

misdemeanor. The provisions of this section shall not apply to physicians carrying drugs or introducing any of the above described liquors into such facilities for use in the practice of their profession; nor to sheriffs or other peace officers carrying revolvers or firearms as such officers in the discharge of duties.

Subd. 2. The chief executive officer of any state correctional facility may, under rules prescribed by the commissioner of corrections, provide for the search of all persons admitted into the facility or upon the grounds thereof. The head of any state hospital may, under rules prescribed by the commissioner of public welfare, provide for the search of all persons admitted into the hospital or upon the grounds thereof. Any contraband as described in subdivision 1 is subject to confiscation by the chief executive officer of the a facility or the head of a hospital.

Subd. 3. As used in this section, "state hospital" or "hospital" means any state operated facility, or hospital under the authority of the commissioner of public welfare for (a) mentally ill, mentally deficient, or inebriate persons, (b) sex offenders, or (c) persons with psychopathic personalities.

Sec. 2. This act is effective the day following final enactment and applies to crimes committed after that date.

Approved March 28, 1980

CHAPTER 391—S.F.No. 1796

An act relating to economic development; regulating development loans to Indians; amending Minnesota Statutes 1978, Section 362.40, Subdivisions 2 and 8; Minnesota Statutes, 1979 Supplement, Section 362.40, Subdivision 9; repealing Minnesota Statutes 1978, Section 362.40, Subdivision 3.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1978, Section 362.40, Subdivision 2, is amended to read:

Subd. 2. "Indian" means a person of one-quarter or more Indian blood and who is an enrolled member of a Minnesota based band or tribe.

Sec. 2. Minnesota Statutes 1978, Section 362.40, Subdivision 8, is amended to read:

Subd. 8. The remaining 20 percent of the tax revenue received by the county auditor under section 273.13, subdivision 2a shall be remitted by the county auditor to the state treasurer and shall be deposited in the general fund in special accounts identified as "reservation residents loan accounts" and a "nonreservation residents loan account". The amount to be credited to each reservation residents loan account shall be that percentage of the amount received

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from all the counties pursuant to subdivision 8 as the number of Indians living on such reservation bears to all the Indians in Minnesota, ~~according to the census as~~ said percentage is determined by the department of economic development. The amount remaining shall be credited to the nonreservation residents loan account. The amounts credited to each of these special accounts shall be used solely for making loans to Indians, in the manner provided by subdivisions 9 and 10.

Sec. 3. Minnesota Statutes, 1979 Supplement, Section 362.40, Subdivision 9, is amended to read:

Subd. 9. A reservation resident desiring a loan for the purpose of starting a business enterprise, expanding an existing business, or for technical and management assistance, shall make application to the state department of economic development. The department shall prescribe the necessary forms and advise the prospective borrower as to the conditions under which his application may be expected to receive favorable consideration. The tribal council shall recommend to the department that the loan be accepted or rejected. The department shall approve or reject the application taking the tribal council recommendation into consideration. If the application is approved, the department shall forward the application, together with all relevant documents pertinent thereto, to the commissioner of finance, who shall draw his warrant in favor of the tribal council with appropriate notations identifying the borrower. The tribal council shall thereafter reimburse suppliers and vendors for purchases of equipment, real estate and inventory made by the borrower pursuant to the conditions or guidelines established by the state department of economic development. The tribal council shall maintain records of transactions for each borrower in a manner consistent with good accounting practice. Simple interest at two percent of the amount of the debt owed shall be charged. When any portion of a debt is repaid, the tribal council shall remit the amount so received plus interest paid thereon to the state treasurer through the department of economic development. The amount so received shall be credited to such reservation residents loan account. The tribal council shall secure a fidelity bond from a surety company, in favor of the state treasurer, in an amount equal to the maximum amount to the credit of such reservation residents loan account during the fiscal year. Additional money equal to ten percent of the total amount made available to any tribal council during the fiscal year shall be paid to such council prior to December 31 for the purpose of financing administrative costs.

Sec. 4. Minnesota Statutes 1978, Section 362.40, Subdivision 3 is repealed.

Approved March 28, 1980

CHAPTER 392—S.F.No. 1892

An act relating to workers' compensation; allowing flexibility in election of insurance coverage for certain businesses, partnerships and corporations; amending Minnesota Statutes, 1979 Supplement, Section 176.012.

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