate to self-insure to the private self-insured employer shall be deemed to be the agreement that any process which is served in accordance with this section shall be of the same legal force and effect as if served personally within this state.

Sec. 50. Minnesota Statutes 2006, section 79A.22, subdivision 3, is amended to read:

Subd. 3. **New membership.** The commercial self-insurance group shall file with the commissioner the name of any new employer that has been accepted in the group ~~prior to the initiation date of membership~~ within five business days of the initiation date of membership along with the member's signed indemnity agreement and evidence the member has deposited sufficient premiums with the group as required by the commercial self-insurance group's bylaws or plan of operation. The security deposit of the group shall be increased quarterly to an amount equal to 50 percent of the new members' premiums for that quarter. If the total increase of new members' premiums for the first quarter is less than five percent of the total annual premium of the group, no quarterly increase is necessary until the cumulative quarterly increases for that calendar year exceed five percent of the total premium of the group. The commissioner may, at the commissioner's option, review the financial statement of any applicant whose premium equals 25 percent or more of the group's total premium.

Sec. 51. Minnesota Statutes 2006, section 79A.22, subdivision 4, is amended to read:

Subd. 4. **Commercial self-insurance group common claims fund.** (a) Each commercial self-insurance group shall establish a common claims fund.

(b) Each commercial self-insurance group shall, not less than ten days prior to the proposed effective date of the group, collect cash premiums from each member equal to not less than 20 percent of the member's annual workers' compensation premium to be paid into a common claims fund, maintained by the group in a designated depository. The remaining balance of the member's premium shall be paid to the group in a reasonable manner over the remainder of the year. Payments in subsequent years shall be made according to the business plan.

(c) Each commercial self-insurance group shall initiate proceedings against a member when that member becomes more than ~~45~~ 30 days delinquent in any payment of premium to the fund.

(d) There shall be no commingling of any assets of the common claims fund with the assets of any individual member or with any other account of the service company or fiscal agent unrelated to the payment of workers' compensation liabilities incurred by the group.

Sec. 52. Minnesota Statutes 2006, section 79A.23, subdivision 2, is amended to read:

Subd. 2. **Required reports from members to group.** (a) Each member of the commercial self-insurance group shall, by September 15, submit to the group its most recent annual financial statement, together with other financial information the group may require. These financial statements submitted must not have a fiscal year end date older than January 15 of the group's calendar year end. Individual group members constituting at least 25 percent of the group's annual premium shall submit to the group reviewed or audited financial statements. The remaining members must submit compilation level statements.

(b) For groups that have been in existence for at least three years, individual group members may satisfy the requirements of paragraph (a) by submitting compiled, reviewed, or audited statements or the most recent federal income tax return filed by the member.

(c) Groups that have been in existence for at least five years may satisfy the requirement of paragraph (a) through submissions from members representing at least 50 percent of the group's total earned premium. Of those submissions, those from members representing at least 25 percent of the entire group's total earned premium must be audited or reviewed financial statements. The remainder of the submissions may be compiled, reviewed, or audited financial statements or the most recent tax return filed by the members.

Sec. 53. Minnesota Statutes 2006, section 82B.23, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** The commissioner shall certify and transmit to the appraisal subcommittee established pursuant to the Federal Institutions Reform, Recovery, and Enforcement Act of 1989, Public Law 100-73, the names of those licensees who have satisfied the requirements for certification and licensure established by the appraisal subcommittee and to collect and transmit any required fees.

Sec. 54. Minnesota Statutes 2006, section 83.25, is amended by adding a subdivision to read:

Subd. 4. **Limited broker licensee.** An individual acting on behalf of a limited broker licensee issued a license under section 82.34, subdivision 13, is not required to be an officer of a corporation or a partner of a partnership if:

(1) the individual is solely engaged in the business of selling a timeshare interest as defined in section 83.20, subdivision 13;

(2) the individual is adequately supervised by the limited broker licensee; and

(3) the limited broker licensee maintains a roster of individuals selling a timeshare interest including the date the individual started selling. This roster must be made available to the commissioner upon demand within three days of the request.

Sec. 55. **[332.345] SEGREGATED ACCOUNTS.**

A payment collected by a collector or collection agency on behalf of a customer shall be held by the collector or collection agency in a separate trust account clearly designated for customer funds. The account must be in a bank or other depository institution authorized or chartered under the laws of any state or of the United States.

Sec. 56. **REPEALER.**

(a) Minnesota Statutes 2006, sections 62A.149, subdivision 2; and 65B.29, are repealed.

(b) Laws 2006, chapter 255, section 26, is repealed."

Delete the title and insert:

"A bill for an act relating to commerce; regulating insurance fees, coverages, contracts, filings, and forms; regulating financial planners, motor vehicle retail installment sales, service contracts, real estate appraisers, subdivided lands, domestic mutual insurance companies, and collection agencies; merging certain joint underwriting associations; making technical and clarifying changes; amending Minnesota Statutes 2006, sections 53C.01, subdivision 2; 59B.01; 59B.02, subdivision 11, by adding a subdivision; 59B.05, subdivision 5; 60A.71, subdivision 7; 61A.57; 62A.149, subdivision 1; 62A.152, subdivision 2; 62A.44, by adding a subdivision; 62E.10, subdivision 2; 62F.02, by adding a subdivision; 62M.02, subdivision 21; 62Q.47; 62Q.64; 62S.01, by adding subdivisions; 62S.13, subdivision 4; 62S.15; 62S.18, subdivision 2; 62S.20, subdivision 6, by adding subdivisions; 62S.26, subdivision 2; 62S.266, subdivisions 4, 10; 62S.29, by adding subdivisions; 65A.37; 66A.02, subdivision 4; 66A.07, subdivision 2, by adding a subdivision; 66A.41, subdivision 1; 67A.31, subdivision 2; 72A.51, subdivision 2; 79A.06, subdivision 5; 79A.22, subdivisions 3, 4; 79A.23, subdivision 2; 82B.23, subdivision 1; 83.25, by adding a subdivision; Minnesota Statutes 2007 Supplement, sections 61A.257, subdivision 1; 62A.30, subdivision 2; 62S.23, subdivision 1; 72A.52, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 62S; 332; repealing Minnesota Statutes 2006, sections 62A.149, subdivision 2; 65B.29; Laws 2006, chapter 255, section 26."

With the recommendation that when so amended the bill pass.

The report was adopted.

Pelowski from the Committee on Governmental Operations, Reform, Technology and Elections to which was referred:

H. F. No. 3807, A bill for an act relating to state government; providing additional whistleblower protection to state executive branch employees; amending Minnesota Statutes 2007 Supplement, section 181.932, subdivision 1.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Pelowski from the Committee on Governmental Operations, Reform, Technology and Elections to which was referred:

H. F. No. 3891, A bill for an act relating to state government; incorporating Minnesota Milestones goals and indicators in budget preparation; establishing a subcommittee of the Legislative Commission on Planning and Fiscal Policy; establishing a working group; providing additional duties for the Sesquicentennial Commission; amending Minnesota Statutes 2006, sections 3.885, by adding a subdivision; 16A.10, subdivisions 1, 1c; Laws 2005, First Special Session chapter 1, article 4, section 121, subdivision 4, as amended.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Finance.

The report was adopted.

Mahoney from the Committee on Biosciences and Emerging Technology to which was referred:

H. F. No. 3911, A bill for an act relating to economic development; appropriating money for an enabling design project.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Finance.

The report was adopted.

Pelowski from the Committee on Governmental Operations, Reform, Technology and Elections to which was referred:

H. F. No. 3913, A bill for an act relating to boxing; changing the name of the Minnesota Boxing Commission; providing penalties; extending jurisdiction of the commission; authorizing rulemaking; appropriating money; amending Minnesota Statutes 2006, sections 341.21, as amended; 341.23; 341.26; 341.28, as amended; 341.29; 341.30; 341.32, as amended; 341.33; 341.34, subdivision 1; 341.35; 341.37; Minnesota Statutes 2007 Supplement, sections 214.04, subdivision 3; 341.22; 341.25; 341.27; 341.321; proposing coding for new law in Minnesota Statutes, chapter 341; repealing Minnesota Statutes 2006, section 341.31.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Finance.

The report was adopted.

Hilstrom from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 4014, A bill for an act relating to Steele County; authorizing transfer of nursing home and assisted living facility and related assets to nonprofit corporation and acquisition of membership interest in nonprofit corporation.

Reported the same back with the following amendments:

Page 2, after line 2, insert:

"Subd. 3. **Open meeting law; data practices.** A nonprofit corporation created under this section is subject to the Minnesota Open Meeting Law and Minnesota Government Data Practices Act."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Finance.

The report was adopted.

Pelowski from the Committee on Governmental Operations, Reform, Technology and Elections to which was referred:

S. F. No. 248, A bill for an act relating to elections; changing a prohibition on certain expenditures; amending Minnesota Statutes 2006, section 211B.12.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Pelowski from the Committee on Governmental Operations, Reform, Technology and Elections to which was referred:

S. F. No. 2402, A bill for an act relating to occupations and professions; modifying provisions governing the Board of Accountancy; amending Minnesota Statutes 2006, sections 13.411, by adding a subdivision; 326A.01, subdivisions 2, 12, 17, by adding a subdivision; 326A.02, subdivisions 1, 3, 4, 5, 6, by adding a subdivision; 326A.03; 326A.04; 326A.05, subdivisions 1, 2, 3, 4; 326A.06; 326A.07; 326A.08, subdivisions 2, 4, 5, 6, 7, 8, 9; 326A.10; 326A.12; 326A.13; 326A.14; repealing Minnesota Statutes 2006, section 326A.05, subdivision 9.

Reported the same back with the following amendments:

Page 15, after line 20, insert:

"Sec. 18. Minnesota Statutes 2006, section 326A.05, subdivision 5, is amended to read:

Subd. 5. **Fees.** The board shall charge a fee for each application for initial issuance or renewal of a permit under this section. A firm that is required to hold a permit under this section and has one or more offices located in another state shall pay an initial permit issuance fee of \$100 and an annual renewal fee of \$68."

Page 18, line 8, after "not" insert "a conviction was obtained or" and after "withheld" insert "and whether or not dishonesty or fraud was an element of the conduct"

Page 28, line 13, delete "31" and insert "32"

Renumber the sections in sequence

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Finance.

The report was adopted.

Pelowski from the Committee on Governmental Operations, Reform, Technology and Elections to which was referred:

S. F. No. 2511, A bill for an act relating to state government; reestablishing the Health Care Peer Review Committee relating to quality of care and treatment of offenders; reestablishing advisory committees for the Minnesota Breeders fund; amending Minnesota Statutes 2006, section 241.021, by adding a subdivision; Minnesota Statutes 2007 Supplement, section 240.18, subdivision 4; Laws 2007, chapter 133, article 2, section 13.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Atkins from the Committee on Commerce and Labor to which was referred:

S. F. No. 3147, A bill for an act relating to communications; repealing a sunset provision; repealing Laws 2005, chapter 81, section 7.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Pelowski from the Committee on Governmental Operations, Reform, Technology and Elections to which was referred:

S. F. No. 3364, A bill for an act relating to state government; changing provisions of the Commission of Deaf, Deaf-blind and Hard-of-Hearing Minnesotans; amending Minnesota Statutes 2006, section 256C.28, as amended.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Pelowski from the Committee on Governmental Operations, Reform, Technology and Elections to which was referred:

S. F. No. 3443, A bill for an act relating to veterans; designating July 27 as Korean War Veterans Day; proposing coding for new law in Minnesota Statutes, chapter 197.

Reported the same back with the following amendments:

Page 1, line 5, delete "VETERANS" and insert "ARMISTICE"

Page 1, line 22, delete "Veterans" and insert "Armistice"

Amend the title as follows:

Page 1, line 2, delete "Veterans" and insert "Armistice"

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 2107, 3129, 3146, 3224, 3372, 3435, 3516, 3553, 3572, 3665, 3702, 3783 and 3807 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 1605, 2822, 2830, 248, 2511, 3147, 3364 and 3443 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Clark introduced:

H. F. No. 4113, A bill for an act relating to human services; expanding the situations in which the commissioner of human services must consider granting a variance from a licensure disqualification; amending Minnesota Statutes 2006, section 245C.24, subdivision 2.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Hackbarth introduced:

H. F. No. 4114, A bill for an act relating to elections; permitting applicants for a game and fish license to register to vote simultaneously; proposing coding for new law in Minnesota Statutes, chapter 201.

The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections.

Paulsen and Peterson, A., introduced:

H. F. No. 4115, A bill for an act relating to taxation; allowing a credit for certain energy conservation improvements and alternative energy investments; amending Minnesota Statutes 2006, section 290.06, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Taxes.

Benson, Berns, Slocum and Dominguez introduced:

H. F. No. 4116, A bill for an act relating to education; directing the state of Minnesota to end participation in the No Child Left Behind Act.

The bill was read for the first time and referred to the Committee on E-12 Education.

Holberg introduced:

H. F. No. 4117, A bill for an act relating to retirement; increasing the percentage of salary upon which police and fire duty disability benefits are based; amending Minnesota Statutes 2007 Supplement, section 353.656, subdivision 1a.

The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections.

Buesgens introduced:

H. F. No. 4118, A bill for an act relating to gambling; proposing a constitutional amendment to allow a state-operated casino which may be managed by a private contractor; expanding duties of the director of the State Lottery to include operation of a casino; providing for deposit of net casino proceeds in a capital improvement fund for capital improvements of the state and educational infrastructure; amending Minnesota Statutes 2006, sections 349A.02, subdivision 3; 349A.07, by adding a subdivision; 349A.10, subdivision 5, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 349A.

The bill was read for the first time and referred to the Committee on Commerce and Labor.

Bly, Laine, Tschumper, Anzelc, Madore, Hausman, Hornstein, Tillberry, Greiling, Mariani, Hilty, Liebling, Doty, Ward, Hansen, Slocum, Sailer, Johnson and Jaros introduced:

H. F. No. 4119, A bill for an act relating to health; guaranteeing that all necessary health care is available and affordable for every Minnesota child; establishing the Minnesota Health Plan, Minnesota Health Board, Minnesota Health Fund, Office of Health Quality and Planning, ombudsman for patient advocacy, and inspector general for the Minnesota Health Plan; appropriating money; amending Minnesota Statutes 2006, sections 14.03, subdivision 2; 15A.0815, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 62U.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Dean introduced:

H. F. No. 4120, A bill for an act relating to insurance; creating the Minnesota comprehensive health plan; requiring all health carriers and employers to offer the basic health plan; phasing in the state public health programs into the basic health plan; amending Minnesota Statutes 2006, sections 62A.65, subdivisions 1, 6; 62L.08, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 62A.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Mahoney, Thao and Johnson introduced:

H. F. No. 4121, A bill for an act relating to taxation; authorizing the city of St. Paul to extend the duration of a tax increment financing district in the city; providing that the district is exempt from certain requirements.

The bill was read for the first time and referred to the Committee on Taxes.

Tillberry introduced:

H. F. No. 4122, A bill for an act relating to aids to local governments; amending the formula for distributing local government aid to cities; amending Minnesota Statutes 2006, sections 477A.011, subdivision 34, by adding a subdivision; 477A.013, subdivisions 8, 9, as amended; 477A.03, subdivision 2a; repealing Minnesota Statutes 2006, section 477A.011, subdivisions 30, 31, 32, 33, 38, 39, 40.

The bill was read for the first time and referred to the Committee on Taxes.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

I hereby announce that the Senate accedes to the request of the House for the reappointment of the Conference Committee on H. F. No. 1351 and the re-reference of said bill to that committee for further consideration:

H. F. No. 1351, A bill for an act relating to transportation; modifying or adding provisions related to geotechnical investigations before eminent domain proceedings, the highway sign franchise program, streets and highways, highway safety rest areas, highway construction bids and training, town road abandonment, bridges, special mobile equipment, motor vehicle titles, motor vehicle transfers, traffic regulations, flammable liquid definition, drivers' licenses and identification cards, driver records and education, the Real ID Act, traffic-control signals, transportation goals and mission, statewide transportation plan, metropolitan transportation system performance evaluations, transportation contracts, rail service improvement, use of rail bank property, local airports, towing, vehicle impoundments, transit and paratransit, special transportation, small vehicle passenger service, transportation accessibility, transit ways and facilities, light rail transit, vehicle license plates, vehicle size and weight restrictions, vehicle load limits and permits, paper product vehicle routes and permits, definition of full-size pickup truck, vehicle idle reduction technology, commercial vehicles and drivers, vehicle registration, insurance requirements for vehicles owned by charitable organizations, the Unified Carrier Registration Agreement, household goods movers, obsolete motor carrier laws and conforming changes, railroad company requirements, the position of state rail safety inspector, and the Railroad Walkways Safety Act; requiring studies and reports; imposing penalties;

making clarifying and technical changes; appropriating money; amending Minnesota Statutes 2006, sections 117.041, by adding a subdivision; 160.02, subdivision 19, by adding a subdivision; 160.80; 161.14, subdivision 18, by adding subdivisions; 161.32, subdivisions 1, 1b, 4; 164.06, subdivision 2; 165.01; 165.03; 168.011, subdivision 22; 168.013, subdivision 1e; 168.10, subdivisions 1a, 1b, 1c, 1d, 1g, 1h, 1i; 168.12, subdivisions 1, 2, 2a, 2b, 2c, 2d, 2e; 168A.01, by adding a subdivision; 168A.05, subdivisions 3, 5; 168A.10, subdivision 1; 168A.101; 168A.151, subdivision 1; 168A.153; 168B.04, subdivision 2; 168B.051, subdivision 2; 168B.06, subdivisions 1, 3; 168B.07, by adding subdivisions; 168B.087, subdivision 1, by adding a subdivision; 169.01, subdivisions 4c, 19, 20, 78, by adding subdivisions; 169.041, subdivisions 1, 2; 169.06, subdivision 5; 169.14, subdivision 2, by adding subdivisions; 169.34; 169.471, subdivision 1; 169.781; 169.782, subdivision 1; 169.783, subdivision 1; 169.81, subdivisions 2, 3c; 169.823, subdivision 1; 169.824, subdivision 2; 169.8261; 169.86, subdivision 5, by adding a subdivision; 169.862; 169.864, subdivisions 1, 2; 169.87, subdivision 4; 171.01, by adding a subdivision; 171.02, subdivision 1; 171.06, subdivision 3; 171.07, subdivisions 1, 3; 171.12, subdivision 6; 171.14; 174.01, subdivision 2; 174.02, subdivision 1a; 174.03, subdivision 1, by adding subdivisions; 174.24, subdivision 2a; 174.255, by adding a subdivision; 174.29, by adding subdivisions; 174.30, subdivisions 4, 9; 174.64, subdivisions 2, 4; 174.66; 218.021, subdivision 1; 218.041, subdivision 6; 221.011, subdivision 8, by adding a subdivision; 221.025; 221.026; 221.031, subdivisions 1, 6; 221.0314, subdivision 9, by adding a subdivision; 221.033, subdivision 2d; 221.036, subdivisions 1, 3; 221.037, subdivision 1; 221.091, subdivision 2; 221.131; 221.132; 221.141, subdivisions 1, 4; 221.185; 221.221, subdivision 3; 221.231; 221.291, subdivision 4; 221.60, subdivision 1, by adding a subdivision; 222.50, subdivision 7; 222.63, subdivision 4, by adding a subdivision; 299F.60, subdivision 1; 299J.16, subdivision 1; 325F.665, by adding a subdivision; 473.1466; 473.166; 473.386, subdivisions 1, 2, 2a, 3; 473.399; 473.3993, subdivisions 1, 3, by adding a subdivision; 473.3994; 473.3997; 473.4051; 473.408, by adding subdivisions; Laws 2005, First Special Session chapter 1, article 4, section 39; proposing coding for new law in Minnesota Statutes, chapters 160; 161; 169; 174; 219; 221; 473; repealing Minnesota Statutes 2006, sections 168A.05, subdivision 5a; 174.65; 221.011, subdivisions 24, 25, 28, 29, 38, 41, 44, 45; 221.0252, subdivision 7; 221.072; 221.111; 221.121, subdivisions 1, 2, 3, 4, 5, 6, 6a, 6c, 6d, 6e, 6f, 7; 221.122; 221.123; 221.131, subdivisions 2a, 3; 221.141, subdivision 6; 221.151; 221.152; 221.153, subdivisions 1, 2; 221.161; 221.171; 221.172, subdivisions 3, 4, 5, 6, 7, 8; 221.296, subdivisions 3, 4, 5, 6, 7, 8; 221.60, subdivisions 2, 3, 3a, 4, 5, 6; 221.601; 221.602; 325E.0951, subdivision 3a; 473.1465; 473.247; 473.3994, subdivision 13; Laws 1999, chapter 230, section 44.

The Senate has appointed as such committee:

Senators Murphy, Rest, Jungbauer, Carlson and Skoe.

H. F. No. 1351 is herewith returned to the House.

COLLEEN PACHECO, Second Assistant Secretary of the Senate

Madam Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 2553, A bill for an act relating to state government; creating a catastrophe survivor compensation fund; appropriating money; amending Minnesota Statutes 2006, section 13.635, by adding a subdivision; proposing coding for new law as Minnesota Statutes, chapter 8A.

The Senate has appointed as such committee:

Senators Latz, Hann, Scheid, Betzold and Moua.

Said House File is herewith returned to the House.

COLLEEN PACHECO, Second Assistant Secretary of the Senate

Madam Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 3564, 2369, 1965, 2786, 3402, 2755, 3674, 3555, 3461, 2688, 3158, 2390, 2653 and 2941.

PATRICE DWORAK, First Assistant Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 3564, A bill for an act relating to transportation finance; correcting transitional rate of special fuel excise tax on compressed natural gas; amending Laws 2008, chapter 152, article 3, section 6.

The bill was read for the first time and referred to the Committee on Taxes.

S. F. No. 2369, A bill for an act relating to education; requiring criminal history background checks; amending Minnesota Statutes 2006, section 123B.03, subdivision 1.

The bill was read for the first time.

Bigham moved that S. F. No. 2369 and H. F. No. 2782, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1965, A bill for an act relating to human services; expanding the situations in which the commissioner of human services must consider granting a variance from a licensure disqualification; amending Minnesota Statutes 2006, section 245C.24, subdivision 2.

The bill was read for the first time and referred to the Committee on Health and Human Services.

S. F. No. 2786, A bill for an act relating to occupations; modifying effective dates for restricted plumber licenses; amending Minnesota Statutes 2007 Supplement, section 326.402, subdivisions 1, 3.

The bill was read for the first time and referred to the Committee on Ways and Means.

S. F. No. 3402, A bill for an act relating to transportation; transferring highway right-of-way to state rail bank.

The bill was read for the first time and referred to the Transportation Finance Division.

S. F. No. 2755, A bill for an act relating to transportation; permitting deputy registrar office to be moved in city of New Prague.

The bill was read for the first time.

Brod moved that S. F. No. 2755 and H. F. No. 3128, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3674, A bill for an act relating to legislation; correcting erroneous, ambiguous, and omitted text and obsolete references; eliminating certain redundant, conflicting, and superseded provisions; making miscellaneous technical corrections to statutes and other laws; amending Minnesota Statutes 2006, sections 13.202, subdivision 3; 13.322, subdivision 1; 13.3806, subdivision 1; 13.635, subdivision 1; 13.681, subdivision 1; 13.712, subdivision 1; 13.83, subdivision 10; 13.871, subdivisions 1, 6; 17.117, subdivision 3; 46.044, subdivision 1; 72A.20, subdivision 11; 103F.725, subdivision 1a; 103I.005, subdivision 22; 103I.311, subdivision 3; 115A.554; 123B.88, subdivision 19; 124D.59, subdivision 3; 126C.17, subdivision 9; 144.396, subdivision 9; 144.581, subdivision 1; 144A.461; 145B.02, subdivision 5; 148.736, subdivisions 2, 3; 169.01, subdivision 4b; 169.421, subdivision 5; 169.448, subdivision 1; 171.12, subdivision 2a; 174.03, subdivision 8; 175.35; 237.411, subdivision 5; 244.08; 256.98, subdivision 7; 256B.04, subdivision 16; 256B.35, subdivision 1; 256J.30, subdivision 9; 256J.32, subdivision 4; 256J.42, subdivisions 5, 6; 256J.425, subdivisions 5, 6; 256J.46, subdivision 1; 256J.50, subdivision 1; 256J.521, subdivision 4; 256J.54, subdivision 5; 260B.235, subdivision 5; 260C.007, subdivision 6; 270.81, subdivision 1; 270.82, subdivision 1; 270.83, subdivision 3; 273.1398, subdivision 6; 275.065, subdivision 5a; 282.01, subdivision 1b; 289A.08, subdivision 7; 289A.63, subdivision 6; 290.0921, subdivision 3; 297A.70, subdivision 13; 298.282, subdivision 2; 300.15; 300.64, subdivision 4; 321.0108; 332.30; 352.03, subdivision 11; 352.119, subdivision 3; 354.07, subdivision 3; 354A.12, subdivisions 1, 2a; 356.30, subdivision 1; 356.65, subdivision 2; 386.015, subdivision 5; 422A.101, subdivision 2; 424A.02, subdivision 8a; 458D.18, subdivision 9; 469.153, subdivision 2; 480.182; 484.012; 501B.86, subdivision 2; 508A.22, subdivision 3; 518C.310; 550.04; 609.101, subdivision 3; 609.75, subdivision 1; 609B.121; 609B.164; 609B.265, subdivision 3; 609B.515; 611.272; Minnesota Statutes 2007 Supplement, sections 16C.03, subdivision 10; 103I.235, subdivision 1; 136A.127, subdivision 8; 144.121, subdivision 5b; 148.67, subdivision 1; 183.57, subdivision 2; 183.59; 216B.1637; 256.01, subdivision 23; 256.476, subdivision 4; 256B.0915, subdivisions 3a, 3e; 256B.49, subdivision 16a; 256J.49, subdivision 13; 256J.55, subdivision 1; 268.101, subdivision 2; 325E.386, subdivision 1; 326.91, subdivision 1; 352.01, subdivision 2b; 446A.051, subdivision 1; 446A.072, subdivision 5a; Laws 2007, chapter 147, article 19, section 3, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 609B; repealing Minnesota Statutes 2006, sections 35.701; 35.96, subdivision 5; 62Q.64; 216C.30, subdivision 4; 256E.21, subdivision 3; 289A.11, subdivision 2; 383D.47; 473.1551, subdivision 1; 473.553, subdivision 14; 473.616; 484.69, subdivision 1a; 525.091, subdivision 2; Laws 2006, chapter 270, article 2, section 13; Laws 2007, chapter 128, article 6, section 16; Laws 2007, chapter 134, article 1, section 8; Laws 2007, chapter 147, article 1, section 32.

The bill was read for the first time.

Olin moved that S. F. No. 3674 and H. F. No. 3928, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3555, A bill for an act relating to natural resources; providing procedures for filling the Watonwan County Soil and Water Conservation District Board supervisor vacant positions.

The bill was read for the first time.

Finstad moved that S. F. No. 3555 and H. F. No. 3890, now on the Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3461, A bill for an act relating to local government; changing the date by which counties must provide summary budget data; amending Minnesota Statutes 2006, section 6.745, subdivision 2.

The bill was read for the first time.

Hilstrom moved that S. F. No. 3461 and H. F. No. 3522, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2688, A bill for an act relating to unemployment compensation; eliminating an exception to the general rule for determining independent contractor status; requiring certain audit activities; amending Minnesota Statutes 2007 Supplement, section 268.035, subdivision 25b.

The bill was read for the first time.

Johnson moved that S. F. No. 2688 and H. F. No. 3296, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3158, A bill for an act relating to commerce; requiring Explore Minnesota Tourism to study vacation rental lodging; creating definitions; requiring a report.

The bill was read for the first time and referred to the Committee on Finance.

S. F. No. 2390, A bill for an act relating to consumer protection; modifying restrictions on the collection and use of Social Security numbers; amending Minnesota Statutes 2006, section 325E.59, subdivision 3; Minnesota Statutes 2007 Supplement, section 325E.59, subdivision 1.

The bill was read for the first time.

Hilstrom moved that S. F. No. 2390 and H. F. No. 3146, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2653, A bill for an act relating to education; establishing a conflict of interest exception for certain school contracts for professional and other services; amending Minnesota Statutes 2006, section 471.88, subdivision 5.

The bill was read for the first time.

Gardner moved that S. F. No. 2653 and H. F. No. 2785, now on the Calendar for the Day, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2941, A bill for an act relating to health; changing provisions for prescribing and filing drugs; amending Minnesota Statutes 2006, sections 151.01, subdivision 23; 151.37, subdivision 7; Minnesota Statutes 2007 Supplement, sections 148.235, subdivision 11; 151.37, subdivision 2; 151.56; repealing Minnesota Statutes 2007 Supplement, section 148.235, subdivision 12.

The bill was read for the first time.

Gottwalt moved that S. F. No. 2941 and H. F. No. 2639, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

CONSENT CALENDAR

H. F. No. 3597, A bill for an act relating to crimes; modifying law protecting victims of sexual assault; amending Minnesota Statutes 2006, section 628.26.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dettmer	Haws	Lenczewski	Norton	Simpson
Anderson, B.	Dill	Heidgerken	Lesch	Olin	Slawik
Anderson, S.	Dittrich	Hilstrom	Liebling	Olson	Slocum
Anzelc	Dominguez	Hilty	Lieder	Otremba	Smith
Atkins	Doty	Holberg	Lillie	Ozment	Solberg
Beard	Drazkowski	Hoppe	Loeffler	Paulsen	Swails
Benson	Eastlund	Hornstein	Madore	Paymar	Thao
Berns	Eken	Hortman	Magnus	Pelowski	Thissen
Bigham	Emmer	Hosch	Mahoney	Peppin	Tillberry
Bly	Erickson	Howes	Mariani	Peterson, A.	Tingelstad
Brod	Faust	Huntley	Marquart	Peterson, N.	Tschumper
Brown	Finstad	Jaros	Masin	Peterson, S.	Urdahl
Brynaert	Fritz	Johnson	McFarlane	Poppe	Wagenius
Buesgens	Gardner	Juhnke	McNamara	Rukavina	Walker
Bunn	Garofalo	Kahn	Moe	Ruth	Ward
Carlson	Gottwalt	Kalin	Morgan	Sailer	Wardlow
Clark	Greiling	Knuth	Morrow	Scalze	Welti
Cornish	Gunther	Koenen	Mullery	Seifert	Westrom
Davnie	Hackbarth	Kohls	Murphy, E.	Sertich	Winkler
Dean	Hamilton	Kranz	Murphy, M.	Severson	Wollschlager
DeLaForest	Hansen	Laine	Nelson	Shimanski	Zellers
Demmer	Hausman	Lanning	Nornes	Simon	Spk. Kelliher

The bill was passed and its title agreed to.

S. F. No. 2861 was reported to the House.

Mullery moved to amend S. F. No. 2861 as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 3408, the first engrossment:

"Section 1. Minnesota Statutes 2006, section 299A.641, subdivision 12, is amended to read:

Subd. 12. **Required report.** By ~~February 1~~ March 1 of each year, the council shall report to the chairs of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy and funding on the activities of the council and any strike or task forces. This annual report shall include:

- (1) a description of the council's goals for the previous year and for the coming year;
- (2) a description of the outcomes the council achieved or did not achieve during the preceding year and a description of the outcomes the council will seek to achieve during the coming year; and
- (3) any legislative recommendations the council has including, where necessary, a description of the specific legislation needed to implement the recommendations.

EFFECTIVE DATE. This section is effective August 1, 2008."

The motion prevailed and the amendment was adopted.

S. F. No. 2861, A bill for an act relating to public safety; changing the due date of the Gang and Drug Oversight Council's annual report to the legislature; amending Minnesota Statutes 2006, section 299A.641, subdivision 12.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Heidgerken	Liebling	Otremba	Solberg
Anderson, B.	Dittrich	Hilstrom	Lieder	Ozment	Swails
Anderson, S.	Dominguez	Hilty	Lillie	Paulsen	Thao
Anzelc	Doty	Holberg	Loeffler	Paymar	Thissen
Atkins	Drazkowski	Hoppe	Madore	Pelowski	Tillberry
Beard	Eastlund	Hornstein	Magnus	Peppin	Tingelstad
Benson	Eken	Hortman	Mahoney	Peterson, A.	Tschumper
Berns	Emmer	Hosch	Mariani	Peterson, N.	Urdahl
Bigham	Erhardt	Howes	Marquart	Peterson, S.	Wagenius
Bly	Erickson	Huntley	Masin	Poppe	Walker
Brod	Faust	Jaros	McFarlane	Rukavina	Ward
Brown	Finstad	Johnson	McNamara	Ruth	Wardlow
Brynaert	Fritz	Juhnke	Moe	Sailer	Welti
Buesgens	Gardner	Kahn	Morgan	Scalze	Westrom
Bunn	Garofalo	Kalin	Morrow	Seifert	Winkler
Carlson	Gottwalt	Knuth	Mullery	Sertich	Wollschlager
Clark	Greiling	Koenen	Murphy, E.	Severson	Zellers
Cornish	Gunther	Kohls	Murphy, M.	Shimanski	Spk. Kelliher
Davnie	Hackbarth	Kranz	Nelson	Simon	
Dean	Hamilton	Laine	Nornes	Simpson	
DeLaForest	Hansen	Lanning	Norton	Slawik	
Demmer	Hausman	Lenczewski	Olin	Slocum	
Dettmer	Haws	Lesch	Olson	Smith	

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

Sertich moved that the remaining bills on the Consent Calendar be continued. The motion prevailed.

CALENDAR FOR THE DAY

S. F. No. 457 was reported to the House.

Berns moved to amend S. F. No. 457 as follows:

Page 1, line 7, after the first comma, insert "and school boards of districts located within cities of the first class" and delete "the" and insert "each respective"

A roll call was requested and properly seconded.

The question was taken on the Berns amendment and the roll was called. There were 27 yeas and 105 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Cornish	Emmer	Hoppe	Peppin	Westrom
Anderson, S.	Dean	Erickson	Howes	Seifert	Zellers
Beard	DeLaForest	Finstad	Kohls	Severson	
Berns	Dettmer	Hackbarth	Magnus	Shimanski	
Buesgens	Drazkowski	Hamilton	Nornes	Smith	

Those who voted in the negative were:

Abeler	Eastlund	Hortman	Loeffler	Otremba	Swails
Anzelc	Eken	Hosch	Madore	Paulsen	Thao
Atkins	Erhardt	Huntley	Mahoney	Paymar	Thissen
Benson	Faust	Jaros	Mariani	Pelowski	Tillberry
Bigham	Fritz	Johnson	Marquart	Peterson, A.	Tingelstad
Bly	Gardner	Juhnke	Masin	Peterson, N.	Tschumper
Brod	Garofalo	Kahn	McFarlane	Peterson, S.	Urdahl
Brown	Gottwalt	Kalin	McNamara	Poppe	Wagenius
Brynaert	Greiling	Knuth	Moe	Rukavina	Walker
Bunn	Gunther	Koenen	Morgan	Ruth	Ward
Carlson	Hansen	Kranz	Morrow	Sailer	Wardlow
Clark	Hausman	Laine	Mullery	Scalze	Welti
Davnie	Haws	Lanning	Murphy, E.	Sertich	Winkler
Demmer	Heidgerken	Lenczewski	Murphy, M.	Simon	Wollschlager
Dill	Hilstrom	Lesch	Nelson	Simpson	Spk. Kelliher
Dittrich	Hilty	Liebling	Norton	Slawik	
Dominguez	Holberg	Lieder	Olin	Slocum	
Doty	Hornstein	Lillie	Olson	Solberg	

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

Peppin and Buesgens moved to amend S. F. No. 457 as follows:

Page 1, after line 4, insert:

"Section 1. **[123A.47] ELECTION TO DETACH LAND FOR A NEW SCHOOL DISTRICT.**

Subdivision 1. Detachment ballot question; school board general election. The school board of an independent school district may, on its own motion or upon a petition signed by at least 50 electors of the district or ten percent of the votes cast in the most recent school board general election, whichever number is larger, place on the ballot at the next school district general election the question whether, as of the date when a new board can be elected and qualified under subdivision 2, to detach from the school district a clearly and accurately described land area located within the boundaries of the district and, consequently, to classify that detached area as a new independent school district for which the education commissioner must assign an identification number. If the voters approve detaching the described land area and, consequently, classifying that detached area as a new independent school district for which the education commissioner must assign an identification number, then the detachment must be accomplished according to this section.

Subd. 2. School board elections. (a) The county auditor of the county that contains the greatest land area for the newly constituted school district and the county auditor of the county that contains the greatest land area for the newly reconstituted school district must determine a date, not less than 30 nor more than 60 days after the voters approve the detachment ballot question under subdivision 1, to hold a special election in the district for the purpose of electing a board of six members for terms of four years and until successors are elected and qualified under chapter 205A. The provisions of section 123A.48, subdivision 20, paragraphs (a) to (e), governing school board elections in consolidating districts shall apply to the newly constituted and newly reconstituted districts under this section.

(b) Notwithstanding any law to the contrary, the terms of the board members of the school district from which land is being detached continue until the first school board members are elected and qualified under this subdivision.

(c) Notwithstanding any law to the contrary, an individual may serve on the school board of the school district from which land is being detached and subsequently, if a resident of the district, on a school board elected and qualified under this subdivision.

Subd. 3. Tax liability for existing bonded debt. All taxable property in the area detached under subdivision 1 remains obligated for any bonded debt of the school district from which the property was detached and to which that detached property was subject before the date of the detachment. In addition, all taxable property in a newly classified district is taxable for payment of school district obligations authorized on or after the date of the detachment by the school board or the voters of that school district.

Subd. 4. Current assets and liabilities; distribution of assets; real property. (a) If the voters approve detachment under subdivision 1, the commissioner shall issue an order for dividing and distributing the current assets and liabilities, real and personal, and the legally valid and enforceable claims and contractual obligations of the school district from which the property was detached, so that the two newly classified districts can independently operate.

(b) The commissioner's order under paragraph (a) must transfer the real property interests from the school district subject to the detachment to the two newly classified districts. The commissioner must determine the distribution of and the amount, if any, paid for the real property. The commissioner's order may impose in favor of one of the two newly classified districts a specified dollar amount as a claim against the other newly classified district receiving real property interests under the order. The claim must be paid and enforced according to the law governing payment of judgments against a school district.

Subd. 5. Licensed and nonlicensed employees. (a) The obligations of both newly classified districts to licensed employees are governed by section 123A.75.

(b) The nonlicensed employees of the school district from which the property was detached under subdivision 1 may apply to remain in the newly reconstituted district or may apply to move to the newly constituted district. The commissioner shall assign the nonlicensed employees to unfilled positions in both districts in order of seniority. All rights of and obligations to nonlicensed employees continue in the same manner as before the effective date of the detachment under subdivision 1.

EFFECTIVE DATE. (a) This section, subdivision 1, is effective the day following final enactment. If the voters approve the ballot question, the education commissioner shall classify the detached area as a new independent school district and also classify the area that remains after the detachment as a new independent school district, assign identification numbers to both new districts, and modify the records and any plats, petitions, and proceedings involving the affected school districts to conform with the detachment under this section.

(b) This section, subdivisions 2, 3, and 5, are effective the day after the voters approve the ballot question under subdivision 1.

(c) This section, subdivision 4, is effective the day after the voters approve the ballot question under subdivision 1 and applies to both newly classified districts."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Peppin and Buesgens amendment and the roll was called. There were 39 yeas and 94 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Dean	Finstad	Hoppe	Paulsen	Smith
Anderson, S.	Demmer	Garofalo	Kohls	Peppin	Wardlow
Beard	Dettmer	Gottwalt	Lanning	Ruth	Westrom
Berns	Drazkowski	Gunther	Magnus	Seifert	Zellers
Brod	Eastlund	Hackbarth	McNamara	Severson	
Buesgens	Emmer	Hamilton	Nornes	Shimanski	
Cornish	Erickson	Holberg	Otremba	Simpson	

Those who voted in the negative were:

Abeler	Carlson	Erhardt	Hilstrom	Juhnke	Liebling
Anzelc	Clark	Faust	Hilty	Kahn	Lieder
Atkins	Davnie	Fritz	Hornstein	Kalin	Lillie
Benson	DeLaForest	Gardner	Hortman	Knuth	Loeffler
Bigham	Dill	Greiling	Hosch	Koenen	Madore
Bly	Dittrich	Hansen	Howes	Kranz	Mahoney
Brown	Dominguez	Hausman	Huntley	Laine	Mariani
Brynaert	Doty	Haws	Jaros	Lenczewski	Marquart
Bunn	Eken	Heidgerken	Johnson	Lesch	Masin

McFarlane	Nelson	Peterson, A.	Sertich	Thissen	Ward
Moe	Norton	Peterson, N.	Simon	Tillberry	Welti
Morgan	Olin	Peterson, S.	Slawik	Tingelstad	Winkler
Morrow	Olson	Poppe	Slocum	Tschumper	Wollschlager
Mullery	Ozment	Rukavina	Solberg	Urdahl	Spk. Kelliher
Murphy, E.	Paymar	Sailer	Swails	Wagenius	
Murphy, M.	Pelowski	Scalze	Thao	Walker	

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

S. F. No. 457, A bill for an act relating to elections; providing for establishment of single-member school board election districts in Independent School District No. 271, Bloomington.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 91 yeas and 42 nays as follows:

Those who voted in the affirmative were:

Abeler	Eken	Jaros	Magnus	Paymar	Tillberry
Anzelc	Erhardt	Johnson	Mahoney	Pelowski	Tingelstad
Atkins	Faust	Juhnke	Mariani	Peterson, A.	Tschumper
Benson	Fritz	Kahn	Marquart	Peterson, S.	Wagenius
Bigham	Gardner	Kalin	Masin	Poppe	Walker
Bly	Hamilton	Knuth	Moe	Rukavina	Ward
Brown	Hansen	Koenen	Morgan	Sailer	Welti
Brynaert	Hausman	Kranz	Morrow	Scalze	Westrom
Bunn	Haws	Laine	Mullery	Sertich	Winkler
Carlson	Hilstrom	Lenczewski	Murphy, E.	Simon	Wollschlager
Clark	Hilty	Lesch	Murphy, M.	Slawik	Spk. Kelliher
Davnie	Hoppe	Liebling	Nelson	Slocum	
Dill	Hornstein	Lieder	Norton	Solberg	
Dittrich	Hortman	Lillie	Olin	Swails	
Dominguez	Hosch	Loeffler	Olson	Thao	
Doty	Huntley	Madore	Otremba	Thissen	

Those who voted in the negative were:

Anderson, B.	Dean	Erickson	Heidgerken	Nornes	Severson
Anderson, S.	DeLaForest	Finstad	Holberg	Ozment	Shimanski
Beard	Demmer	Garofalo	Howes	Paulsen	Simpson
Berns	Dettmer	Gottwalt	Kohls	Peppin	Smith
Brod	Draskowski	Greiling	Lanning	Peterson, N.	Urdahl
Buesgens	Eastlund	Gunther	McFarlane	Ruth	Wardlow
Cornish	Emmer	Hackbarth	McNamara	Seifert	Zellers

The bill was passed and its title agreed to.

Sertich moved that the remaining bills on the Calendar for the Day be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Hortman moved that the name of Tillberry be added as an author on H. F. No. 105. The motion prevailed.

Hortman moved that the name of Lenczewski be added as an author on H. F. No. 863. The motion prevailed.

Mahoney moved that the name of Bunn be added as an author on H. F. No. 1262. The motion prevailed.

Marquart moved that the name of Poppe be added as an author on H. F. No. 1780. The motion prevailed.

Peterson, S., moved that her name be stricken as an author on H. F. No. 1812. The motion prevailed.

Brod moved that the name of Winkler be added as an author on H. F. No. 2172. The motion prevailed.

Thao moved that the name of Sailer be added as an author on H. F. No. 2837. The motion prevailed.

Morrow moved that the name of Bunn be added as an author on H. F. No. 3090. The motion prevailed.

Benson moved that the name of Bunn be added as an author on H. F. No. 3104. The motion prevailed.

Murphy, E., moved that the name of Swails be added as an author on H. F. No. 3333. The motion prevailed.

Brynaert moved that the name of Clark be shown as chief author on H. F. No. 3381. The motion prevailed.

Swails moved that the name of Bunn be added as an author on H. F. No. 3539. The motion prevailed.

Davnie moved that the name of Tillberry be added as an author on H. F. No. 3612. The motion prevailed.

Hosch moved that the name of Gottwalt be added as an author on H. F. No. 3636. The motion prevailed.

Hosch moved that the name of Bunn be added as an author on H. F. No. 3828. The motion prevailed.

Hosch moved that the name of Abeler be added as an author on H. F. No. 3871. The motion prevailed.

Bly moved that the name of Paymar be added as an author on H. F. No. 3906. The motion prevailed.

Moe moved that the names of Scalze and Dittrich be added as authors on H. F. No. 3935. The motion prevailed.

Thissen moved that the name of Gottwalt be added as an author on H. F. No. 3955. The motion prevailed.

Benson moved that the name of Murphy, E., be added as an author on H. F. No. 3988. The motion prevailed.

Howes moved that the name of Erickson be added as an author on H. F. No. 4032. The motion prevailed.

Benson moved that the names of Ruud and Bunn be added as authors on H. F. No. 4111. The motion prevailed.

Carlson moved that H. F. No. 3280, now on the General Register, be re-referred to the Committee on Finance. The motion prevailed.

Moe moved that H. F. No. 3685, now on the General Register, be re-referred to the Committee on Finance. The motion prevailed.

Zellers moved that H. F. No. 3789, now on the General Register, be re-referred to the Committee on Rules and Legislative Administration. The motion prevailed.

Eken moved that H. F. No. 3869 be recalled from the Committee on Finance and be re-referred to the Committee on Taxes. The motion prevailed.

Hackbarth moved that H. F. No. 4060, now on the General Register, be re-referred to the Committee on Environment and Natural Resources.

A roll call was requested and properly seconded.

The question was taken on the Hackbarth motion and the roll was called. There were 46 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Abeler	Dean	Finstad	Hoppe	Olson	Simpson
Anderson, B.	DeLaForest	Garofalo	Howes	Paulsen	Tingelstad
Anderson, S.	Demmer	Gottwalt	Kohls	Peppin	Urdahl
Beard	Dettmer	Gunther	Lanning	Peterson, N.	Wardlow
Berns	Drazkowski	Hackbarth	Magnus	Ruth	Westrom
Brod	Eastlund	Hamilton	McFarlane	Seifert	Zellers
Buesgens	Emmer	Heidgerken	McNamara	Severson	
Cornish	Erickson	Holberg	Nornes	Shimanski	

Those who voted in the negative were:

Anzelc	Eken	Jaros	Madore	Paymar	Thissen
Atkins	Erhardt	Johnson	Mahoney	Pelowski	Tillberry
Benson	Faust	Juhnke	Mariani	Peterson, A.	Tschumper
Bigham	Fritz	Kahn	Marquart	Peterson, S.	Wagenius
Bly	Gardner	Kalin	Masin	Poppe	Walker
Brown	Greiling	Knuth	Moe	Rukavina	Ward
Brynaert	Hansen	Koenen	Morgan	Sailer	Welti
Bunn	Hausman	Kranz	Morrow	Scalze	Winkler
Carlson	Haws	Laine	Mullery	Sertich	Wollschlager
Clark	Hilstrom	Lenczewski	Murphy, E.	Simon	Spk. Kelliher
Davnie	Hilty	Lesch	Murphy, M.	Slawik	
Dill	Hornstein	Liebling	Nelson	Slocum	
Dittrich	Hortman	Lieder	Norton	Solberg	
Dominguez	Hosch	Lillie	Olin	Swails	
Doty	Huntley	Loeffler	Otremba	Thao	

The motion did not prevail.

ADJOURNMENT

Sertich moved that when the House adjourns today it adjourn until 10:00 a.m., Thursday, March 27, 2008. The motion prevailed.

Sertich moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 10:00 a.m., Thursday, March 27, 2008.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives

