

STATE OF MINNESOTA

EIGHTY-SECOND SESSION — 2002

NINETY-SIXTH DAY

SAINT PAUL, MINNESOTA, MONDAY, APRIL 8, 2002

The House of Representatives convened at 1:00 p.m. and was called to order by Speaker pro tempore Ron Abrams.

Prayer was offered by the Reverend Gale Robb, The House of Hope Presbyterian Church, 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	Dibble	Holberg	Leighton	Paulsen	Swenson
Abrams	Dorman	Holsten	Lenczewski	Pawlenty	Sykora
Anderson, B.	Dorn	Howes	Lieder	Paymar	Thompson
Anderson, I.	Eastlund	Huntley	Lindner	Pelowski	Tingelstad
Bakk	Entenza	Jacobson	Lipman	Penas	Tuma
Bernardy	Erhardt	Jaros	Mahoney	Peterson	Vandeveer
Biernat	Erickson	Jennings	Mares	Pugh	Wagenius
Bishop	Evans	Johnson, J.	Mariani	Rhodes	Walker
Blaine	Finseth	Johnson, R.	Marko	Rifenberg	Walz
Boudreau	Folliard	Johnson, S.	Marquart	Rukavina	Wasiluk
Bradley	Gerlach	Jordan	McElroy	Ruth	Westerberg
Buesgens	Gleason	Juhnke	McGuire	Seagren	Westrom
Carlson	Goodno	Kahn	Milbert	Seifert	Wilkin
Cassell	Goodwin	Kalis	Molnau	Sertich	Winter
Clark, J.	Greiling	Kelliher	Mullery	Skoe	Wolf
Clark, K.	Gunther	Kielkucki	Murphy	Skoglund	Workman
Daggett	Haas	Knoblauch	Ness	Slawik	Spk. Savigum
Davids	Hackbarth	Koskinen	Nornes	Smith	
Davnie	Harder	Krinkie	Olson	Solberg	
Dawkins	Hausman	Kubly	Opatz	Stanek	
Dehler	Hilstrom	Kuisle	Osskopp	Stang	
Dempsey	Hilty	Larson	Ozment	Swapinski	

A quorum was present.

Leppik was excused.

Mulder was excused until 1:20 p.m. Gray and Osthoff were excused until 2:00 p.m. Otremba and Schumacher were excused until 2:20 p.m. Fuller was excused until 3:10 p.m.

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

PETITIONS AND COMMUNICATIONS

The following communication was received:

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

The Honorable Steve Ssviggum
 Speaker of the House of Representatives

The Honorable Don Samuelson
 President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2002 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.</i> <i>No.</i>	<i>H.F.</i> <i>No.</i>	<i>Session Laws</i> <i>Chapter No.</i>	<i>Time and</i> <i>Date Approved</i> <i>2002</i>	<i>Date Filed</i> <i>2002</i>
2675		312	12:58 p.m. April 4	April 4
2569		313	12:59 p.m. April 4	April 4
2580		314	12:57 p.m. April 4	April 4

Sincerely,

MARY KIFFMEYER
 Secretary of State

REPORTS OF STANDING COMMITTEES

Bishop from the Committee on Ways and Means to which was referred:

S. F. No. 2125, A bill for an act relating to natural resources; modifying provisions for all-terrain vehicle use on certain wildlife management area lands; modifying disposition of lottery ticket in lieu of sales tax receipts; adding to state wildlife management areas; providing for certain land exchanges; permitting the sale of certain consolidated conservation land in Roseau county; amending Minnesota Statutes 2000, section 97A.133, subdivision 3; Minnesota Statutes 2001 Supplement, sections 297A.94; 477A.14.

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

The report was adopted.

SECOND READING OF SENATE BILLS

S. F. No. 2125 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House File was introduced:

Molnau introduced:

H. F. No. 3713, A bill for an act relating to retirement; providing an additional benefit for teachers previously covered by the money purchase program; proposing coding for new law in Minnesota Statutes, chapter 354.

The bill was read for the first time and referred to the Committee on Governmental Operations and Veterans Affairs Policy.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. 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. 2473, A bill for an act relating to drivers' licenses; specifying that organ donor designation on driver's license or Minnesota identification card establishes intent; amending Minnesota Statutes 2000, section 525.9211.

The Senate has appointed as such committee:

Senators Ranum, Scheid and Ring.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. 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. 3031, A bill for an act relating to public health; establishing the Minnesota Emergency Health Powers Act; modifying provisions for declaring national security and peacetime emergencies; providing for declaration and termination of emergencies due to bioterrorism; granting certain emergency powers; preserving certain rights of

refusal; providing for the isolation and quarantine of persons; requiring a study; amending Minnesota Statutes 2000, sections 12.03, by adding subdivisions; 12.31, subdivision 2; 12.32; 13.3806, by adding a subdivision; Minnesota Statutes 2001 Supplement, section 12.31, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 12; 144.

The Senate has appointed as such committee:

Senators Hottinger, Betzold and Limmer.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 1517, A bill for an act relating to human services; establishing requirements for swimming pools at family day care or group family day care homes; changing municipalities' immunity from liability for claims based upon a provider's failure to comply with requirements for swimming pools at family day care or group family day care homes; amending Minnesota Statutes 2000, sections 144.1222, by adding a subdivision; 245A.14, by adding a subdivision; 466.03, subdivision 6d.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Wilkin moved that the House concur in the Senate amendments to H. F. No. 1517 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1517, A bill for an act relating to human services; establishing requirements for swimming pools at family day care or group family day care homes; making municipalities immune from liability for claims based upon a provider's failure to comply with requirements for swimming pools at family day care or group family day care homes; amending Minnesota Statutes 2000, sections 144.1222, by adding a subdivision; 245A.14, by adding a subdivision; 466.03, subdivision 6d.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 106 yeas and 16 nays as follows:

Those who voted in the affirmative were:

Abeler	Bernardy	Buesgens	Davids	Dorman	Finseth
Abrams	Biernat	Carlson	Dawkins	Dorn	Gerlach
Anderson, B.	Blaine	Cassell	Dehler	Eastlund	Gleason
Anderson, I.	Boudreau	Clark, J.	Dempsey	Erhardt	Goodno
Bakk	Bradley	Daggett	Dibble	Erickson	Goodwin

Greiling	Johnson, J.	Lieder	Nornes	Ruth	Tuma
Gunther	Johnson, R.	Lindner	Olson	Seagren	Vandeveer
Haas	Johnson, S.	Lipman	Opatz	Seifert	Walker
Hackbarth	Jordan	Mares	Osskopp	Sertich	Walz
Harder	Juhnke	Mariani	Ozment	Skoe	Wasiluk
Hilstrom	Kalis	Marko	Paulsen	Skoglund	Westerberg
Hilty	Kielkucki	Marquart	Pawlenty	Smith	Wilkin
Holberg	Knoblach	McElroy	Pelowski	Solberg	Winter
Holsten	Krinkie	McGuire	Penas	Stang	Wolf
Howes	Kubly	Molnau	Peterson	Swenson	Workman
Huntley	Kuisle	Mullery	Pugh	Sykora	Spk. Sviggum
Jacobson	Larson	Murphy	Rhodes	Thompson	
Jennings	Lenczewski	Ness	Rukavina	Tingelstad	

Those who voted in the negative were:

Davnie	Folliard	Kahn	Leighton	Paymar	Wagenius
Entenza	Hausman	Kelliher	Mahoney	Slawik	
Evans	Jaros	Koskinen	Milbert	Swapinski	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 3163, A bill for an act relating to legislation; correcting erroneous, ambiguous, and omitted text and obsolete references; eliminating certain redundant, conflicting, and superseded provisions; reenacting certain legislation; making miscellaneous technical corrections to statutes and other laws; amending Minnesota Statutes 2000, sections 13.04, subdivision 2; 13.461, subdivision 7; 13.4963, subdivision 2; 13.4967, subdivision 3; 13.741, subdivision 1; 13.7411, subdivision 5; 13D.05, subdivision 2; 15A.086; 16D.11, subdivision 6; 17A.04, subdivision 1; 31.51, subdivision 3; 32.073; 41A.09, subdivision 8; 41B.045, subdivision 2; 41B.046, subdivision 5; 41B.047, subdivision 4; 48.24, subdivision 5; 115A.06, subdivision 5a; 115A.59; 115A.9157, subdivision 6; 115B.20, subdivisions 1, 2, 5; 115B.25, subdivision 2; 115B.26; 115B.28, as amended; 115B.29, subdivision 1; 115B.30, subdivision 3; 115B.31, subdivisions 1, 2, 4; 115B.32; 115B.33; 115B.34; 115B.35, subdivisions 2, 3, 4, 8, 9; 115B.36; 115B.37; 115C.08, subdivisions 4, 5; 116J.615; 116J.616; 119A.11, subdivision 3; 119A.20, subdivision 1; 119A.37, subdivision 3; 119A.46, subdivision 6; 122A.20, subdivision 1; 126C.10, subdivision 26; 144E.43, subdivision 1; 148.71, subdivision 3; 219.98; 221.185, subdivision 5a; 222.631, subdivision 1; 260B.171, subdivision 5; 270.708, subdivision 1; 270B.15; 297B.035, subdivision 3; 297I.05, subdivision 12; 297I.30, subdivisions 1, 5; 299F.11, subdivision 2; 349.163, subdivision 6; 349A.10, subdivision 5; 352D.02, subdivision 1; 383C.19; 401.05, subdivision 3; 437.08; 437.09; 437.10; 458D.02, subdivisions 2, 3; 458D.23; 469.110, subdivision 2; 469.116, subdivision 7; 469.118, subdivisions 1, 2, 4; 469.119, subdivision 1; 469.122; 469.154, subdivision 5; 471.415, subdivision 2; 501B.61, as amended; 514.94; 524.2-301; 524.2-604; 524.2-609; 583.24, subdivision 4; 609.26, subdivision 5; 609.341, subdivision 17; Minnesota Statutes 2001 Supplement, sections 16A.151, by adding a subdivision; 17B.15, subdivision 1; 60K.31, subdivision 1; 60K.32; 60K.34, subdivision 1; 60K.39, subdivisions 5, 6; 60K.48; 60K.51, subdivision 6; 60K.52, subdivision 1; 61B.23, subdivision 15; 119A.22; 126C.10, subdivision 4; 136G.03, subdivision 20; 144.057, subdivision 4; 169.073; 214.01, subdivision 3; 216B.098, subdivision 2; 216B.2424, subdivision 5; 216B.2425, subdivision 3; 268.052, subdivision 1; 270.07, subdivision 3a; 275.28, subdivision 1; 275.70, subdivision 5; 290A.03, subdivision 13; 297A.668, subdivision 3; 336.9-334; 356.62; 376.08, subdivision 2; 501B.60, subdivision 3; 514.661, subdivision 5; 626.556,

subdivision 11; Laws 1995, chapter 220, sections 141, 142, as amended; Laws 1997, chapter 202, article 2, section 61, as amended; Laws 2000, chapter 399, article 1, section 139; Laws 2001, chapter 171, section 12; proposing coding for new law in Minnesota Statutes, chapter 89A; repealing Minnesota Statutes 2000, sections 115B.27; 115B.35, subdivisions 1, 5, 6; 116.19; 221.0315; 437.11; 462A.072; 557.11; Minnesota Statutes 2001 Supplement, sections 16A.1286, subdivisions 4, 5; Laws 1997, chapter 85, article 4, section 28; Laws 1999, chapter 159, section 79; Laws 1999, chapter 231, section 180; Laws 2001, chapter 161, section 4; Laws 2001, chapter 162, section 4; Laws 2001, First Special Session chapter 2, section 103; Laws 2001, First Special Session chapter 8, article 7, section 1; Minnesota Rules, parts 5300.0360; 7021.0001, subparts 2, 4; 7190.0002; 7190.0003; 7190.0004; 7190.0008, subparts 1, 2; 7190.0015, subparts 1, 2; 7190.0100, subpart 2; 7190.1000, subpart 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

Lipman moved that the House refuse to concur in the Senate amendments to H. F. No. 3163, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 2363, A bill for an act relating to insurance; limiting the use of credit information; amending Minnesota Statutes 2000, section 72A.20, by adding a subdivision.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Johnson, Dave; Wiener and Terwilliger.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Davids moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 2363. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 3384, A bill for an act relating to elections; changing certain provisions of the campaign finance and public disclosure law; amending Minnesota Statutes 2000, sections 10A.01, subdivision 35; 10A.02, subdivision 11; 10A.025, subdivisions 2, 4; 10A.03, subdivision 3; 10A.04, subdivisions 4, 5, 6; 10A.08; 10A.09, subdivision 7; 10A.11, subdivision 7; 10A.12, subdivision 6; 10A.13, subdivision 1; 10A.14, subdivision 4; 10A.15, subdivision 4; 10A.16; 10A.17, subdivision 5, by adding a subdivision; 10A.18; 10A.20, subdivision 12, by adding subdivisions;

10A.25, subdivision 10, by adding a subdivision; 10A.255, subdivision 1; 10A.27, subdivisions 1, 9, 11, 13; 10A.273, subdivisions 1, 4, 5; 10A.28, subdivisions 1, 2, 4; 10A.29; 10A.322, subdivision 1; 10A.323; 356A.06, subdivision 4; Minnesota Statutes 2001 Supplement, section 10A.31, subdivision 7.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Hottinger, Scheid and Ourada.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Rhodes moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 3384. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 3246, A bill for an act relating to trade practices; limiting unsolicited telephone calls to certain individuals; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 325E.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Cohen, Knutson and Marty.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Entenza moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 3246. The motion prevailed.

Mr. Speaker:

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

S. F. No. 3310.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 3310, A bill for an act relating to school buses; authorizing the commissioner of public safety to cancel the school bus driver's endorsement of a person who has been convicted of a gross misdemeanor or of multiple violations that show evidence of a risk to public safety; proposing coding for new law in Minnesota Statutes, chapter 171.

The bill was read for the first time.

Larson moved that S. F. No. 3310 and H. F. No. 2232, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

Seifert moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

FISCAL CALENDAR

Pursuant to rule 1.22, Bishop requested immediate consideration of H. F. No. 3127.

H. F. No. 3127 was reported to the House.

Anderson, I., moved to amend H. F. No. 3127, the third engrossment, as follows:

Page 185, after line 16, insert:

"ARTICLE 17

JUDGES RETIREMENT PLAN

Section 1. Laws 2000, chapter 461, article 18, section 10, is amended to read:

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective on July 1, 2000 the day following final enactment.

[EFFECTIVE DATE.] This section is effective retroactive to May 16, 2000."

Renumber the sections in sequence and correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Abeler; Westerberg; Howes; Stanek; Ruth; Dempsey; Sykora; Ness; Cassell; Rhodes; Dehler; Penas; Gunther; Dawkins; Mares; Dorman; Daggett; Davids; Walz; Nornes; Blaine; Johnson, J.; Ozment; Tingelstad and Wagenius moved to amend H. F. No. 3127, the third engrossment, as amended, as follows:

Page 59, after line 33, insert:

"ARTICLE 7

TEACHERS RETIREMENT ASSOCIATION AND DULUTH TEACHERS RETIREMENT FUND ASSOCIATION EXTENSION OF RULE OF 90 BENEFIT TIER

Section 1. Minnesota Statutes 2000, section 354.05, subdivision 38, is amended to read:

~~Subd. 38. [NORMAL RETIREMENT AGE.] "Normal retirement age" means age 65 for a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989. For a person who first becomes a member of the association after June 30, 1989, normal retirement age means the higher of age 65 or "retirement age," as defined in United States Code, title 42, section 416(l), as amended, but not to exceed age 66.~~

Sec. 2. Minnesota Statutes 2000, section 354.44, subdivision 6, is amended to read:

~~Subd. 6. [COMPUTATION OF FORMULA PROGRAM RETIREMENT ANNUITY.] (1) (a) The formula retirement annuity must be computed in accordance with the applicable provisions of the formulas stated in clause (2) paragraph (c) or (4) (e) on the basis of each member's average salary for the period of the member's formula service credit.~~

~~(b) For all years of formula service credit, "average salary," for the purpose of determining the member's retirement annuity, means the average salary upon which contributions were made and upon which payments were made to increase the salary limitation provided in Minnesota Statutes 1971, section 354.511, for the highest five successive years of formula service credit provided, however, that such "average salary" shall may not include any more than the equivalent of 60 monthly salary payments. Average salary must be based upon all years of formula service credit if this service credit is less than five years.~~

~~(2) (c) This clause paragraph, in conjunction with clause (3) paragraph (d), applies to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless clause (4) paragraph (e), in conjunction with clause (5) paragraph (f), produces a higher annuity amount, in which case clause (4) paragraph (f) applies. The average salary as defined in clause (1) paragraph (b), multiplied by the following percentages per year of formula service credit shall determine determines the amount of the annuity to which the member qualifying therefor is entitled:~~

	Coordinated Member	Basic Member
Each year of service during first ten	the percent specified in section 356.19, subdivision 1, per year	the percent specified in section 356.19, subdivision 3, per year
Each year of service thereafter	the percent specified in section 356.19, subdivision 2, per year	the percent specified in section 356.19, subdivision 4, per year

(3)(i) (d)(1) This clause paragraph applies only to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose if the annuity is higher when calculated under clause (2) paragraph (c), in conjunction with this clause paragraph than when calculated under clause (4) paragraph (e), in conjunction with clause (5) paragraph (f).

(ii) (2) Where any member retires prior to before the normal retirement age under a formula annuity, the member shall must be paid a retirement annuity in an amount equal to the normal annuity provided in clause (2) paragraph (c) reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement except that for any member who has 30 or more years of allowable service credit, the reduction shall must be applied only for each month that the member is under age 62.

(iii) (3) Any member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal annuity provided in clause (2) paragraph (c), without any reduction by reason of early retirement.

(4) (e) This clause paragraph applies to a member who has become at least 55 years old and first became a member of the association after June 30, 1989, and to any other a member who has become is at least 55 years old and whose annuity amount when calculated under this clause paragraph and in conjunction with clause (5), paragraph (f) is higher than it is when calculated under clause (2) paragraph (c), in conjunction with clause (3) paragraph (d). The average salary, as defined in clause (1) paragraph (b), multiplied by the percent specified by section 356.19, subdivision 4, for each year of service for a basic member and by the percent specified in section 356.19, subdivision 2, for each year of service for a coordinated member shall determine determines the amount of the retirement annuity to which the member is entitled.

(5) (f) This clause applies to a person who has become is at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under clause (4) paragraph (e) in conjunction with this clause than when calculated under clause (2) paragraph (c), in conjunction with clause (3) paragraph (d). An employee who retires under the formula annuity before the normal retirement age shall must be paid the normal annuity provided in clause (4) paragraph (e) reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age.

Sec. 3. Minnesota Statutes 2000, section 354A.011, subdivision 15a, is amended to read:

Subd. 15a. [NORMAL RETIREMENT AGE.] (a) "Normal retirement age" means age 65 for a person who first became a member of the coordinated program of the Minneapolis or St. Paul teachers retirement fund association or the new law coordinated program of the Duluth teachers retirement fund association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989.

(b) For a member of the new law coordinated program of the Duluth teachers retirement fund association, normal retirement age means age 65.

(c) For a person who first became a member of the coordinated program of the Minneapolis or St. Paul teachers retirement fund association or the new law coordinated program of the Duluth teachers retirement fund association after June 30, 1989, normal retirement age means the higher of age 65 or retirement age, as defined in United States Code, title 42, section 416(l), as amended, but not to exceed age 66.

(d) For a person who is a member of the basic program of the Minneapolis or St. Paul teachers retirement fund association or the old law coordinated program of the Duluth teachers retirement fund association, normal retirement age means the age at which a teacher becomes eligible for a normal retirement annuity computed upon meeting the age and service requirements specified in the applicable provisions of the articles of incorporation or bylaws of the respective teachers retirement fund association.

Sec. 4. Minnesota Statutes 2000, section 354A.31, subdivision 4a, is amended to read:

Subd. 4a. [COMPUTATION OF THE NORMAL COORDINATED RETIREMENT ANNUITY; DULUTH FUND.] (a) This subdivision applies to the new law coordinated program of the Duluth teachers retirement fund association.

(b) The normal coordinated retirement annuity is an amount equal to a retiring coordinated member's average salary multiplied by the retirement annuity formula percentage. Average salary for purposes of this section means an amount equal to the average salary upon which contributions were made for the highest five successive years of service credit, but may not in any event include any more than the equivalent of 60 monthly salary payments. Average salary must be based upon all years of service credit if this service credit is less than five years.

(c) This paragraph, in conjunction with subdivision 6, applies to a person who first became a member or a member in a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a higher annuity amount, in which case paragraph (d) applies. The retirement annuity formula percentage for purposes of this paragraph is the percent specified in section 356.19, subdivision 1, per year for each year of coordinated service for the first ten years and the percent specified in section 356.19, subdivision 2, for each subsequent year of coordinated service.

(d) This paragraph applies to a person who is at least 55 years old and who first becomes a member after June 30, 1989, and to any other member who is at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with subdivision 7, is higher than it is when calculated under paragraph (c) in conjunction with subdivision 6. The retirement annuity formula percentage for purposes of this paragraph is the percent specified in section 356.19, subdivision 2, for each year of coordinated service.

Sec. 5. Minnesota Statutes 2000, section 354A.31, subdivision 5, is amended to read:

Subd. 5. [UNREDUCED NORMAL RETIREMENT ANNUITY.] (a) Upon retirement at the normal retirement age with at least three years of service credit, a coordinated member shall be of the Minneapolis teachers retirement fund association or of the St. Paul teachers retirement fund association is entitled to a normal retirement annuity calculated pursuant to under subdivision 4.

(b) Upon retirement at the normal retirement age with at least three years of service credit, a member of the new law coordinated program of the Duluth teachers retirement fund association is entitled to a normal retirement annuity calculated under subdivision 4a.

Sec. 6. Minnesota Statutes 2000, section 354A.31, subdivision 6, is amended to read:

Subd. 6. [REDUCED RETIREMENT ANNUITY.] (a) This subdivision applies only to a person who first became a coordinated member of the Minneapolis teachers retirement fund association or of the St. Paul teacher retirement fund association or a member of a pension fund listed in section 356.30, subdivision 3, other than the Duluth teachers retirement fund association before July 1, 1989, and whose annuity is higher when calculated using the retirement annuity formula percentage in subdivision 4, paragraph (b), in conjunction with this subdivision than when calculated under subdivision 4, paragraph (c), in conjunction with subdivision 7.

(a) (1) Upon retirement at an age before the normal retirement age with three years of service credit or prior to age 62 with at least 30 years of service credit, a coordinated member shall be entitled to a retirement annuity in an amount equal to the normal retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (b), reduced by one-quarter of one percent for each month that the coordinated member is under the normal retirement age if the coordinated member has less than 30 years of service credit or is under the age of 62 if the coordinated member has at least 30 years of service credit.

(b) (2) Any coordinated member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (b), without any reduction by reason of early retirement.

(b) This subdivision applies only to a person who is a member of the new law coordinated program of the Duluth teachers retirement fund association and whose annuity is higher when calculated using the retirement annuity formula percentage in subdivision 4a, paragraph (b), in conjunction with this subdivision than when calculated under subdivision 4a, paragraph (c), in conjunction with subdivision 7.

(1) Upon retirement at an age before the normal retirement age with three years of service credit or before age 62 with at least 30 years of service credit, a member of the new law coordinated program of the Duluth teachers retirement fund association is entitled to a retirement annuity in an amount equal to the normal retirement annuity calculated using the retirement annuity formula percentage in subdivision 4a, paragraph (b), reduced by one-quarter of one percent for each month that the member is under the normal retirement age if the member has less than 30 years of service credit or is under the age of 62 if the coordinated member has at least 30 years of service credit.

(2) A new law coordinated program member of the Duluth teachers retirement fund association whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal retirement annuity calculated using the retirement annuity formula percentage in subdivision 4a, paragraph (b), without any reduction by reason of early retirement.

Sec. 7. Minnesota Statutes 2000, section 354A.31, subdivision 7, is amended to read:

Subd. 7. [ACTUARIAL REDUCTION FOR EARLY RETIREMENT.] This subdivision applies to a person who has become at least 55 years old and first becomes became a coordinated member of the Minneapolis teachers retirement fund association or of the St. Paul teachers retirement fund association after June 30, 1989, to a member of the new law coordinated program of the Duluth teachers retirement fund association who has become at least 55 years old, and to any other coordinated member who has become at least 55 years old and whose annuity is higher when calculated using the retirement annuity formula percentage in subdivision 4, paragraph (c), or in subdivision 4a, paragraph (c), whichever applies, in conjunction with this subdivision than when calculated under subdivision 4, paragraph (b), or in subdivision 4a, paragraph (b), whichever applies, in conjunction with subdivision 6. A coordinated member who retires before the full benefit age shall be paid the retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (c), or in subdivision 4a, paragraph (c), whichever applies, reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the member if the member deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age.

Sec. 8. [356.83] [LIMITATION ON THE EXTENSION OF THE RULE OF 90.]

(a) Notwithstanding any provision of law to the contrary, the "rule of 90" may not be extended to any pension plan beyond the teacher retirement association and the Duluth teachers retirement fund association unless the most recent prior actuarial valuation of the plan prepared under section 356.215 by the consulting actuary retained by the legislative commission on pensions and retirement indicates that the total required contributions of the plan exceed the total actuarial requirements of the plan by an amount equal to or greater than the actuarial cost of the "rule of 90" extension for that plan as estimated by the commission-retained actuary based on that valuation.

(b) Annually, as part of the review by the legislative commission on pensions and retirement of the actuarial funded condition of the various statewide and major local retirement plans to which the "rule of 90" has been extended to post-June 30, 1989, hires, if the commission finds that the total required contributions of a plan to which the "rule of 90" has been extended to post-June 30, 1989, hires are less than the total actuarial requirements

of the plan as reported in the most recent actuarial valuation of the plan under section 356.215, the commission shall recommend in the form of proposed legislation an increase in equal amounts in the member and employer contribution rates of the plan sufficient to cause the future total required contributions of the plan to equal the total actuarial requirements of the plan as disclosed in the applicable actuarial valuation.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 through 8 are effective on July 1, 2002."

Renumber the articles in sequence

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Abeler et al amendment and the roll was called.

Pursuant to rule 2.05, the Speaker excused Davnie, Seifert and Thompson from voting on the Abeler et al amendment to H. F. No. 3127, the third engrossment, as amended.

There were 106 yeas and 23 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Hausman	Kubly	Osthoff	Solberg
Abrams	Dibble	Hilstrom	Larson	Otremba	Stanek
Anderson, I.	Dorman	Hilty	Leighton	Ozment	Stang
Bakk	Dorn	Holsten	Lenczewski	Paymar	Swapinski
Bernardy	Entenza	Howes	Lieder	Pelowski	Swenson
Biernat	Erhardt	Huntley	Mahoney	Penas	Sykora
Bishop	Evans	Jacobson	Mares	Peterson	Tingelstad
Blaine	Finseth	Jaros	Mariani	Pugh	Vandeveer
Boudreau	Foliard	Jennings	Marko	Rhodes	Wagenius
Bradley	Gleason	Johnson, R.	Marquart	Rukavina	Walker
Carlson	Goodno	Johnson, S.	McGuire	Ruth	Walz
Cassell	Goodwin	Jordan	Milbert	Schumacher	Wasiluk
Clark, J.	Gray	Juhnke	Mullery	Seagren	Westerberg
Clark, K.	Greiling	Kahn	Murphy	Sertich	Westrom
Daggett	Gunther	Kalis	Ness	Skoe	Winter
Davids	Haas	Kelliher	Nornes	Skoglund	Spk. Ssviggum
Dawkins	Hackbarth	Knoblach	Opatz	Slawik	
Dehler	Harder	Koskinen	Osskopp	Smith	

Those who voted in the negative were:

Anderson, B.	Gerlach	Krinkie	McElroy	Paulsen	Wilkin
Buesgens	Holberg	Kuisle	Molnau	Pawlenty	Wolf
Eastlund	Johnson, J.	Lindner	Mulder	Rifenberg	Workman
Erickson	Kielkucki	Lipman	Olson	Tuma	

The motion prevailed and the amendment was adopted.

The Speaker called Abrams to the Chair.

Davids moved to amend H. F. No. 3127, the third engrossment, as amended, as follows:

Page 28, line 23, delete everything after the period

Page 28, delete lines 24 and 25

Page 28, line 26, delete "the employee."

Page 32, line 27, delete everything after the period

Page 32, delete lines 28 and 29

Page 32, line 30, delete "member."

Page 35, line 31, delete everything after the period

Page 35, delete line 32

Page 35, line 33, delete everything before "If"

The motion prevailed and the amendment was adopted.

Solberg and Abrams moved to amend H. F. No. 3127, the third engrossment, as amended, as follows:

Page 180, line 29, delete "CLARIFICATIONS" and insert "PROVISIONS" and insert:

"Section 1. Laws 1997, chapter 202, article 2, section 61, as amended by Laws 1999, chapter 250, article 1, section 106, and Laws 2001, First Special Session chapter 10, article 2, section 85, is amended to read:

Sec. 61. [VOLUNTARY UNPAID LEAVE OF ABSENCE.]

Appointing authorities in state government may allow each employee to take an unpaid leave of absence for up to 320 hours during the period ending June 30, 2003, and an additional 160 hours during the period beginning July 1, 2003, and ending June 30, 2005. Each appointing authority approving such a leave shall allow the employee to continue accruing vacation and sick leave, be eligible for paid holidays and insurance benefits, accrue seniority, and accrue service credit in state retirement plans permitting service credits for authorized leaves of absence as if the employee had actually been employed during the time of the leave. If the leave of absence is for one full pay period or longer, any holiday pay shall be included in the first payroll warrant after return from the leave of absence. The appointing authority shall attempt to grant requests for unpaid leaves of absence consistent with the need to continue efficient operation of the agency. However, each appointing authority shall retain discretion to grant or refuse to grant requests for leaves of absence and to schedule and cancel leaves, subject to applicable provisions of collective bargaining agreements and compensation plans."

Page 183, line 10, delete "and 2" and insert "to 3"

Renumber the sections in sequence and correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Krinkie, Olson and Lipman moved to amend H. F. No. 3127, the third engrossment, as amended, as follows:

Page 59, after line 33, insert:

"ARTICLE 7

TEACHERS RETIREMENT ASSOCIATION
CONTRIBUTION RATE REDUCTION

Section 1. Minnesota Statutes 2000, section 354.42, subdivision 2, is amended to read:

Subd. 2. [EMPLOYEE.] (a) The employee contribution to the fund is an amount equal to ~~5.0~~ 4.0 percent of the salary of every coordinated member and ~~9.0~~ 8.0 percent of the salary of every basic member.

(b) This contribution must be made by deduction from salary. Where any portion of a member's salary is paid from other than public funds, the member's employee contribution must be based on the entire salary received.

Sec. 2. Minnesota Statutes 2000, section 354.42, subdivision 3, is amended to read:

Subd. 3. [EMPLOYER.] The employer contribution to the fund is an amount equal to ~~5.0~~ 4.0 percent of the salary of each coordinated member and ~~9.0~~ 8.0 percent of the salary of each basic member.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective on July 1, 2002."

Renumber the articles in sequence

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Krinkie et al amendment and the roll was called. There were 24 yeas and 108 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Clark, J.	Johnson, J.	Lindner	Mulder	Rifenberg
Blaine	Erickson	Kielkucki	Lipman	Olson	Tuma
Bradley	Gerlach	Krinkie	McElroy	Paulsen	Vandeveer
Buesgens	Jacobson	Kuisle	Molnau	Pawlenty	Wilkin

Those who voted in the negative were:

Abeler	Carlson	Dempsey	Finseth	Gunther	Howes
Abrams	Cassell	Dibble	Folliard	Haas	Huntley
Anderson, I.	Clark, K.	Dorman	Fuller	Hackbarth	Jaros
Bakk	Daggett	Dorn	Gleason	Harder	Jennings
Bernardy	Davids	Eastlund	Goodno	Hausman	Johnson, R.
Biernat	Davnie	Entenza	Goodwin	Hilstrom	Johnson, S.
Bishop	Dawkins	Erhardt	Gray	Hilty	Jordan
Boudreau	Dehler	Evans	Greiling	Holsten	Juhnke

Kahn	Mahoney	Nornes	Pugh	Slawik	Wagenius
Kalis	Mares	Opatz	Rhodes	Smith	Walker
Kelliher	Mariani	Osskopp	Rukavina	Solberg	Walz
Knoblach	Marko	Osthoff	Ruth	Stanek	Wasiluk
Koskinen	Marquart	Otremba	Schumacher	Stang	Westerberg
Kubly	McGuire	Ozment	Seagren	Swapinski	Westrom
Larson	Milbert	Paymar	Seifert	Swenson	Winter
Leighton	Mullery	Pelowski	Sertich	Sykora	Wolf
Lenczewski	Murphy	Penas	Skoe	Thompson	Workman
Lieder	Ness	Peterson	Skoglund	Tingelstad	Spk. Sviggum

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

H. F. No. 3127, A bill for an act relating to retirement; various retirement plans; clarifying the laws applicable to the remaining local police and paid firefighter pension plans; repealing obsolete local police and paid firefighter pension plan laws; authorizing service credit purchase for certain strike periods; providing public employee pension coverage for certain foreign citizens; clarifying membership eligibility and allowable service credit for the public employees retirement association; requiring membership for charter school teachers in the teachers retirement association; providing for the payment of unpaid closed charter school retirement contributions from charter school lease aid; eliminating contribution rate increases in the local government correctional service retirement plan; establishing provisions relating to employees of the Kanabec hospital if the hospital is privatized; extending the expiration date for certain prior service credit purchase authorizations; recodifying social security coverage provisions; implementing recommended changes in salary actuarial assumptions; clarifying the restrictions on supplemental and local pension plans for plans funded from accumulated sick and vacation leave; reorganizing the revising various general retirement provisions; instructing the revisor of statutes; authorizing the commissioner of administration to lease pension fund facilities to deferred compensation service providers; authorizing certain volunteer firefighters to receive service pensions or disability benefits without terminating active service; creating the coordinated program of the legislators retirement plan; providing a second social security referendum for legislators; modifying Minneapolis police optional annuity provision; modifying voluntary unpaid leave of absence provision for state employees; providing for an extension of the rule of 90 benefit tier for the teachers retirement association and the Duluth teachers retirement fund association; changing the effective date for certain modifications to the judges retirement plan; amending Minnesota Statutes 2000, sections 69.77; 69.80; 353.01, by adding a subdivision; 353.64, subdivision 7a; 353A.08, subdivision 6a; 353E.02, subdivision 1, by adding a subdivision; 353E.03; 353F.02, subdivision 4; 354.05, subdivision 38; 354.44, subdivision 6; 354A.011, subdivisions 15A, 27; 354A.31, subdivisions 4a, 5, 6, 7; 355.01, subdivisions 1, 3, 6, 8, by adding subdivisions; 355.02; 355.03; 355.05; 355.07; 355.08; 356.001; 356.20, subdivisions 1, 2, 3, 4, 4a; 356.215, as amended; 356.216; 356.217; 356.219; 356.22; 356.23; 356.24, subdivisions 1b, 1c, 2; 356.245; 356.25; 356.30; 356.302; 356.303; 356.32; 356.40; 356.41; 356.50; 356.55, as amended; 356.551; 356.611; 356.65, subdivision 2; 356.87; 356.89, subdivision 3; 423A.17; 423A.171; 423B.09, subdivision 6; 424A.02, subdivision 1; 424A.09; Minnesota Statutes 2001 Supplement, sections 352.01, subdivision 11; 353.01, subdivisions 2a, 2b, 11b, 16; 353.27, subdivisions 4, 11; 354.05, subdivisions 2, 13; 356.24, subdivision 1; 356.555; 356.62; 356.65, subdivision 1; Laws 1997, chapter 202, article 2, section 61, as amended; Laws 1999, chapter 222, article 16, section 16; Laws 2000, chapter 461, article 10, section 3, as amended; Laws 2000, chapter 461, article 12, section 20; Laws 2000, chapter 461, article 18, section 10; Laws 2001, First Special Session chapter 10, article 6, section 21; proposing coding for new law in Minnesota Statutes, chapters 3A; 355; 356; proposing coding for new law as Minnesota Statutes, chapter 356B; repealing Minnesota Statutes 2000, sections 69.25; 69.26; 69.27; 69.28; 69.29; 69.30; 69.32; 69.361; 69.37; 69.38; 69.39; 69.40; 69.41; 69.42; 69.43; 69.44; 69.45; 69.46; 69.47; 69.48; 69.49; 69.50; 69.51; 69.52; 69.53; 69.62; 69.78; 297I.10, subdivision 2; 355.01, subdivisions 2, 4, 5, 9, 10; 355.11; 355.12; 355.13; 355.14; 355.15; 355.16; 355.17; 355.201; 355.202; 355.203; 355.204; 355.205; 355.206; 355.207; 355.208; 355.209; 355.21; 355.22; 355.23; 355.24; 355.25; 355.26; 355.27; 355.28; 355.281; 355.282; 355.283; 355.284; 355.285; 355.286; 355.287; 355.288; 355.29; 355.291; 355.292; 355.293; 355.294; 355.295; 355.296; 355.297; 355.298; 355.299; 355.30; 355.311; 355.391; 355.392; 355.393; 355.41; 355.42; 355.43; 355.44; 355.45; 355.46; 355.48; 355.49; 355.50; 355.51; 355.52; 355.54; 355.55; 355.56;

355.57; 355.58; 355.59; 355.60; 355.61; 355.621; 355.622; 355.623; 355.624; 355.625; 355.626; 355.627; 355.628; 355.71; 355.72; 355.73; 355.74; 355.75; 355.76; 355.77; 355.78; 355.79; 355.80; 355.81; 355.90; 356.19; 356.305; 356.306; 356.31; 356.325; 356.35; 356.36; 356.37; 356.371, subdivisions 2, 3; 356.372; 356.38; 356.39; 356.45; 356.451; 356.452; 356.453; 356.454; 356.455; 356.615; 356.71; 356.80; 356.81; 356.86; 356.865; 356.88; 356.89; 423.37; 423.371; 423.372; 423.373; 423.374; 423.375; 423.377; 423.378; 423.379; 423.38; 423.381; 423.382; 423.383; 423.384; 423.385; 423.386; 423.387; 423.388; 423.389; 423.39; 423.391; 423.392; 423.801; 423.802; 423.803; 423.804; 423.805; 423.806; 423.808; 423.809; 423.810; 423.812; 423.813; 423.814; 423.90; 423A.03; 424.01; 424.02; 424.03; 424.04; 424.05; 424.06; 424.08; 424.14; 424.15; 424.16; 424.165; 424.17; 424.18; 424.19; 424.20; 424.21; 424.22; 424.23; 424.24; 424.25; 424.27; 424.28; 424.29; Minnesota Statutes 2001 Supplement, sections 353.01, subdivision 39; 356.371, subdivision 1; 356.866; Special Session Laws 1889, chapter 425; Special Session Laws 1891, chapter 11; Laws 1897, chapters 389; 390; Laws 1915, chapter 68; Laws 1917, chapter 196; Laws 1919, chapters 68, 515; Laws 1921, chapter 118; Laws 1923, chapter 54; Laws 1925, chapter 197; Laws 1931, chapter 48; Laws 1933, chapter 122; Laws 1935, chapters 92; 192; 208; 259; Laws 1937, chapters 132; 197; 253; Laws 1939, chapters 124; 304; Laws 1941, chapters 74; 182; 196; Laws 1943, chapters 170; 267; 397; 413; 432; Laws 1945, chapters 74; 182; 277; 300; Laws 1947, chapters 40; 43; 101; 274; 329; Laws 1949, chapters 87; 144; 153; 154; 164; 191; 235; 281; 378; Laws 1951, chapters 43; 45; 48; 144; 233; 243; 420; 435; 499; Laws 1953, chapters 37; 44; 91; 235; 253; 348; 391; 401; 406; Laws 1955, chapters 42; 49; 75; 151; 187; 188; 293; 294; 348; 375; 827; Laws 1957, chapters 10; 16; 36; 127; 144; 164; 256; 257; 455; 630; 793; Laws 1959, chapters 108; 131; 191; 207; 208; 211; 437; Laws 1961, chapters 186; 290; 295; 300; 343; 376; 399; 434; 435, section 2; 443; 620; 631; 747; Extra Session Laws 1961, chapters 28; 80; Laws 1963, chapters 36; 208; 221; 271; 443; 453; 454; 464; 619; 636; 643; 670; 715; Laws 1965, chapters 174; 179; 190; 418; 457; 458; 465; 498; 536; 540; 594; 604; 605; 636; 790; Laws 1967, chapters 644; 678; 702; 708; 730; 732; 736; 751; 775; 783; 798; 807; 816; 848; Laws 1969, chapters 138; 442; 443; 552; 576; 594; 614; 641; 668; 669; 670; 671; 672; 686; 694; 716; 849; 1087; Laws 1971, chapters 51; 178; 407; 549; 614; 807; 809; 810; Extra Session Laws 1971, chapter 41; Laws 1973, chapters 286; 287; 346; 359; 432; 433; 587; Laws 1974, chapters 251; 382; Laws 1975, chapters 120; 121; 127; 254, sections 1, 2, 3, 4, 5, 6; 368, section 54; 389; 408; 423; 424; 425; Laws 1976, chapters 36; 78; 85; 99; 247; Laws 1977, chapters 83; 164, sections 1, 3; 169; 270; 275; 374, sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44; Laws 1980, chapters 341, sections 2, 3, 4, 5, 6, 9, 10; 600, sections 11, 12, 13, 14, 15, 16, 17, 18, 22; 607, article XV, section 23; Laws 1981, chapter 68, sections 31, 32, 33, 34, 35, 36, 37, 41, 42, 43; Laws 1981, chapter 224, sections 236, 237, 239, 240, 243, 244, 247, 248, 252, 253, 258, 259, 260, 261, 263, 264, 265, 266, 267, 268, 270, 272, 273; Laws 1981, chapter 297, sections 1, 2; Laws 1982, chapters 402; 443; 574, sections 3, 4, 5, 6, 8; 578, article II, section 1, subdivision 8, article III, section 18; 610, sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20; Laws 1983, chapters 47; 74; 84, section 1; 291, sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 17; Laws 1984, chapter 574, sections 18, 19, 20, 22, 23, 24, 25, 26, 33; Laws 1985, chapters 259, sections 5, 6; 261, sections 14, 15, 16, 18, 20, 32, 33, 34, 35, 36; Laws 1985, First Special Session chapter 16, article 2, section 6; Laws 1986, chapters 359, sections 22, 23, 24, 25; 458, sections 23, 34; Laws 1987, chapter 372, article 2, sections 7, 8, 9, 10, 12; Laws 1988, chapter 709, articles 8, section 5; 9, section 5; Laws 1989, chapter 319, article 11, sections 2, 3, 4, 12; Laws 1990, chapter 589, article 1, section 7; Laws 1991, chapters 96; 269, article 2, sections 12, 13; Laws 1992, chapters 392, section 1; 393, section 1; 422; 431, section 1; 448; 455; 563, sections 3, 4, 5; 586, section 1; Laws 1993, chapters 72; 110; 112, section 2; 126; 202, article 1; Laws 1994, chapters 409; 410; 474; 490; 541, section 3; Laws 1995, chapter 262, article 10, section 4; Laws 1996, chapter 448, article 2, section 1; Laws 1997, chapter 233, article 1, section 58; Laws 1997, chapter 241, article 2, sections 2, 3, 4, 5, 6, 9, 10, 11, 13, 14, 15, 20; Laws 1999, chapter 222, article 3, section 6; Laws 2000, chapter 461, article 10, section 2.

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.

Pursuant to rule 2.05, the Speaker excused Davnie and Thompson from voting on the final passage of H. F. No. 3127, as amended.

There were 109 yeas and 21 nays as follows:

Those who voted in the affirmative were:

Abeler	Dibble	Hilstrom	Leighton	Paymar	Swenson
Abrams	Dorman	Hilty	Lenczewski	Pelowski	Sykora
Anderson, I.	Dorn	Holsten	Lieder	Penas	Tingelstad
Bakk	Entenza	Howes	Mahoney	Peterson	Tuma
Bernardy	Erhardt	Huntley	Mares	Pugh	Vandeveer
Biernat	Evans	Jacobson	Mariani	Rhodes	Wagenius
Bishop	Finseth	Jaros	Marko	Rukavina	Walker
Blaine	Folliard	Jennings	Marquart	Ruth	Walz
Boudreau	Fuller	Johnson, R.	McGuire	Schumacher	Wasiluk
Bradley	Gleason	Johnson, S.	Milbert	Seagren	Westerberg
Carlson	Goodno	Jordan	Mullery	Sertich	Westrom
Cassell	Goodwin	Juhnke	Murphy	Skoe	Winter
Clark, J.	Gray	Kahn	Ness	Skoglund	Wolf
Clark, K.	Greiling	Kalis	Nornes	Slawik	Spk. Siviggum
Daggett	Gunther	Kelliher	Opatz	Smith	
Davids	Haas	Knoblach	Osskopp	Solberg	
Dawkins	Hackbarth	Koskinen	Osthoff	Stanek	
Dehler	Harder	Kubly	Otremba	Stang	
Dempsey	Hausman	Larson	Ozment	Swapinski	

Those who voted in the negative were:

Anderson, B.	Holberg	Kuisle	Molnau	Pawlenty	Workman
Buesgens	Johnson, J.	Lindner	Mulder	Rifenberg	
Eastlund	Kielkucki	Lipman	Olson	Seifert	
Gerlach	Krinkie	McElroy	Paulsen	Wilkin	

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

There being no objection, the order of business reverted to Petitions and Communications.

PETITIONS AND COMMUNICATIONS

The following communication was received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

March 27, 2002

The Honorable Steve Ssviggum
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Ssviggum:

I have vetoed and am returning Chapter No. 280, H. F. No. 197, a bill providing grants to noncommercial television stations and authorizing bonds for a metropolitan bus garage.

In 1999, I line-item vetoed \$113,000 for grants to noncommercial television stations in the omnibus state government finance bill. At the time, I was concerned about expanding the state's role beyond the substantial support already provided for public television. I expressed my view that digital TV conversion should be funded by non-state sources.

Last year, the legislature included \$7.8 million for digital TV conversion in the state government finance bill passed during the special session. I signed that bill since it also included language requiring the Commissioner of Administration and the Minnesota Public Television Association to negotiate an agreement specifying uses for digital capability to serve state and local government needs before the grants could be distributed.

The parties were required to finalize an agreement by January 15, 2002, or the appropriation would cancel to the general fund. Upon reviewing the contract and in light of the state's economic condition, I decided not to enter into the grant contract with the Minnesota Public Television Association. While the contract included provisions to put project management and accountability processes into place, the state benefits defined in the proposed contract were not a sufficient return on the investment, particularly considering the communications gaps that exist in public safety and health. H. F. No. 197 still doesn't provide an adequate level of direct benefit for the state given the investment being made.

I am also uncomfortable with the way that this project is funded. This bill pays for digital TV grants by refinancing a Metropolitan Council general fund appropriation with bonds and using the general fund dollars for grants to public television stations. If the legislature wants to refinance the bus garage appropriation with bonds, the project should be part of the overall bonding bill discussion. Finally, H. F. No. 197 adds to the state's obligations at a time when we have depleted our reserves and there is still a gap between revenues and expenditures, both in the current budget and the next. I cannot sign this bill into law while these budget problems remain unsolved.

For these reasons, I am vetoing this bill.

Sincerely,

JESSE VENTURA
Governor

VETO OVERRIDE

Bishop moved that H. F. No. 197, Chapter No. 280, be now reconsidered and repassed, the objections of the Governor notwithstanding, pursuant to Article IV, Section 23, of the Constitution of the State of Minnesota.

The question was taken on the Bishop motion to reconsider and repass H. F. No. 197, Chapter No. 280, the objections of the Governor notwithstanding, pursuant to Article IV, Section 23, of the Constitution of the State of Minnesota and the roll was called. There were 113 yeas and 20 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Hausman	Leighton	Otremsba	Smith
Abrams	Dibble	Hilstrom	Lenczewski	Ozment	Solberg
Anderson, I.	Dorman	Hilty	Lieder	Pawlenty	Stanek
Bakk	Dorn	Holsten	Lipman	Paymar	Stang
Bernardy	Entenza	Howes	Mahoney	Pelowski	Swapinski
Biernat	Erhardt	Huntley	Mares	Penas	Swenson
Bishop	Evans	Jaros	Mariani	Peterson	Sykora
Blaine	Finseth	Jennings	Marko	Pugh	Thompson
Boudreau	Folliard	Johnson, R.	Marquart	Rhodes	Tingelstad
Bradley	Fuller	Johnson, S.	McElroy	Rifenberg	Tuma
Carlson	Gleason	Jordan	McGuire	Rukavina	Wagenius
Cassell	Goodno	Juhnke	Milbert	Ruth	Walker
Clark, J.	Goodwin	Kahn	Molnau	Schumacher	Walz
Clark, K.	Gray	Kelliher	Mullery	Seagren	Wasiluk
Daggett	Greiling	Knoblach	Murphy	Seifert	Westerberg
Davids	Gunther	Koskinen	Ness	Sertich	Westrom
Davnie	Haas	Kubly	Nornes	Skoe	Winter
Dawkins	Hackbart	Kuisle	Opatz	Skoglund	Spk. Siggum
Dehler	Harder	Larson	Osthoff	Slawik	

Those who voted in the negative were:

Anderson, B.	Gerlach	Kalis	Mulder	Vandeveer
Buesgens	Holberg	Kielkucki	Olson	Wilkin
Eastlund	Jacobson	Krinkie	Osskopp	Wolf
Erickson	Johnson, J.	Lindner	Paulsen	Workman

Having received the constitutionally required two-thirds vote, the bill was reconsidered and repassed, the objections of the Governor notwithstanding.

Fuller was excused for the remainder of today's session.

**REPORT FROM THE COMMITTEE ON RULES AND
LEGISLATIVE ADMINISTRATION**

Pawlenty from the Committee on Rules and Legislative Administration, pursuant to rule 1.21, designated the following bills to be placed on the Calendar for the Day, immediately following the remaining bills on the Calendar for the Day, for Monday, April 8, 2002:

S. F. No. 3098; H. F. No. 3350; S. F. Nos. 2460, 3024, 2738, 3134, 2392, 2986 and 3026; H. F. No. 3092; S. F. Nos. 3257 and 3431; H. F. No. 289; S. F. Nos. 2707 and 2998; and H. F. No. 2787.

CALENDAR FOR THE DAY

S. F. No. 3028, A bill for an act relating to education; authorizing the Minnesota commission on national and community service to create and delegate duties to a private, nonprofit corporation; amending Minnesota Statutes 2000, section 124D.385, subdivision 3, by adding a subdivision.

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 128 yeas and 4 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holberg	Lenczewski	Paulsen	Swapinski
Abrams	Dorn	Holsten	Lieder	Pawlenty	Swenson
Anderson, I.	Eastlund	Howes	Lipman	Paymar	Sykora
Bakk	Entenza	Huntley	Mahoney	Pelowski	Thompson
Bernardy	Erhardt	Jacobson	Mares	Penas	Tingelstad
Biernat	Erickson	Jaros	Mariani	Peterson	Tuma
Bishop	Evans	Jennings	Marko	Pugh	Vandeveer
Blaine	Finseth	Johnson, J.	Marquart	Rhodes	Wagenius
Boudreau	Folliard	Johnson, R.	McElroy	Rifenberg	Walker
Bradley	Gerlach	Johnson, S.	McGuire	Rukavina	Walz
Buesgens	Gleason	Jordan	Milbert	Ruth	Wasiluk
Carlson	Goodno	Juhnke	Molnau	Schumacher	Westerberg
Cassell	Goodwin	Kahn	Mulder	Seagren	Westrom
Clark, J.	Gray	Kalis	Mullery	Seifert	Wilkin
Clark, K.	Greiling	Kelliher	Murphy	Sertich	Winter
Daggett	Gunther	Kielkucki	Ness	Skoe	Wolf
Davids	Haas	Knoblauch	Nornes	Skoglund	Workman
Davnie	Hackbarth	Koskinen	Opatz	Slawik	Spk. Saviggum
Dawkins	Harder	Kubly	Osskopp	Smith	
Dehler	Hausman	Kuisle	Osthoff	Solberg	
Dempsey	Hilstrom	Larson	Otremba	Stanek	
Dibble	Hilty	Leighton	Ozment	Stang	

Those who voted in the negative were:

Anderson, B. Krinkie Lindner Olson

The bill was passed and its title agreed to.

S. F. No. 2457 was reported to the House.

Clark, K.; Gray; Mullery; Stanek; Greiling; Walker; Mariani; Evans; Goodno; Hilstrom; Skoglund; Johnson, S.; Dawkins; Gunther and Dibble moved to amend S. F. No. 2457 as follows:

Page 4, after line 19, insert:

"(2) the unmet need for specialized crisis teams trained in cultural competence to work with police to meet crisis mental health needs of immigrants and refugees;"

Page 4, line 20, delete "(2)" and insert "(3)" and delete "clause" and insert "clauses"

Page 4, line 21, after "(1)" insert "and (2)"

Page 4, line 22, delete "(3)" and insert "(4)"

Page 4, line 23, delete "(2)" and insert "(3)"

Renumber the sections in sequence and correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 2457, A bill for an act relating to civil commitment; conforming certain standards; authorizing the court to commit certain persons with mental illnesses to community hospitals; requiring the commissioner of human services to provide a report to the legislature on the mental health system; amending Minnesota Statutes 2000, sections 253B.05, subdivision 2; 253B.07, subdivision 2b; Minnesota Statutes 2001 Supplement, section 253B.09, subdivision 1.

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 122 yeas and 10 nays as follows:

Those who voted in the affirmative were:

Abeler	Dehler	Haas	Kalis	Milbert	Pugh
Abrams	Dempsey	Hackbarth	Kelliher	Molnau	Rhodes
Anderson, B.	Dibble	Harder	Knoblach	Mulder	Rifenberg
Anderson, I.	Dorman	Hausman	Koskinen	Mullery	Rukavina
Bakk	Dorn	Hilstrom	Kubly	Murphy	Ruth
Bernardy	Eastlund	Hilty	Kuisle	Ness	Schumacher
Biernat	Entenza	Holsten	Larson	Nornes	Seagren
Bishop	Erhardt	Howes	Leighton	Opatz	Seifert
Blaine	Erickson	Huntley	Lenczewski	Osskopp	Sertich
Bradley	Evans	Jacobson	Lieder	Osthoff	Skoe
Carlson	Finseth	Jaros	Lipman	Otremba	Skoglund
Cassell	Folliard	Jennings	Mahoney	Ozment	Slawik
Clark, J.	Gleason	Johnson, J.	Mares	Paulsen	Solberg
Clark, K.	Goodno	Johnson, R.	Mariani	Pawlenty	Stanek
Daggett	Goodwin	Johnson, S.	Marko	Paymar	Stang
Davids	Gray	Jordan	Marquart	Pelowski	Swapinski
Davnie	Greiling	Juhnke	McElroy	Penas	Swenson
Dawkins	Gunther	Kahn	McGuire	Peterson	Sykora

Thompson	Vandeveer	Walz	Wilkin	Workman
Tingelstad	Wagenius	Wasiluk	Winter	Spk. Sviggum
Tuma	Walker	Westerberg	Wolf	

Those who voted in the negative were:

Boudreau	Gerlach	Kielkuki	Lindner	Smith
Buesgens	Holberg	Krinkie	Olson	Westrom

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

S. F. No. 2988 was reported to the House.

Davids moved to amend S. F. No. 2988 as follows:

Page 3, delete lines 12 to 17

Page 3, line 18, delete "Subd. 2." and insert "Subdivision 1." and delete the headnote and insert "[LIMITS RELATING TO LOANS.]" and after "state" insert ", except as stated in section 58.137,"

Page 3, lines 19 to 28, delete the new language and reinstate the stricken language

Page 3, line 29, delete "3" and insert "2"

The motion prevailed and the amendment was adopted.

Davids moved to amend S. F. No. 2988, as amended, as follows:

Page 13, line 9, after the period, insert "Sections 30 and 34 of Laws 2002, chapter 330, if enacted, are repealed effective retroactive to their date of enactment, notwithstanding Minnesota Statutes, section 645.26, subdivision 3."

Renumber the sections in sequence and correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 2988, A bill for an act relating to financial institutions; regulating detached facilities, certain charges and fees, and mortgage prepayment penalties; amending Minnesota Statutes 2000, sections 47.20, subdivision 5; 47.204, subdivision 1; 47.21; 47.54, subdivisions 1, 2; 47.59, subdivision 1; 58.04, subdivision 4; 334.01, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 58; 334; repealing Minnesota Statutes 2000, sections 52.17, subdivision 1; 334.021.

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 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dibble	Hilty	Larson	Osskopp	Smith
Abrams	Dorman	Holberg	Leighton	Osthoff	Solberg
Anderson, B.	Dorn	Holsten	Lenczewski	Otremba	Stanek
Anderson, I.	Eastlund	Howes	Lieder	Ozment	Stang
Bakk	Entenza	Huntley	Lindner	Paulsen	Swapinski
Bernardy	Erhardt	Jacobson	Lipman	Pawlenty	Swenson
Biernat	Erickson	Jaros	Mahoney	Paymar	Sykora
Bishop	Evans	Jennings	Mares	Pelowski	Thompson
Blaine	Finseth	Johnson, J.	Mariani	Penas	Tingelstad
Boudreau	Folliard	Johnson, R.	Marko	Peterson	Tuma
Bradley	Gerlach	Johnson, S.	Marquart	Pugh	Vandeveer
Buesgens	Gleason	Jordan	McElroy	Rhodes	Wagenius
Carlson	Goodno	Juhnke	McGuire	Rifenberg	Walker
Cassell	Goodwin	Kahn	Milbert	Rukavina	Walz
Clark, J.	Gray	Kalis	Molnau	Ruth	Wasiluk
Clark, K.	Greiling	Kelliher	Mulder	Schumacher	Westerberg
Daggett	Gunther	Kielkuchi	Mullery	Seagren	Westrom
Davids	Haas	Knoblach	Murphy	Seifert	Wilkin
Davnie	Hackbarth	Koskinen	Ness	Sertich	Winter
Dawkins	Harder	Krinkie	Nornes	Skoe	Wolf
Dehler	Hausman	Kubly	Olson	Skoglund	Workman
Dempsey	Hilstrom	Kuisle	Opatz	Slawik	Spk. Sviggum

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

The Speaker resumed the Chair.

S. F. No. 2592 was reported to the House.

Entenza moved to amend S. F. No. 2592 as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 2763, the first engrossment:

"Section 1. Minnesota Statutes 2000, section 60A.075, is amended to read:

60A.075 [MUTUAL COMPANY CONVERSION TO STOCK COMPANY.]

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, which is the date that the mutual company's board of directors adopts a plan of conversion or some other date specified as the record date in the plan of conversion and approved by the commissioner. Unless otherwise provided in the plan, a person insured under a group policy is not an eligible member, unless on the record date:

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

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

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

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

(b) "Reorganized company" means a Minnesota domestic stock insurance company that has converted from a Minnesota domestic mutual insurance company according to this section.

(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.

(c) (g) "Plan of conversion" or "plan" means a plan adopted by a Minnesota domestic converting mutual insurance company's board of directors under this section to convert the mutual company into a Minnesota domestic stock insurance company.

(d) (h) "Policy" means a policy or contract of insurance issued by a converting mutual company, including an annuity contract, issued by a converting mutual insurer or issued by a stock insurance company subsidiary of a mutual holding company.

(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 twelve 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.

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

(f) "Converting mutual company" means a Minnesota domestic mutual insurance company seeking to convert to a Minnesota domestic stock insurance company according to this section.

(g) (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 policyholders' rights as members of the converting mutual company, including, but not limited to, the rights to vote and to participate in any distributions of surplus distributable net worth, whether or not incident to the company's liquidation.

(i) "Equitable surplus" means the converting mutual company's surplus as regards policyholders as of the record date of the conversion or other date approved by the commissioner determined in a manner that is not unfair or inequitable to policyholders.

(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.

Subd. 2. [AUTHORIZATION.] In accordance with a plan of conversion established and approved in the manner provided by this section: (1) a mutual insurance company may become a stock insurance company according to a plan of conversion established and approved in the manner provided by this section; and (2) a mutual insurance holding company may: (i) become a corporation organized under chapter 302A; (ii) reorganize according to a plan in which a majority or all of the common stock of the reorganized company is acquired by another institution, which may include a subsidiary of the converting mutual holding company; (iii) reorganize as a part of a liquidation or dissolution of the converting mutual holding company; or (iv) undertake any other reorganization or combination of the foregoing approved by the commissioner.

Subd. 3. [ADOPTION OF A PLAN OF CONVERSION BY THE BOARD OF DIRECTORS.] (a) A converting mutual company shall, by the affirmative vote of a majority of its board of directors, adopt a plan of conversion consistent with the requirements of this section.

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

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

Subd. 4. [APPROVAL FILING OF THE PLAN OF CONVERSION BY WITH THE COMMISSIONER.] (a) [DOCUMENTS TO BE FILED.] After adoption of the plan by the converting mutual company's board of directors, but before the members' approval of the plan, The converting mutual company shall file the following documents with the commissioner for review and approval an application for approval of, and permission to reorganize according to, the plan of conversion. The application must include the following:

(1) the plan of conversion, including an independent evaluation of the pro forma market value and of the equitable surplus of the company and of the estimated value of any shares to be issued and an independent actuarial opinion, if required;

- (2) the form of notice of meeting for eligible members to vote on the plan;
 - (3) the form of any proxies to be solicited from eligible members;
 - (4) the proposed articles of incorporation and bylaws of the converted stock company;
 - (5) information required under chapter 60D if the plan results in a change of control of the converting mutual company; ~~and~~
 - (6) a basis for determining the converting mutual company's distributable net worth for use in the plan of conversion;
 - (7) if required by the commissioner, an independent evaluation of the estimated distributable net worth and of the estimated value of any shares to be issued;
 - (8) if required by the commissioner, an independent actuarial opinion on matters affecting the structure or fairness of the plan; and
 - (9) other information or documentation requested by the commissioner or required by rule.
- (b) [REQUIRED FINDINGS DETERMINATION OF COMPLETENESS.] The commissioner shall approve or conditionally approve the plan upon finding that:
- (1) the provisions of this section have been fully met; and
 - (2) the plan will not be unfair or inequitable to policyholders.
- (c) [TIME.] The plan of conversion shall, by order, be approved, conditionally approved, or disapproved by the commissioner within the later of 30 days from the commissioner's receipt of all required information from the converting mutual company or 30 days after the conclusion of a public hearing held according to paragraph (e). An approval or conditional approval of a plan expires if the reorganization is not completed within 180 days after the approval or conditional approval unless this time period is extended by the commissioner for good cause shown. The commissioner shall determine, within 30 days of submission of the application, whether the application is complete.
- (d) [CONSULTANTS.] The commissioner may retain, at the converting mutual company's expense, qualified experts not otherwise a part of the commissioner's staff to assist in reviewing the plan and supplemental materials and valuations.

(e) [HEARING.] The commissioner may, but need not, conduct a public hearing regarding the proposed plan of conversion. ~~The hearing must begin no later than 30 days after submission to the commissioner of a plan of conversion and all required information. The commissioner shall give the converting mutual company at least 20 days' notice of the hearing. At the hearing, the converting mutual company, its policyholders, and any other person whose interest may be affected by the proposed conversion may present evidence, examine and cross-examine witnesses, and offer oral and written arguments or comments according to the procedure for contested cases under chapter 14. The persons participating may conduct discovery proceedings in the same manner as prescribed for the district courts of this state. All discovery proceedings must be concluded no later than three days before the scheduled commencement date of the public hearing. If a hearing is to be held, the commissioner shall designate a date for the public hearing promptly upon determining that the application is complete and that the forms of notice are adequate. The public hearing must be held on one or more days, the first beginning within 90 days after the date on which the commissioner determines the application is complete, unless the converting mutual company requests, and the commissioner agrees to, a longer period for the purpose of preparing and distributing the notices required by this paragraph and by subdivision 5, paragraph (b). The hearing must be in the nature of a legislative hearing and must not constitute or be considered a contested case under chapter 14. The hearing may be conducted by the commissioner or by a person designated by the commissioner, which designee may be an administrative law judge.~~

The converting mutual company shall provide its eligible members with at least 45 days' notice of the hearing, the notice to be in the form, and provided in a manner, approved by the commissioner. The purpose of the hearing is to receive comments and information for the purpose of aiding the commissioner in making a decision on the plan of conversion. Persons wishing to make comments and submit information may submit written statements before the public hearing and may appear and be heard at the hearing. The commissioner's order or determination must be issued within 45 days after the closing of the record of the hearing by the commissioner or the hearing officer, as applicable, which record must not be closed until the record includes certification of the vote on the plan of reorganization by the eligible members by the converting mutual company. The commissioner shall issue a written decision detailing the reasons why the converting mutual company's plan of conversion is approved or disapproved.

(e) The commissioner shall approve the application and permit the reorganization according to the plan of conversion if the commissioner finds that: (1) the provisions of this section have been fully met; and (2) the plan is not unfair or inequitable to the members of the converting mutual company. The commissioner's order approving or disapproving a plan of conversion is a final agency decision subject to appeal according to sections 14.63 to 14.68.

Subd. 5. [APPROVAL OF THE PLAN BY THE ELIGIBLE MEMBERS.] (a) [NOTICE.] Following approval or conditional approval of the plan by the commissioner, Within 90 days following the date of the public hearing, if any, or the date the commissioner determines the application is complete if no hearing is held, the converting mutual company shall give all eligible members shall be given notice of a regular or special meeting of the policyholders members called for the purpose of considering the plan and any corporate actions that are a part of, or are reasonably attendant to, the accomplishment of the plan.

(b) [NOTICE REQUIRED REQUIREMENTS.] A copy of the plan or a summary of the plan must accompany the notice. The notice must be mailed to each eligible member's last known address, as shown on the converting mutual company's records, within not less than 45 days of before the commissioner's approval of the plan date of the meeting, unless the commissioner directs an earlier a later date for mailing. The meeting to vote upon the plan must be set for a date no less than 45 days after the date when the notice of the meeting is mailed by the converting mutual company unless the commissioner directs an earlier date for the meeting. If the meeting to vote upon the plan is held coincident with the converting mutual company's annual meeting of policyholders members, only one combined notice of meeting is required. The notice of the meeting of eligible members may be combined with the notice of hearing described in subdivision 4, paragraph (d).

(c) [FAILURE TO GIVE NOTICE.] If the converting mutual company complies substantially and in good faith with the notice requirements of this section, the converting mutual company's failure to give any member or members any required notice does not impair the validity of any action taken under this section.

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

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

(3) The number of votes each eligible member may cast shall be determined by the converting mutual company's bylaws. If the bylaws are silent, or if the commissioner determines that the voting requirements under the bylaws would be unfair or would prejudice the rights of the eligible members, each eligible member may cast one vote.

Subd. 6. [CONVERSION.] (a) [FILING.] Following approval by the eligible members, the converting mutual company shall file a copy of the company's amended or restated articles of incorporation with the commissioner, together with a certified copy of the minutes of the meeting at which the plan was adopted and a certified copy of the plan. The commissioner shall review and, if appropriate, approve the amended or restated articles. After approval by the commissioner, the a converting mutual company insurer shall file the articles with the secretary of state as provided by chapter 300, or a converting mutual holding company shall file the articles with the secretary of state as provided by chapter 302A.

(b) [EFFECTIVE DATE.] Effective ~~The reorganization of a converting mutual company is effective on the date of filing an amendment or restatement of the articles of incorporation with the secretary of state as provided by chapter 300, or on a later date if the plan so specifies, the converting mutual corporation shall become a stock corporation and shall no longer be a mutual corporation.~~

Subd. 7. [PLAN NOT UNFAIR OR INEQUITABLE.] A plan of conversion shall not be unfair or inequitable to ~~policyholders members~~. A plan of conversion is not unfair or inequitable if it satisfies the conditions of subdivision 8; or 9, or 10. The commissioner may determine ~~that a plan proposed under subdivision 10 or that any other plan proposed by a converting mutual company under subdivision 12 is not unfair or inequitable to policyholders members~~.

Subd. 8. [SHARE CONVERSION.] A plan of conversion under this subdivision shall provide for exchange of ~~policyholders' membership interests in return for shares in the reorganized company or a permitted issuer, according to paragraphs (a) to (c), and shall provide for the reasonable dividend expectations of policyholders of active participating policies as set forth in subdivision 16a.~~

(a) The ~~policyholders' membership interests of the eligible members~~ shall be exchanged, ~~in a manner that takes into account the estimated proportionate contribution of equitable surplus of each class of participating policies and contracts, for all of the common shares of the reorganized company or common shares of its parent company or a permitted issuer, or for a combination of the common shares of the reorganized company or a permitted issuer, or for a combination of: (1) common shares of its parent the reorganized company or a permitted issuer; and (2) consideration equal to the proceeds of the public sale in the market of the common shares by the issuer or by a trust established according to subdivision 11. The consideration must be allocated among the eligible members in a manner that takes into account the estimated proportionate contribution of each class of eligible members to the aggregate consideration being given.~~

(b) Unless the anticipated issuance within a shorter period is disclosed in the plan of conversion, the issuer of common shares shall not, within two years after the effective date of reorganization, issue either of the following:

(1) any of its common shares or any securities convertible with or without consideration into the common shares or carrying any warrant to subscribe to or purchase common shares; and

(2) any warrant, right, or option to subscribe to or purchase the common shares or other securities described in paragraph (a), except for the issue of common shares to or for the benefit of ~~policyholders eligible members~~ according to the plan of conversion and the issue of nontransferable subscription rights for the purchase of common shares being granted to officers, directors, or a tax qualified employee benefit plan of the reorganized company or its parent company, if any, or a permitted issuer, according to subdivision 11.

(c) Unless the common shares have a public market when issued, the issuer shall use its best efforts to encourage and assist in the establishment of a public market for the common shares within two years of the effective date of the conversion or a longer period as disclosed in the plan of conversion. Within one year after any offering of stock other than the initial distribution, but no later than six years after the effective date of the conversion, the reorganized company shall offer to make available to ~~policyholders eligible members~~ who received and retained shares of common stock or securities described in paragraph (b), clause (1), a procedure to dispose of those shares of stock at market value without brokerage commissions or similar fees.

Subd. 9. [SURPLUS DISTRIBUTION OF DISTRIBUTABLE NET WORTH.] A plan of conversion under this subdivision shall provide for the exchange of the ~~policyholders' membership interests of the eligible members in return for the operation a distribution of the converting mutual company's participating policies as a closed block of business and for the distribution of the company's equitable surplus to policyholders; distributable net worth and shall provide for the issuance of new shares of the reorganized company or its parent corporation, each according to paragraphs (a) to (i) or a permitted issuer, and shall provide for the reasonable expectations of policyholders of active participating policies as set forth in subdivision 16a.~~

(a) The converting mutual company's participating business, comprised of its participating policies and contracts in force on the effective date of the conversion or other reasonable date as provided in the plan, shall be operated by the reorganized company as a closed block of participating business. However, at the option of the converting mutual company, group policies and group contracts may be omitted from the closed block.

(b) Assets of the converting mutual company must be allocated to the closed block of participating business in an amount equal to the reserves and liabilities for the converting mutual life insurer's participating policies and contracts in force on the effective date of the conversion. The plan must be accompanied by an opinion of an independent qualified actuary who meets the standards set forth in the insurance laws or regulations for the submission of actuarial opinions as to the adequacy of reserves or assets. The opinion must relate to the adequacy of the assets allocated to support the closed block of business. The actuarial opinion must be based on methods of analysis considered appropriate for those purposes by the Actuarial Standards Board.

(c) The reorganized company shall keep a separate accounting for the closed block and shall make and include in the annual statement to be filed with the commissioner each year a separate statement showing the gains, losses, and expenses properly attributable to the closed block.

(d) Notwithstanding the establishment of a closed block, the entire assets of the reorganized company shall be available for the payment of benefits to policyholders. Payment must first be made from the assets supporting the closed block until exhausted, and then from the general assets of the reorganized company.

(e) (a) Distributions by the converting mutual company's equitable surplus company under this subdivision shall be distributed to eligible participating policyholders members in a form or forms selected by the converting mutual company. The form of distribution may consist of cash, securities of the reorganized company, securities of another institution, a certificate of contribution, additional life insurance, annuity benefits, increased dividends, reduced premiums, or other equitable consideration or any combination of forms of consideration. The consideration, if any, given to a class or category of policyholders eligible members may differ from the consideration given to another class or category of policyholders eligible members. A certificate of contribution must be repayable in ten years, be equal to 100 percent of the value of the policyholders' eligible members' membership interest, and bear interest at the highest rate charged by the reorganized company or its insurance company subsidiary for policy loans on the effective date of the conversion.

(f) (b) The consideration must be allocated among the policyholders eligible members in a manner that is fair and equitable to the policyholders and that takes into account the estimated proportionate contribution of each class of eligible members to the aggregate consideration being given.

(g) (c) The reorganized company or its parent corporation shall issue and sell shares of one or more classes having a total price equal to the estimated value in the market of the shares on the initial offering date. The estimated value must take into account all of the following:

- (1) the pro forma fair market value of the reorganized company;
- (2) the consideration to be given to policyholders according to paragraph (e) (a);
- (3) the proceeds of the sale of the shares; and

(4) any additional value attributable to the shares as a result of a purchaser or a group of purchasers who acted in concert to obtain shares in the initial offering, attaining, through such purchase, control of the reorganized company or its parent corporation.

(h) (d) If a purchaser or a group of purchasers acting in concert is to attain control in the initial offering, the converting mutual company shall not, directly or indirectly, pay for any of the costs or expenses of conversion of the converting mutual company, whether or not the conversion is effected, except with permission of the commissioner.

(f) Periodically, with the commissioner's approval, the reorganized company may share in the profits of the closed block of participating business for the benefit of stockholders if the assets allocated to the closed block are in excess of those necessary to support the closed block.

Subd. 10. [SUBSCRIPTION RIGHTS.] A plan of conversion under this subdivision shall provide for exchange of the ~~policyholders' eligible members'~~ membership interests in return for the ~~operation of the converting mutual company's participating policies as a closed block of business protection of the reasonable dividend expectations of the policyholders of active participating policies~~, for the creation of a liquidation account to protect the interests of ~~policyholders, and eligible members~~, for the issuance of subscription rights to eligible ~~policyholders members~~, and shall provide for the issuance of shares by the reorganized company, each according to paragraphs (a) to (j).

(a) The ~~converting mutual company's participating business, comprised of its participating policies and contracts in force on the effective date of the conversion, or such other reasonable date specified in the plan, and excluding at the converting mutual company's option any group policies or group contracts, shall be operated by the reorganized company as a closed block of participating business according to subdivision 9, paragraphs (a) to (d) plan of conversion shall provide for the protection of the reasonable dividend expectations of policyholders of active participating policies as provided in subdivision 16a.~~

(b) The reorganized company or its parent corporation or a permitted issuer shall issue and sell shares of one or more classes having a total price equal to the estimated value of the shares in the market on the initial offering date taking into account the proceeds of the sale of shares and the consideration given to ~~policyholders eligible members~~.

(c) The ~~policyholders eligible members~~ shall receive nontransferable preemptive subscription rights to purchase all of the common shares of the issuer according to paragraph (b).

(d) The preemptive subscription rights to purchase the common shares must be allocated among the ~~participating policyholders eligible members~~ in whole shares in a ~~fair and equitable manner and as provided in the plan that takes, taking into account the estimated proportionate contribution of each class of participating policies and contracts eligible members to the total amount of the policyholders' eligible members' consideration~~. The plan must provide a fair and equitable means for the allocation of shares in the event of an oversubscription. The plan must further provide that any shares of capital stock not subscribed by eligible members ~~must may~~ be sold in a public offering through an underwriter, unless the number of shares unsubscribed is so small in number so as not to warrant the expense of a public offering, in which case the plan may provide for the purchase of the unsubscribed shares by private placement or through any fair and equitable alternative means approved by the commissioner.

(e) The number of the common shares that a person, together with any affiliates or group of persons acting in concert, may subscribe or purchase in the reorganization, must be limited to not more than five percent of the common shares. For this purpose, neither the members of the board of directors of the reorganized company nor its parent corporation, if any, ~~is are~~ considered to be affiliates or a group of persons acting in concert solely by reason of their board membership.

(f) Unless the common shares have a public market when issued, officers and directors of the issuer and their affiliates shall not, for at least three years after the date of conversion, purchase common shares of the issuer, except with the approval of the commissioner.

(g) Unless the common shares have a public market when issued, the issuer shall use its best efforts to encourage and assist in the establishment of a public market for the common shares.

(h) The issuer shall not, for at least three years following the conversion, repurchase any of its common shares except according to a pro rata tender offer to all shareholders, or with the approval of the commissioner.

(i) A liquidation account must be established for the benefit of ~~policyholders eligible members~~ in the event of a complete liquidation of the reorganized company. The liquidation account must be equal to the ~~equitable surplus distributable net worth~~ of the converting mutual company as of the effective date of the conversion. The function

of the liquidation account is solely to establish a priority on liquidation and its existence does not restrict the use or application of the surplus distributable net worth of the reorganized company except as specified in paragraph (j). The liquidation account must be allocated equitably as of the effective date of conversion among the then participating policyholders eligible members. The amount allocated to a policy or contract an eligible member must not increase and must be reduced to zero when the policy or contract giving rise to the membership interests of the owner terminates. In the event of a complete liquidation of the reorganized company, the policyholders eligible members among which the liquidation account is allocated are entitled to receive a liquidation distribution in the amount of the liquidation account before any liquidation distribution is made with respect to shares.

(j) Until the liquidation account has been reduced to zero, the issuer reorganized company shall not declare or pay a cash dividend on, or repurchase any of, its common shares in (i) in case of a converting mutual insurer, in an amount in excess of its cumulative earned surplus generated after the conversion determined according to statutory accounting principles, or (ii) in the case of a converting mutual holding company, in an amount in excess of its retained earnings, if the effect would be to cause the amount of the statutory surplus distributable net worth of the reorganized company to be reduced below the then amount of the liquidation account.

Subd. 11. [OPTIONAL PROVISIONS.] A plan under subdivision 8, 9, or 10 may include, with the approval of the commissioner, any of the provisions in paragraphs (a) and (b).

(a) A plan may provide that any shares of the stock of the reorganized company or its parent corporation or a permitted issuer included in the policyholders' eligible members' consideration must be placed on the effective date of the conversion in a trust or other entity existing for the exclusive benefit of the participating policyholders eligible members and established solely for the purposes of effecting the reorganization. Under this option, the shares placed in trust must be sold over a period of not more than ten 40 years and the proceeds of the shares must be distributed using the distribution priorities prescribed in the plan. Eligible members shall have the option to sell their shares at any time following the date specified in the plan, which date may not be later than two years following the effective date of the plan.

(b) A plan may provide that the directors and officers of the converting mutual company shall receive, without payment, nontransferable subscription rights to purchase capital stock of the reorganized company, its parent, or a permitted issuer. Those subscription rights must be allocated among the directors and officers by a fair and equitable formula.

(1) The total number of shares that may be purchased under this clause, may not exceed 35 percent of the total number of shares to be issued in the case of a converting mutual company with total assets of less than \$50,000,000 or 25 percent of the total shares to be issued in the case of a converting mutual company with total assets of more than \$500,000,000. For converting mutual companies with total assets between \$50,000,000 and \$500,000,000, the total number of shares that may be purchased may not exceed an interpolated percentage between 25 and 35 percent.

(2) Stock purchased by a director or officer under clause (1) may not be sold within one year following the effective date of the conversion.

(3) The plan may also provide that a director or officer, or person acting in concert with a director or officer of the converting mutual company, may not acquire any capital stock of the reorganized company for three years after the effective date of the conversion, except through a licensed securities broker or dealer, without the permission of the commissioner. That provision may not apply to prohibit the directors and officers from purchasing stock through subscription rights received in the plan under clause (1).

(c) A plan may allocate to a tax-qualified employee benefit plan nontransferable subscription rights to purchase up to ten percent of the capital stock of the reorganized company, its parent, or a permitted issuer. The employee benefit plan must be entitled to exercise its subscription rights regardless of the amount of shares purchased by other persons. A plan may provide that the directors and officers of the converting mutual company may receive warrants, options, or nontransferable subscription rights to purchase capital stock of the reorganized company or its parent or a permitted issuer.

(c) A plan may provide that only eligible members whose policies were in force as of a specified date are eligible to receive compensation under the plan, which date must be no earlier than one year before the effective date of the plan.

Subd. 12. [ALTERNATIVE PLAN OF CONVERSION.] In lieu of selecting a plan of conversion provided for in ~~this section subdivision 8, 9, or 10~~, the converting mutual company may convert according to a plan approved by the commissioner if the commissioner finds that the plan does not prejudice the interests of the ~~eligible~~ members, is fair and equitable, and is based upon ~~an independent appraisal of the market value of the mutual company by a qualified person~~ the fair market value of the converting mutual company, and is a fair and equitable allocation of any consideration to be given eligible members. The commissioner may retain, at the converting mutual company's expense, any qualified expert not otherwise a part of the commissioner's staff to assist in reviewing the fair market value of the company and in determining whether the alternative plan may be approved and the valuation of the company.

Subd. 13. [EFFECT OF CONVERSION.] (a) Upon the conversion of a converting mutual company to a reorganized company according to this section, the corporate existence of the converting mutual company ~~must be~~ is continued in the reorganized company. All the rights, franchises, and interests of the converting mutual company in and to all property and things in action belonging to this property, is considered transferred to and vested in the reorganized company without any deed or transfer. Simultaneously, the reorganized company is considered to have assumed all the obligations and liabilities of the converting mutual company.

(b) The directors and officers of the converting mutual company, unless otherwise specified in the plan of conversion, shall serve as directors and officers of the reorganized company until new directors and officers of the reorganized company are duly elected according to the articles of incorporation and bylaws of the reorganized company.

(c) All policies in force on the effective date of the conversion continue to remain in force under the terms of those policies, except that any voting rights of the ~~policyholders~~ members provided for under the policies are extinguished on the effective date of the conversion.

(d) All membership interests in the converting mutual company are extinguished on the effective date of a conversion.

Subd. 14. [CONFLICT OF INTEREST.] No director, officer, agent, employee of the converting mutual company, or any other person shall receive a fee, commission, or other valuable consideration, other than the person's usual regular salary and compensation, for in any manner aiding, promoting, or assisting in the conversion except as set forth in the plan approved by the commissioner. This provision does not prohibit the payment of reasonable fees and compensation to attorneys, accountants, investment bankers, and actuaries for services performed in the independent practice of their professions.

Subd. 15. [COSTS AND EXPENSES.] All the costs and expenses connected with a plan of conversion must be paid for or reimbursed by the converting mutual company or the reorganized company except where the plan provides otherwise.

Subd. 16. [LIMITATION OF ACTIONS.] (a) An action challenging the validity of or arising out of acts taken or proposed to be taken according to this section must be commenced within 180 days after the effective date of the conversion.

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

Subd. 16a. [CONTINUANCE OF PARTICIPATING POLICY DIVIDENDS.] (a) To the extent required by this section, the plan of reorganization of a converting mutual insurer that is a mutual life insurance company or of a converting mutual holding company that has a life insurance company subsidiary shall make adequate provision for the protection of the reasonable dividend expectations of the policyholders of active participating policies, either through the establishment of a closed block or other method acceptable by the commissioner.

(b) A closed block must be operated as follows:

(1) The converting mutual company's active participating policies may be operated by the reorganized company as a closed block of participating business.

(2) Assets must be allocated to the closed block of participating business in an amount that ensures that the assets, together with the anticipated revenue from the closed block, are reasonably expected to be sufficient to permit the closed block to pay all policy benefits, including dividends according to the current dividend scale, and other items as appropriate. The plan must be accompanied by an opinion of an independent qualified actuary who meets the standards set forth in the insurance laws or rules for the submission of actuarial opinions as to the adequacy of reserves or assets. The opinion must relate to the adequacy of the assets allocated to support the closed block of business. The actuarial opinion must be based on methods of analysis considered appropriate for those purposes by the actuarial standards board.

(3) The reorganized company shall keep a separate accounting for the closed block and shall make and include in the annual statement to be filed with the commissioner each year a separate statement showing the gains, losses, and expenses properly attributable to the closed block.

(4) The closed block must be reviewed periodically by an independent, qualified actuary for compliance with the requirements of the plan and this subdivision and a copy of the report must be provided to the commissioner and the reorganized company.

(5) Notwithstanding the establishment of a closed block, the entire assets of the company that issued the policies must be available for the payment of benefits to policyholders. Payment must first be made from the assets supporting the closed block until exhausted, and then from the general assets of the company which issued the policies.

Subd. 17. [SUPERVISORY CONVERSIONS.] The commissioner may waive or alter any of the requirements of this section to protect the interests of policyholders or members if the converting mutual company is subject to the commissioner's administrative supervision under chapter 60G or rehabilitation under chapter 60B.

Subd. 18. [POSTCONVERSION ACQUISITION.] Prior to and for a period of five three years following the date when the distribution of consideration to the eligible members in exchange for their membership interests is completed under a plan of conversion according to this section, no person other than the reorganized company shall directly or indirectly acquire or offer to acquire in any manner ownership or beneficial ownership of ten percent or more of any class of voting security of the reorganized company, or of any affiliate of the reorganized company which controls, directly or indirectly, a majority of the voting power of the reorganized company, without the prior approval of the commissioner. For the purposes of this subdivision, the terms "affiliate" and "person" have the meanings given in section 60D.15, and the term "reorganized company" includes any successor of the reorganized company.

Sec. 2. Minnesota Statutes 2000, section 60A.09, subdivision 5, is amended to read:

Subd. 5. [REINSURANCE.] (1) [DEFINITIONS.] For the purposes of this subdivision, the word "insurer" shall be deemed to include the word "reinsurer," and the words "issue policies of insurance" shall be deemed to include the words "make contracts of reinsurance."

(2) [REINSURANCE OF MORE THAN 50 PERCENT OF INSURANCE LIABILITIES.] Any contract of reinsurance whereby an insurer cedes more than 50 percent of the total of its outstanding insurance liabilities shall, if such insurer is incorporated by or, if an insurer of a foreign country, has its principal office in this state, be subject to the approval, in writing, by the commissioner.

(3) ~~[FACTUAL UNEARNED PREMIUM RESERVE TO BE CARRIED AS LIABILITY.] Nothing in this subdivision shall be deemed to permit the ceding insurer to receive, through the cession of the whole of any risk or risks, any advantage in respect to its unearned premium reserve that would reduce the same below the actual amount thereof.~~

(4) [AIRCRAFT RISKS.] An insurer authorized to transact the business specified in section 60A.06, subdivision 1, clauses (4) and (5)(a), may through reinsurance assume any risk arising from, related to, or incident to the manufacture, ownership, or operation of aircraft and may retrocede any portion thereof; provided, however, that no insurer may undertake any such reinsurance business without the prior approval of the commissioner and such reinsurance business shall be subject to any regulations which may be promulgated by the commissioner. Any such reinsurance business may be provided through pooling arrangements with other insurers for purposes of spreading the insurance risk.

Sec. 3. Minnesota Statutes 2001 Supplement, section 79.56, subdivision 3, is amended to read:

Subd. 3. [PENALTIES.] (a) Any insurer using a rate or a rating plan which has not been filed shall be subject to a fine of up to \$100 for each day the failure to file continues. The commissioner may, after a hearing on the record, find that the failure is willful. A willful failure to meet filing requirements shall be punishable by a fine of up to \$500 for each day during which a willful failure continues. These penalties shall be in addition to any other penalties provided by law.

(b) Notwithstanding this subdivision, an employer that generates \$250,000 in annual written workers' compensation premium under the rates and rating plan of an insurer before the application of any large deductible rating plans, may be written by that insurer using rates or rating plans that are not subject to disapproval but which have been filed. For the purposes of this paragraph, written workers' compensation generated from states other than Minnesota are included in calculating the \$250,000 threshold."

Delete the title and insert:

"A bill for an act relating to insurance; authorizing the reorganization of a mutual insurance holding company into a stock company; modifying accounting provisions for certain ceding transactions; modifying workers' compensation rating plan threshold calculations; amending Minnesota Statutes 2000, sections 60A.075; 60A.09, subdivision 5; Minnesota Statutes 2001 Supplement, section 79.56, subdivision 3."

The motion prevailed and the amendment was adopted.

Entenza, McElroy and Davids moved to amend S. F. No. 2592, as amended, as follows:

Page 23, after line 15, insert:

"Sec. 3. Minnesota Statutes 2001 Supplement, section 60A.14, subdivision 1, is amended to read:

Subdivision 1. [FEES OTHER THAN EXAMINATION FEES.] In addition to the fees and charges provided for examinations, the following fees must be paid to the commissioner for deposit in the general fund:

(a) by township mutual fire insurance companies:

(1) for filing certificate of incorporation \$25 and amendments thereto, \$10;

(2) for filing annual statements, \$15;

- (3) for each annual certificate of authority, \$15;
- (4) for filing bylaws \$25 and amendments thereto, \$10.
- (b) by other domestic and foreign companies including fraternals and reciprocal exchanges:
- (1) for filing certified copy of certificate of articles of incorporation, \$100;
- (2) for filing annual statement, \$225;
- (3) for filing certified copy of amendment to certificate or articles of incorporation, \$100;
- (4) for filing bylaws, \$75 or amendments thereto, \$75;
- (5) for each company's certificate of authority, \$575, annually.
- (c) the following general fees apply:
- (1) for each certificate, including certified copy of certificate of authority, renewal, valuation of life policies, corporate condition or qualification, \$25;
- (2) for each copy of paper on file in the commissioner's office 50 cents per page, and \$2.50 for certifying the same;
- (3) for license to procure insurance in unadmitted foreign companies, \$575;
- (4) for valuing the policies of life insurance companies, one cent per \$1,000 of insurance so valued, provided that the fee shall not exceed \$13,000 per year for any company. The commissioner may, in lieu of a valuation of the policies of any foreign life insurance company admitted, or applying for admission, to do business in this state, accept a certificate of valuation from the company's own actuary or from the commissioner of insurance of the state or territory in which the company is domiciled;
- (5) for receiving and filing certificates of policies by the company's actuary, or by the commissioner of insurance of any other state or territory, \$50;
- (6) for each appointment of an agent filed with the commissioner, \$10;
- (7) for filing forms and rates, \$75 per filing, to be paid on a quarterly basis in response to an invoice. Billing and payment may be made electronically;
- (8) for annual renewal of surplus lines insurer license, \$300;
- (9) \$250 filing fee for a large risk alternative rating option plan that meets the \$250,000 threshold requirement.

The commissioner shall adopt rules to define filings that are subject to a fee."

Page 23, line 33, after "compensation" insert "premiums"

Page 23, line 35, before the period, insert "for large risk alternative rating option plans.

Sec. 5. [APPROPRIATION.]

\$70,000 is appropriated from the general fund to the commissioner of commerce for the purpose of verifying premiums in order to certify the \$250,000 premium threshold under Minnesota Statutes, section 79.56, subdivision 3.

Sec. 6. [EFFECTIVE DATE.]

Sections 3 to 5 are effective the day following final enactment"

Renumber the sections in sequence and correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 2592, A bill for an act relating to insurance; authorizing the reorganization of a mutual insurance holding company into a stock company; modifying accounting provisions for certain ceding transactions; amending Minnesota Statutes 2000, sections 60A.075; 60A.09, subdivision 5.

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 123 yeas and 9 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holsten	Lenczewski	Paulsen	Stang
Abrams	Dorn	Howes	Lieder	Pawlenty	Swapinski
Anderson, I.	Eastlund	Huntley	Lindner	Paymar	Swenson
Bakk	Entenza	Jacobson	Mahoney	Pelowski	Sykora
Bernardy	Erhardt	Jaros	Mares	Penas	Thompson
Biernat	Erickson	Jennings	Mariani	Peterson	Tingelstad
Bishop	Evans	Johnson, J.	Marko	Pugh	Tuma
Blaine	Finseth	Johnson, R.	Marquart	Rhodes	Wagenius
Boudreau	Foliard	Johnson, S.	McElroy	Rifenberg	Walker
Bradley	Gleason	Jordan	McGuire	Rukavina	Walz
Carlson	Goodno	Juhnke	Milbert	Ruth	Wasiluk
Cassell	Goodwin	Kahn	Molnau	Schumacher	Westerberg
Clark, J.	Gray	Kalis	Mullery	Seagren	Westrom
Clark, K.	Greiling	Kelliher	Murphy	Seifert	Wilkin
Daggett	Gunther	Kielkucki	Ness	Sertich	Winter
Davids	Haas	Knoblach	Nornes	Skoe	Wolf
Davnie	Hackbarth	Koskinen	Opatz	Skoglund	Workman
Dawkins	Harder	Kubly	Osskopp	Slawik	Spk. Sviigum
Dehler	Hausman	Kuisle	Osthoff	Smith	
Dempsey	Hilstrom	Larson	Otremba	Solberg	
Dibble	Hilty	Leighton	Ozment	Stanek	

Those who voted in the negative were:

Anderson, B. Buesgens	Gerlach Holberg	Krinkie Lipman	Mulder Olson	Vandeveer
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The bill was passed, as amended, and its title agreed to.

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

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 3163:

Lipman, Wilkin and Dawkins.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 3359:

Abeler, Davids and Huntley.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 2363:

Davids, Stang and Entenza.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 3384:

Rhodes, Seifert and Mahoney.

MOTIONS AND RESOLUTIONS

Entenza moved that the name of Clark, K., be added as an author on H. F. No. 2710. The motion prevailed.

Anderson, B., moved that his name be stricken as an author on H. F. No. 3270. The motion prevailed.

Kielkucki moved that his name be stricken as an author on H. F. No. 3270. The motion prevailed.

Clark, J., moved that H. F. No. 3402 be returned to its author. The motion prevailed.

ADJOURNMENT

Pawlenty moved that when the House adjourns today it adjourn until 10:00 a.m., Tuesday, April 9, 2002. The motion prevailed.

Pawlenty moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 10:00 a.m., Tuesday, April 9, 2002.

EDWARD A. BURDICK, Chief Clerk, House of Representatives