

STATE OF MINNESOTA
SEVENTY-EIGHTH SESSION -- 1993

THIRTY-EIGHTH DAY

SAINT PAUL, MINNESOTA, MONDAY, APRIL 19, 1993

The House of Representatives convened at 2:30 p.m. and was called to order by Dee Long, Speaker of the House.

Prayer was offered by Father Ted Hottinger, St. Peter and Paul Catholic Church, Mankato, 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:

Abrams	Davids	Holsten	Leppik	Nelson	Rest	Van Dellen
Anderson, I.	Dawkins	Hugoson	Lieder	Ness	Rhodes	Vellenga
Anderson, R.	Dehler	Huntley	Limmer	Olson, E.	Rice	Vickerman
Asch	Delmont	Jacobs	Lindner	Olson, K.	Rodosovich	Wagenius
Battaglia	Dempsey	Jaros	Lourey	Olson, M.	Sarna	Waltman
Bauerly	Dorn	Jefferson	Luther	Onnen	Seagren	Weaver
Beard	Erhardt	Jennings	Lynch	Opatz	Sekhon	Wejcman
Bergson	Evans	Johnson, A.	Macklin	Orenstein	Simoneau	Welle
Bertram	Farrell	Johnson, R.	Mahon	Orfield	Skoglund	Wenzel
Bettermann	Frerichs	Johnson, V.	Mariani	Osthoff	Smith	Winter
Bishop	Garcia	Kahn	McCollum	Ostrom	Solberg	Wolf
Blatz	Goodno	Kalis	McGuire	Ozment	Sparby	Worke
Brown, K.	Greenfield	Kelley	Milbert	Pauly	Stanius	Workman
Carlson	Greiling	Kelso	Molnau	Pawlenty	Steensma	Spk. Long
Carruthers	Gruenes	Kinkel	Morrison	Pelowski	Sviggum	
Clark	Gutknecht	Klinzing	Mosel	Perlt	Swenson	
Comumers	Hasskamp	Knickerbocker	Munger	Peterson	Tompkins	
Cooper	Haukoos	Koppendrayner	Murphy	Pugh	Trimble	
Dauner	Hausman	Lasley	Neary	Reding	Tunheim	

A quorum was present.

Brown, C.; Girard; Krinkie; Krueger; Rukavina and Tomassoni were excused.

The Chief Clerk proceeded to read the Journals of the preceding days. Mahon moved that further reading of the Journals be dispensed with and that the Journals be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

S. F. No. 64 and H. F. No. 813, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Hasskamp moved that the rules be so far suspended that S. F. No. 64 be substituted for H. F. No. 813 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 238 and H. F. No. 1639, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Wenzel moved that the rules be so far suspended that S. F. No. 238 be substituted for H. F. No. 1639 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 483 and H. F. No. 607, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Johnson, A., moved that S. F. No. 483 be substituted for H. F. No. 607 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 490 and H. F. No. 258, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Perlt moved that S. F. No. 490 be substituted for H. F. No. 258 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 754 and H. F. No. 934, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Stanius moved that the rules be so far suspended that S. F. No. 754 be substituted for H. F. No. 934 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1466 and H. F. No. 1528, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Lasley moved that the rules be so far suspended that S. F. No. 1466 be substituted for H. F. No. 1528 and that the House File be indefinitely postponed. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communications were received:

38TH DAY]

MONDAY, APRIL 19, 1993

1517

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

April 15, 1993

The Honorable Dee Long
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Long:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House File:

H. F. No. 399, relating to commerce; unclaimed property; regulating certain notices and reports.

Warmest regards,

ARNE H. CARLSON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

April 15, 1993

The Honorable Dee Long
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Long:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House File:

H. F. No. 254, relating to public bodies; providing for the place of residence of members.

Warmest regards,

ARNE H. CARLSON
Governor

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

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1993 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 1993</i>	<i>Date Filed 1993</i>
215		29	11:12 a.m. April 15	April 15
729		30	11:13 a.m. April 15	April 15
	399	31	11:15 a.m. April 15	April 15
	254	32	11:18 a.m. April 15	April 15

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

Anderson, I., 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.

REPORTS OF STANDING COMMITTEES

Brown, C., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 73, A bill for an act relating to local governments; permitting local governments to require the payment of legal fees incurred by peace officers who are the subject of investigation by a civilian review authority; amending Minnesota Statutes 1992, section 471.44.

Reported the same back with the following amendments:

Page 2, line 6, after the first "complaint" insert "after probable cause is found"

With the recommendation that when so amended the bill pass.

The report was adopted.

Reding from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 187, A bill for an act relating to insurance; workers' compensation; regulating distributions of excess surplus made by the workers' compensation reinsurance association; clarifying the law regulating distributions of excess surplus; providing penalties; amending Minnesota Statutes 1992, section 79.34, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 79.

Reported the same back with the following amendments:

Page 1, line 23, before the period insert "under section 79.40"

Page 2, line 1, after the period insert "A distribution of excess surplus is declared on the date the board votes to make a distribution."

Page 2, line 15, after "member" insert "including the assigned risk plan and the state fund mutual"

Page 2, line 17, after "association" insert "excess" and after "of" insert "excess"

Page 2, line 21, delete "insurer paid"

Page 2, line 22, after "premiums" insert "paid" and before the period insert "by all insurers including the assigned risk plan and state fund mutual insurance company"

Page 3, line 19, delete "the" and insert "any"

Page 3, line 36, after "association" insert "excess"

Page 4, lines 4 and 10, after "association" insert "excess"

Page 4, line 25, delete "REFUND" and insert "DISTRIBUTION" and delete "refund" and insert "distribution of excess surplus"

Page 5, line 9, after "or" insert "section"

Page 5, line 11, before the period insert "and shall not be presumed to be abandoned property"

Page 5, line 25, delete "company's" and insert "state fund mutual's"

Page 5, line 29, before "distribution" insert "share of the"

Page 5, lines 30 and 34, delete "refund" and insert "excess surplus"

Page 6, line 12, before "distribution" insert "share of the"

Page 6, lines 13 and 17, delete "refund" and insert "excess surplus"

Page 6, line 33, before "distribution" insert "share of the"

Page 6, line 34, delete "refund" and insert "excess surplus"

Page 7, lines 2 and 6, delete "refund" and insert "excess surplus"

Page 7, line 12, delete "REFUNDS" and insert "DISTRIBUTIONS"

Page 8, after line 7, insert:

"Sec. 8. [COSTS OF LITIGATION.]

The workers' compensation reinsurance association shall reimburse the state for any and all legal costs incurred in defending any legal dispute relating to the validity of sections 1 to 9, including, but not limited to attorneys' fees."

Page 8, line 8, delete "8" and insert "9"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 192, A bill for an act relating to retirement; providing continued coverage in the Minnesota state retirement system for certain employees; amending Minnesota Statutes 1992, sections 352.01, subdivision 2a; and 352.04, subdivision 6.

Reported the same back with the following amendments:

Page 1, after line 6, insert:

"Section 1. [MISSISSIPPI RIVER CRITICAL AREA; LEGISLATIVE FINDINGS.]

The legislature finds that the construction, retrofitting, or renovation of steam generating facilities, which are capable of being powered primarily by coal for the primary purpose of space heating, located within the portion of the Mississippi National River and Recreational Area that is within the St. Anthony Falls heritage interpretive zone established in Minnesota Statutes, sections 138.761 to 138.766, is inconsistent with:

(1) the designation of the Mississippi river critical area in Minnesota Statutes, section 116G.15; and

(2) the public and private investment made within the city of Minneapolis to return Mississippi riverfront lands to scenic, aesthetic, and recreational uses, including investment in Boom Island Park, Nicollet Island restoration, Riverplace, St. Anthony Main, Hennepin Bluffs Park, Lower Gorge Park, the Stone Arch Bridge, the Great River Road, and the Mississippi Riverfront Regional Park.

The legislature finds that feasible and prudent alternatives to such facilities exist that will have a less adverse environmental effect on the state's natural resources as defined in Minnesota Statutes, section 116B.02.

The legislature further finds that, given the emission of greenhouse gases and heavy metals and the addition to overall urban air pollution problems caused by facilities that burn coal and the existence of alternative technologies and sites, the importance of maintaining and improving environmental and public health quality in the St. Anthony Falls heritage interpretive zone portion of the Mississippi critical area is inconsistent with expanding or enhancing existing facilities located within the interpretive zone that burn coal primarily to produce steam for space heating.

Sec. 2. [116G.15] [PROHIBITION.]

No state agency may issue a permit for the construction, retrofitting, renovation, or operation of a facility capable of being powered primarily by coal for the principal purpose of providing space heating if the facility is located within that portion of the Mississippi river critical area established in section 116G.15 that is within the St. Anthony Falls heritage interpretive zone established in sections 138.761 to 138.766.

The prohibition in this section does not apply to issuance of a permit or modification of an existing permit necessary to retrofit or renovate pollution control equipment at an existing facility for the purpose of complying with sulphur dioxide emission standards."

Page 3, after line 9, insert:

"Sec. 5. [STUDY OF BENEFIT OPTIONS FOR PUBLIC EMPLOYEES WHO BECOME NONPUBLIC EMPLOYEES.]

The legislative commission on pensions and retirement shall study the issue of benefit options for public employees who become nonpublic employees for the purpose of assuring that the employees have the same or similar benefits subsequent to public employment as they did during public employment. The commission shall report the results of the study and any proposed legislation to the chairs of the committee on governmental operations and gambling and the committee on ways and means of the house of representatives and the committee on governmental operations and reform and the committee on finance of the senate by January 15, 1994.

Page 3, line 11, delete "and 2" and insert "to 5" and after "1993," insert "Section 1 applies retroactively to July 1, 1992, and contributions for that retroactive application period must be paid to the state employees retirement fund, plus interest at the annual compound rate of 8.5 percent."

Renumber the sections in sequence

Correct internal cross-references

Delete the title and insert:

"A bill for an act relating to state heating plant facilities; prohibiting state permits for expansion or enhancement of coal-fired steam heating facilities within a certain portion of the Mississippi river critical area; providing continued coverage in the Minnesota state retirement system for certain employees affected by changes in the operation of heating facilities; amending Minnesota Statutes 1992, sections 352.01, subdivision 2a; and 352.04, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 116G."

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson from the Committee on Education to which was referred:

H. F. No. 350, A bill for an act relating to education; clarifying the early childhood family education formula; modifying the pupil transportation levy for late activities; amending Minnesota Statutes 1992, sections 124.226, subdivision 9; and 124.2711, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL EDUCATION

Section 1. Minnesota Statutes 1992, section 121.904, subdivision 4a, is amended to read:

Subd. 4a. [LEVY RECOGNITION.] (a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district, including distributions made pursuant to section 279.37, subdivision 7, and excluding the amount levied pursuant to sections 124.2721, subdivision 3; 124.575, subdivision 3; and 124.914, subdivision 1; and Laws 1976, chapter 20, section 4.

(b) In June of each year, the school district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the May, June, and July school district tax settlement revenue received in that calendar year; or

(2) the sum of the state aids and credits enumerated in section 124.155, subdivision 2, which are for the fiscal year payable in that fiscal year plus an amount equal to the levy recognized as revenue in June of the prior year plus ~~50.0~~ 48.5 percent of the amount of the levy certified in the prior calendar year according to section 124A.03, subdivision 2, plus or minus auditor's adjustments, not including levy portions that are assumed by the state; or

(3) ~~50.0~~ 48.5 percent of the amount of the levy certified in the prior calendar year, plus or minus auditor's adjustments, not including levy portions that are assumed by the state, which remains after subtracting, by fund, the amounts levied for the following purposes:

(i) reducing or eliminating projected deficits in the reserved fund balance accounts for unemployment insurance and bus purchases;

(ii) statutory operating debt pursuant to section 124.914, subdivision 1, and Laws 1976, chapter 20, section 4; and

(iii) retirement and severance pay pursuant to sections 122.531, subdivision 9, 124.2725, subdivision 15, 124.4945, 124.912, subdivision 1, and 124.916, subdivision 3, and Laws 1975, chapter 261, section 4; and

(iv) amounts levied for bonds issued and interest thereon, amounts levied for debt service loans and capital loans, amounts levied for down payments under section 124.82, subdivision 3, and amounts levied pursuant to section 136C.411.

(c) In July of each year, the school district shall recognize as revenue that portion of the school district tax settlement revenue received in that calendar year and not recognized as revenue for the previous fiscal year pursuant to clause (b).

(d) All other school district tax settlement revenue shall be recognized as revenue in the fiscal year of the settlement. Portions of the school district levy assumed by the state, including prior year adjustments and the amount to fund the school portion of the reimbursement made pursuant to section 273.425, shall be recognized as revenue in the fiscal year beginning in the calendar year for which the levy is payable.

Sec. 2. Minnesota Statutes 1992, section 121.904, subdivision 4e, is amended to read:

Subd. 4e. [COOPERATION LEVY RECOGNITION.] (a) A cooperative district is a district or cooperative that receives revenue according to section 124.2721 or 124.575.

(b) In June of each year, the cooperative district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the sum of the state aids and credits enumerated in section 124.155, subdivision 2, that are for the fiscal year payable in that fiscal year plus an amount equal to the levy recognized as revenue in June of the prior year; or

(2) ~~50.0~~ 48.5 percent of the difference between

(i) the sum of the amount of levies certified in the prior year according to sections 124.2721, subdivision 3, and 124.575, subdivision 3; and

(ii) the amount of homestead and agricultural credit aid paid to the cooperative unit according to section 273.1392 for the fiscal year to which the levy is attributable.

Sec. 3. Minnesota Statutes 1992, section 123.34, subdivision 9, is amended to read:

Subd. 9. [SUPERINTENDENT.] (a) All districts maintaining a classified secondary school shall employ a superintendent who shall be an ex officio nonvoting member of the school board. The authority for selection and employment of a superintendent shall be vested in the school board in all cases. An individual employed by a school board as a superintendent shall have an initial employment contract for a period of time no longer than three years from the date of employment. Any subsequent employment contract must not exceed a period of three years. A school board, at its discretion, may or may not renew an employment contract. A school board may terminate a superintendent during the term of an employment contract for any of the grounds specified in section 125.12, subdivision 6 or 8. A superintendent shall not rely upon an employment contract with a school board to assert any other continuing contract rights in the position of superintendent under section 125.12. Notwithstanding the provisions

of sections 122.532, 122.541, 125.12, subdivision 6a or 6b, or any other law to the contrary, no individual shall have a right to employment as a superintendent based on order of employment in any district. If two or more school districts enter into an agreement for the purchase or sharing of the services of a superintendent, the contracting districts have the absolute right to select one of the individuals employed to serve as superintendent in one of the contracting districts and no individual has a right to employment as the superintendent to provide all or part of the services based on order of employment in a contracting district. The superintendent of a district shall perform the following:

- (1) visit and supervise the schools in the district, report and make recommendations about their condition when advisable or on request by the board;
- (2) recommend to the board employment and dismissal of teachers;
- (3) superintend school grading practices and examinations for promotions;
- (4) make reports required by the commissioner of education; and
- (5) perform other duties prescribed by the board.

(b) The school board shall not renew or extend the duration of the existing employment contract or replace the existing employment contract until 365 days prior to the expiration date of the existing employment contract.

Sec. 4. Minnesota Statutes 1992, section 124.19, subdivision 4, is amended to read:

Subd. 4. In a school where the number of instructional hours in the school day is greater than the number of instructional hours prescribed in the rules of the state board for the school day, the excess number of instructional hours for those days may be included in calculating the required number of days school is in session for purposes of fulfilling the requirements of subdivision 1, provided that ~~the school is in session for not less than 160 days during the school year, and provided that~~ no instructional hours are included from half-day sessions or any school day which has less instructional hours than the number of instructional hours prescribed in the rules of the state board unless the average number of instructional hours for all school days in the school year equals or exceeds the number of instructional hours prescribed in the rules of the state board. The district shall notify the department of each adjustment.

Sec. 5. Minnesota Statutes 1992, section 124.73, subdivision 1, is amended to read:

Subdivision 1. The board of any school district may borrow money upon negotiable tax anticipation certificates of indebtedness, in the manner and subject to the limitations set forth in sections 124.71 to 124.76, for the purpose of anticipating general taxes theretofore levied by the district for school purposes, but the aggregate of such borrowing under this subdivision shall never exceed ~~50~~ 75 percent of such taxes which are due and payable in the calendar year, and as to which taxes no penalty for nonpayment or delinquency has attached. In determining the amount of taxes due and payable in the calendar year, any amounts paid by the state to replace such taxes, whether paid in that calendar year or not, shall be included.

Sec. 6. [124.755] [STATE PAYMENT OF CERTIFICATES OF INDEBTEDNESS UPON POTENTIAL DEFAULT; REPAYMENT; STATE OBLIGATION NOT DEBT.]

Subdivision 1. [NOTIFICATIONS; PAYMENT; APPROPRIATION.] (a) If a school district believes that it may be unable to make a principal or interest payment on any outstanding certificate of indebtedness on the date that the payment is due, it may notify the commissioner of education of that fact as soon as possible, but not less than 15 working days before the date that the principal or interest payment is due. The notice shall include the name of the school district, an identification of the certificate of indebtedness issue in question, the date the payment is due, the amount of principal and interest due on the payment date, the amount of principal or interest that the school district will be unable to repay on that date, the paying agent for the certificates of indebtedness, the wire transfer instructions to transfer funds to that paying agent, and an indication as to whether a payment is being requested under this section. If a paying agent becomes aware of a potential default, it shall inform the commissioner of education of that fact. After receipt of a notice which requests a payment under this section, after consultation with the school district and the paying agent, and after verification of the accuracy of the information provided, the commissioner of education shall notify the commissioner of finance of the potential default. Upon receipt of this notice from the commissioner of education, which must include a final figure as to the amount due that the school district will be

unable to repay on the date due, the commissioner of finance shall issue a warrant and authorize the commissioner of education to pay to the paying agent for the certificates of indebtedness the specified amount on or before the date due subject to the availability of appropriations. The amounts needed for the purposes of this subdivision are annually appropriated to the department of education from the state general fund to the extent the amount available is sufficient to meet the state's obligation under this subdivision. The obligation of the state under this subdivision shall constitute a current expense of the state for each fiscal year and does not constitute or create a general or moral obligation or indebtedness of the state within the meaning of the Constitution and laws of the state in excess of the money from time to time appropriated and the state has no continuing obligation to appropriate money for payments under this subdivision.

(b) The departments of education and finance shall jointly develop detailed procedures for school districts to notify the state that they have obligated themselves to be bound by the provisions of this section, procedures for school districts and paying agents to notify the state of potential defaults and to request state payment under this section, and procedures for the state to expedite payments to prevent defaults. The procedures are not subject to chapter 14.

Subd. 2. [SCHOOL DISTRICT BOUND; INTEREST RATE ON STATE PAID AMOUNT.] If, at the request of a school district, the state has paid part or all of the principal or interest due on a school district's certificates of indebtedness on a specific date, the school district is bound by all provisions of this section and the amount paid shall bear taxable interest from the date paid until the date of repayment at the state treasurer's invested cash rate as it is certified by the commissioner of finance.

Subd. 3. [PLEDGE OF DISTRICT'S FULL FAITH AND CREDIT.] If, at the request of a school district, the state has paid part or all of the principal or interest due on a school district's certificates of indebtedness on a specific date, the pledge of the full faith and credit and unlimited taxing powers of the school district to repay the principal and interest due on those certificates of indebtedness shall also, without an election or the requirement of a further authorization, become a pledge of the full faith and credit and unlimited taxing powers of the school district to repay to the state the amount paid, with interest. Amounts paid by the state shall be repaid in the order in which the state payments were made.

Subd. 4. [AID REDUCTION FOR REPAYMENT.] Except as provided in this subdivision, the state shall reduce the state aid payable to the school district under chapters 124, 124A, and 273 by the amount paid by the state under this section on behalf of the school district, plus the interest due on it, and the amount reduced shall revert from the appropriate account to the state general fund. If, after review of the financial situation of the school district, the commissioner of education advises the commissioner of finance that a total reduction of the aids would cause an undue hardship on or an undue disruption of the educational program of the school district, the commissioner of education, with the approval of the commissioner of finance, may establish a different schedule for reduction of those aids to repay the state. The amount of aids to be reduced are decreased by any amounts repaid to the state by the school district from other revenue sources.

Subd. 5. [TAX LEVY FOR REPAYMENT.] (a) With the approval of the commissioner of education, a school district may levy in the year the state makes a payment under this section an amount up to the amount necessary to provide funds for the repayment of the amount paid by the state plus interest through the date of estimated repayment by the school district. The proceeds of this levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess shall be used to repay other state payments made under this section or section 124.98 or shall be deposited in the debt redemption fund of the school district. This levy shall be an increase in the levy limits of the school district for purposes of section 275.065, subdivision 6. The amount of aids to be reduced to repay the state shall be decreased by the amount levied. This levy by the school district is not eligible for debt service equalization under section 124.95.

(b) If the state is not repaid in full for a payment made under this section by November 30 of the calendar year following the year in which the state makes the payment, the commissioner of education may require the school district to certify a property tax levy in an amount up to the amount necessary to provide funds for repayment of the amount paid by the state plus interest through the date of estimated repayment by the school district. The proceeds of the levy may be used only for this purpose unless they are in excess of the amount actually due, in which case the excess shall be used to repay other state payments made under this section or section 124.98 or shall be deposited in the debt redemption fund of the school district. This levy shall be an increase in the levy limits of the school district for purposes of section 275.065, subdivision 6. If the commissioner orders the district to levy, the amount of aids reduced to repay the state shall be decreased by the amount levied. This levy by the school district is not eligible for debt service equalization under section 124.95 or any successor provision.

Subd. 6. [ELECTION AS TO MANDATORY APPLICATION.] A school district may covenant and obligate itself, prior to the issuance of an issue of certificates of indebtedness, to notify the commissioner of education of a potential default and to use the provisions of this section to guarantee payment of the principal and interest on those certificates of indebtedness when due. If the school district obligates itself to be bound by this section, it shall covenant in the resolution that authorizes the issuance of the certificates of indebtedness to deposit with the paying agent three business days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the commissioner of education under subdivision 1 that it will be unable to make all or a portion of that payment. A school district that has obligated itself shall include a provision in its agreement with the paying agent for that issue that requires the paying agent to inform the commissioner of education if it becomes aware of a potential default in the payment of principal or interest on that issue or if, on the day two business days prior to the date a payment is due on that issue, there are insufficient funds to make the payment on deposit with the paying agent. If a school district either covenants to be bound by this section or accepts state payments under this section to prevent a default of a particular issue of certificates of indebtedness, the provisions of this section shall be binding as to that issue as long as any certificates of indebtedness of that issue remain outstanding. If the provisions of this section are or become binding for more than one issue of obligations and a district is unable to make payments on one or more of those issues, it shall continue to make payments on the remaining issues.

Subd. 7. [MANDATORY PLAN; TECHNICAL ASSISTANCE.] If a school district receives state payments under this section or defaults in the payment of principal or interest on an outstanding certificate of indebtedness, it shall submit a plan to the commissioner of education for approval specifying the measures it intends to implement to resolve the issues which led to its inability to make the payment and to prevent further defaults. The department of education shall provide technical assistance to the school district in preparing its plan. If the commissioner determines that a school district's plan is not adequate, the commissioner shall notify the school district that the plan has been disapproved, the reasons for the disapproval, and that the school district shall not receive future payments under this section for certificates of indebtedness issued after the date specified in the notice until its plan is approved. The commissioner may also notify the school district that until its plan is approved, its aids will be withheld after a date specified in the notice.

Sec. 7. [124.98] [STATE PAYMENT OF SCHOOL DISTRICT GENERAL OBLIGATION BONDS UPON POTENTIAL DEFAULT; REPAYMENT; STATE OBLIGATION NOT DEBT.]

Subdivision 1. [NOTIFICATIONS; PAYMENT; APPROPRIATION.] (a) If a school district believes that it may be unable to make a principal or interest payment on any outstanding general obligation bond on the date that the payment is due, it may notify the commissioner of education of that fact as soon as possible, but not less than 15 working days before the date that the principal or interest payment is due. The notice shall include the name of the school district, an identification of the bond issue in question, the date payment is due, the amount of principal or interest due on the payment date, the amount of principal or interest that the school district will be unable to repay on that date, the paying agent for the bonds, the wire transfer instructions to transfer funds to that paying agent, and an indication as to whether a payment is being requested under this section. If more than one bond issue is involved, the school district shall provide the information specified for each bond issue. If a paying agent becomes aware of a potential default, it shall inform the commissioner of education of that fact. After receipt of a notice which requests a payment under this section, after consultation with the school district and the paying agent, and after verification of the accuracy of the information provided, the commissioner of education shall notify the commissioner of finance of the potential default or defaults. Upon receipt of this notice from the commissioner of education, which must include a final figure as to the amount or amounts due for each bond issue that the school district will be unable to repay on the date due, the commissioner of finance shall issue a warrant and authorize the commissioner of education to pay to the paying agent for each bond issue the specified amount on or before the date due subject to the availability of appropriations. The amounts needed for the purposes of this subdivision are annually appropriated to the department of education from the state general fund to the extent that the amount available is sufficient to meet the state's obligation under this subdivision. The obligation of the state under this subdivision shall constitute a current expense of the state for each fiscal year and does not constitute or create a general or moral obligation or indebtedness of the state within the meaning of the Constitution and laws of the state in excess of the money from time to time appropriated and the state has no continuing obligation to appropriate money for payments under this subdivision.

(b) The departments of education and finance shall jointly develop detailed procedures for school districts to notify the state that they have obligated themselves to be bound by the provisions of this section, procedures for school districts and paying agents to notify the state of potential defaults and to request state payment under this section, and procedures for the state to expedite payments to prevent defaults. The procedures are not subject to chapter 14.

Subd. 2. [SCHOOL DISTRICT BOUND; INTEREST RATE ON STATE PAID AMOUNT.] If, at the request of a school district, the state has paid part or all of the principal or interest due on a school district's general obligation bonds on a specific date, the school district is bound by all provisions of this section and the amount paid shall bear taxable interest from the date paid until the date of repayment at the state treasurer's invested cash rate as it is certified by the commissioner of finance.

Subd. 3. [PLEDGE OF DISTRICT'S FULL FAITH AND CREDIT.] If, at the request of a school district, the state has paid part or all of the principal or interest due on a school district's general obligation bonds on a specific date, the pledge of the full faith and credit and unlimited taxing powers of the school district to repay the principal and interest due on those bonds shall also, without an election or the requirement of a further authorization, become a pledge of the full faith and credit and unlimited taxing powers of the school district to repay to the state the amount paid, with interest. Amounts paid by the state shall be repaid in the order in which the state payments were made. If payments for multiple bond issues are made on the same date, the priority for repayment shall be that the amounts attributable to the issue with the earliest date of original issue or lowest series designation are repaid first.

Subd. 4. [AID REDUCTION FOR REPAYMENT.] Except as provided in this subdivision, the state shall reduce the state aid payable to the school district under chapters 124, 124A, and 273 by the amount paid by the state under this section on behalf of the school district, plus the interest due on it, and the amount reduced shall be transferred from the appropriate account to the state general fund. If, after review of the financial situation of the school district, the commissioner of education advises the commissioner of finance that a total reduction of the aids would cause an undue hardship on or an undue disruption of the educational program of the school district, the commissioner of education, with the approval of the commissioner of finance, may establish a different schedule for reduction of those aids to repay the state. The amount of aids to be reduced are decreased by any amounts repaid to the state by the school district from other revenue sources.

Subd. 5. [TAX LEVY FOR REPAYMENT.] (a) With the approval of the commissioner of education, a school district may levy in the year the state makes a payment under this section an amount up to the amount necessary to provide funds for the repayment of the amount paid by the state plus interest through the date of estimated repayment by the school district. The proceeds of this levy may be used only for this purpose and to replace state aids reduced or to be reduced under subdivision 4. Any excess levy proceeds shall be used to repay other state payments under this section or section 124.755 or shall be deposited in the debt redemption fund of the school district. This levy shall be an increase in the levy limits of the school district for purposes of section 275.065, subdivision 6. This levy by the school district is not eligible for debt service equalization under section 124.95.

(b) If the state is not repaid in full for a payment made under this section by November 30 of the calendar year following the year in which the state makes the payment, the commissioner of education may require the school district to certify a property tax levy in an amount up to the amount necessary to provide funds for repayment of the amount paid by the state plus interest through the date of estimated repayment by the school district. The proceeds of the levy may be used only for this purpose and to replace state aids reduced or to be reduced under subdivision 4. Any excess levy proceeds shall be used to repay other state payments made under this section or section 124.755 shall be deposited in the debt redemption fund of the school district. This levy shall be an increase in the levy limits of the school district for purposes of section 275.065, subdivision 6. This levy by the school district is not eligible for debt service equalization under section 124.95 or any successor provision.

Subd. 6. [ELECTION AS TO MANDATORY APPLICATION.] A school district may covenant and obligate itself, prior to the issuance of an issue of general obligation bonds, to notify the commissioner of education of a potential default and to use the provisions of this section to guarantee payment of the principal and interest on those bonds when due. If the school district obligates itself to be bound by this section, it shall covenant in the resolution that authorizes the issuance of the bonds to deposit with the paying agent three business days prior to the date on which a payment is due an amount sufficient to make that payment or to notify the commissioner of education under subdivision 1 that it will be unable to make all or a portion of that payment. A school district that has obligated itself shall include a provision in its agreement with the paying agent for that issue that requires the paying agent to inform the commissioner of education if it becomes aware of a potential default in the payment of principal or interest on that issue or if, on the day two business days prior to the date a payment is due on that issue, there are insufficient funds to make the payment on deposit with the paying agent. If a school district either covenants to be bound by this section or accepts state payments under this section to prevent a default of a particular issue of bonds, the provisions of this section shall be binding as to that issue as long as any bonds of that issue remain outstanding. If the provisions of this section are or become binding for more than one issue of obligations and a district is unable to make payments on one or more of those issues, it shall continue to make payments on the remaining issues.

Subd. 7. [MANDATORY PLAN; TECHNICAL ASSISTANCE.] If a school district receives state payments under this section or defaults in the payment of principal or interest on an outstanding bond issue, it shall submit a plan to the commissioner of education for approval specifying the measures it intends to implement to resolve the issues which led to its inability to make the payment and to prevent further defaults. The department shall provide technical assistance to the school district in preparing its plan. If the commissioner determines that a school district's plan is not adequate, the commissioner shall notify the school district that the plan has been disapproved, the reasons for the disapproval, and that the school district shall not receive future payments under this section for general obligation bonds issued after the date specified in the notice until its plan is approved. The commissioner may also notify the school district that until its plan is approved, its aids will be withheld after a date specified in the notice.

Sec. 8. Minnesota Statutes 1992, section 124A.03, subdivision 1c, is amended to read:

Subd. 1c. [REFERENDUM ALLOWANCE LIMIT.] (a) Notwithstanding subdivision 1b, a district's referendum allowance must not exceed the greater of:

- (1) the district's referendum allowance for fiscal year 1992; 1994; or
- (2) the district's referendum allowance for fiscal year 1993;
- (3) 30 (i) 25 percent of the formula allowance for the fiscal year for which it is attributable; or
- (4) for a district that held a successful referendum levy election in calendar year 1991, 35 percent of the formula allowance for the fiscal year to which it is attributable 1995;

(ii) 22 percent of the formula allowance for fiscal year 1996; and

(iii) 20 percent of the formula allowance for 1997 and later fiscal years.

(b) The allowance calculated in paragraph (a) must be reduced by the amount of the referendum allowance reduction computed in subdivision 3b.

Sec. 9. Minnesota Statutes 1992, section 124A.03, is amended by adding a subdivision to read:

Subd. 3b. [REFERENDUM ALLOWANCE REDUCTION.] A district's referendum allowance under subdivision 1c is reduced by the amounts calculated in paragraphs (a), (b), and (c).

(a) The referendum allowance reduction equals the amount by which a district's supplemental revenue reduction exceeds the district's supplemental revenue allowance for fiscal year 1993.

(b) Notwithstanding paragraph (a), if a district's initial referendum allowance is less than ten percent of the formula allowance for that year, the reduction equals the lesser of (1) the discretionary revenue amount, or (2) the amount calculated in paragraph (a).

(c) Notwithstanding paragraph (a) or (b), a school district's referendum allowance reduction equals (1) the discretionary revenue amount, times (2) one minus the ratio of 20 percent of the initial referendum allowance limit minus the district's initial referendum allowance limit to 20 percent of the formula allowance for that year if:

(i) the district's adjusted net tax capacity for assessment year 1992 per actual pupil unit for fiscal year 1995 is less than \$3,000;

(ii) the district's net unappropriated operating fund balance as of June 30, 1993, divided by the actual pupil units for fiscal year 1995 is less than \$200;

(iii) the district's supplemental revenue allowance for fiscal year 1993 is equal to zero; and

(iv) the district's initial referendum revenue authority for the current year divided by the district's net tax capacity for assessment year 1992 is greater than ten percent.

Sec. 10. Minnesota Statutes 1992, section 124A.22, subdivision 2, is amended to read:

Subd. 2. [BASIC REVENUE.] The basic revenue for each district equals the formula allowance times the actual pupil units for the school year. The formula allowance for 1992 and subsequent fiscal years 1993 and 1994 is \$3,050. The formula allowance for fiscal year 1995 is \$3,200. The formula allowance for fiscal year 1996 is \$3,300. The formula allowance for fiscal year 1997 and later is \$3,400.

Sec. 11. Minnesota Statutes 1992, section 124A.22, subdivision 4, is amended to read:

Subd. 4. [TRAINING AND EXPERIENCE REVENUE.] (a) For fiscal year 1992, the training and experience revenue for each district equals the greater of zero or the result of the following computation:

(1) subtract 1.6 from the training and experience index;

(2) multiply the result in clause (1) by the product of \$700 times the actual pupil units for the school year.

(b) For 1993 and later fiscal years, the maximum training and experience revenue for each district equals the greater of zero or the result of the following computation:

(1) subtract .8 from the training and experience index;

(2) multiply the result in clause (1) by the product of ~~\$575~~ \$660 times the actual pupil units for the school year.

(c) For 1993 and later fiscal years, the previous formula training and experience revenue for each district equals the amount of training and experience revenue computed for that district according to the formula used to compute training and experience revenue for fiscal year 1992.

(d) For fiscal year 1993, the training and experience revenue for each district equals the district's previous formula training and experience revenue plus one-fourth of the difference between the district's maximum training and experience revenue and the district's previous formula training and experience revenue.

(e) For fiscal year 1994, the training and experience revenue for each district equals the district's previous formula training and experience revenue plus one-half of the difference between the district's maximum training and experience revenue and the district's previous formula training and experience revenue.

(f) For fiscal year 1995, the training and experience revenue for each district equals the district's previous formula training and experience revenue plus three-fourths of the difference between the district's maximum training and experience revenue and the district's previous formula training and experience revenue.

(g) For fiscal year 1996 and thereafter, the training and experience revenue for each district equals the district's maximum training and experience revenue.

Sec. 12. Minnesota Statutes 1992, section 124A.22, subdivision 5, is amended to read:

Subd. 5. [DEFINITIONS.] The definitions in this subdivision apply only to subdivisions 6 and 6a.

(a) "High school" means a secondary school that has pupils enrolled in at least the 10th, 11th, and 12th grades. ~~If there is no secondary school in the district that has pupils enrolled in at least the 10th, 11th, and 12th grades, the commissioner shall designate one school in the district as a high school for the purposes of this section.~~

(b) "Secondary average daily membership" means, for a district that has only one high school, the average daily membership of resident pupils in grades 7 through 12. For a district that has more than one high school, "secondary average daily membership" for each high school means the product of the average daily membership of resident pupils in grades 7 through 12 in the high school, times the ratio of six to the number of grades in the high school.

(c) "Attendance area" means the total surface area of the district, in square miles, divided by the number of high schools in the district. For a district that does not operate a high school and is less than 19 miles from the nearest operating high school, the attendance area equals zero.

(d) "Isolation index" for a high school means the square root of one-half the attendance area plus the distance in miles, according to the usually traveled routes, between the high school and the nearest high school.

(e) "Qualifying high school" means a high school that has an isolation index greater than 23 and that has secondary average daily membership of less than 400.

(f) "Qualifying elementary school" means an elementary school that is located 19 miles or more from the nearest elementary school or from the nearest elementary school within the district and, in either case, has an elementary average daily membership of an average of 20 or fewer per grade.

(g) "Elementary average daily membership" means, for a district that has only one elementary school, the average daily membership of resident pupils in kindergarten through grade 6. For a district that has more than one elementary school, "average daily membership" for each school means the average daily membership of kindergarten through grade 6 multiplied by the ratio of seven to the number of grades in the elementary school.

Sec. 13. Minnesota Statutes 1992, section 124A.22, subdivision 6, is amended to read:

Subd. 6. [SECONDARY SPARSITY REVENUE.] (a) A district's secondary sparsity revenue for a school year equals the sum of the results of the following calculation for each qualifying high school in the district:

- (1) the formula allowance for the school year, multiplied by
- (2) the secondary average daily membership of the high school, multiplied by
- (3) the quotient obtained by dividing 400 minus the secondary average daily membership by 400 plus the secondary daily membership, multiplied by
- (4) the lesser of one or the quotient obtained by dividing the isolation index minus 23 by ten.

(b) A newly formed school district that is the result of districts combining under the cooperation and combination program or consolidating under section 122.23 shall receive secondary sparsity revenue equal to the greater of: (1) the amount calculated under paragraph (a) for the combined district; or (2) the sum of the amounts of secondary sparsity revenue the former school districts had in the year prior to consolidation, increased for any subsequent changes in the secondary sparsity formula.

Sec. 14. Minnesota Statutes 1992, section 124A.22, subdivision 8, is amended to read:

Subd. 8. [SUPPLEMENTAL REVENUE.] (a) A district's supplemental revenue allowance for fiscal year ~~1992~~ 1994 and later fiscal years equals the ~~product of the district's supplemental revenue for fiscal year 1991 times the ratio of~~

- ~~(1) 1993 divided by the district's 1991-1992 1992-1993 actual pupil units; to~~
- ~~(2) the district's 1990-1991 actual pupil units adjusted for the change in secondary pupil unit weighting from 1.35 to 1.3 made in section 124.17, subdivision 1.~~

~~(b) If a district's minimum allowance exceeds the sum of its basic revenue, previous formula compensatory education revenue, previous formula training and experience revenue, secondary sparsity revenue, and elementary sparsity revenue per actual pupil unit for a fiscal year, and the excess is less than \$250 per actual pupil unit, the district shall receive supplemental revenue equal to the amount of the excess times the actual pupil units for the school year. If the amount of the excess is more than \$250 per actual pupil unit, the district shall receive the greater of (i) \$250 times the actual pupil units; or (2) the amount of the excess times the actual pupil units less the sum of (i) the difference between the district's training and experience revenue and its previous formula training and experience revenue; and (ii) the difference between the district's compensatory education revenue and its previous formula compensatory education revenue. A district's supplemental revenue allowance is reduced for fiscal year 1995 and later according to subdivision 9.~~

(c) A district's supplemental revenue equals the supplemental revenue allowance, if any, times its actual pupil units for that year.

Sec. 15. Minnesota Statutes 1992, section 124A.22, subdivision 9, is amended to read:

Subd. 9. ~~[DEFINITION FOR SUPPLEMENTAL REVENUE REDUCTION.]~~ ~~(a) The definition in this subdivision applies only to subdivision 8.~~

~~(b) "Minimum allowance" for a district means:~~

~~(1) the district's general education revenue for fiscal year 1992, according to subdivision 1, divided by~~

~~(2) the district's 1991-1992 actual pupil units.~~ A district's supplemental revenue allowance is reduced by the sum of:

(1) the sum of one-fourth of the difference between \$3,100 and the formula allowance for fiscal year 1994 and one-fourth of the difference of (i) the sum of the district's training and experience revenue and compensatory revenue per actual pupil unit for that fiscal year, and (ii) the sum of district's training and experience revenue and compensatory revenue per actual pupil unit for fiscal year 1994; and

(2) the difference between the formula allowance for the current fiscal year and \$3,100.

A district's supplemental revenue allowance may not be less than zero.

Sec. 16. Minnesota Statutes 1992, section 124A.23, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION TAX RATE.] The commissioner shall establish the general education tax rate by July 1 of each year for levies payable in the following year. The general education tax capacity rate shall be a rate, rounded up to the nearest tenth of a percent, that, when applied to the adjusted net tax capacity for all districts, raises the amount specified in this subdivision. The general education tax rate shall be the rate that raises \$916,000,000 for fiscal year 1993 and \$969,800,000 for fiscal year 1994 and \$1,052,000,000 for fiscal year 1995 and later fiscal years. The general education tax rate may not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been established.

Sec. 17. Minnesota Statutes 1992, section 124A.26, subdivision 1, is amended to read:

Subdivision 1. [REVENUE REDUCTION.] A district's general education revenue for a school year shall be reduced if the estimated net unappropriated operating fund balance as of June 30 in the prior school year exceeds \$600 25 percent of the formula allowance for the current fiscal year times the fund balance pupil units in the prior year. For purposes of this subdivision and section 124.243, subdivision 2, fund balance pupil units means the number of resident pupil units in average daily membership, including shared time pupils, according to section 124A.02, subdivision 20, plus

(1) pupils attending the district for which general education aid adjustments are made according to section 124A.036, subdivision 5; minus

(2) the sum of the resident pupils attending other districts for which general education aid adjustments are made according to section 124A.036, subdivision 5, plus pupils for whom payment is made according to section 126.22, subdivision 8, or 126.23. The amount of the reduction shall equal the lesser of:

(1) the amount of the excess, or

(2) \$150 \$250 times the actual pupil units for the school year.

The final adjustment payments made under section 124.195, subdivision 6, must be adjusted to reflect actual net operating fund balances as of June 30 of the prior school year.

Sec. 18. Minnesota Statutes 1992, section 124A.26, is amended by adding a subdivision to read:

Subd. 4. [ALLOCATION AMONG OPERATING FUNDS.] The revenue reduction required under this section must be allocated to the transportation fund and the community service fund in the following manner:

(1) each year, a school district shall calculate the ratio of the transportation net unappropriated operating fund balance and the community service net unappropriated operating fund balance to the total net unappropriated operating fund balance;

(2) multiply the ratios computed in clause (1) by the total fund balance reduction required under this section;

(3) the school district shall transfer the amounts, if any, calculated in clause (2) from the transportation and community service funds to the general fund.

Sec. 19. Minnesota Statutes 1992, section 124A.29, subdivision 1, is amended to read:

Subdivision 1. [STAFF DEVELOPMENT, AND VIOLENCE PREVENTION, AND PARENTAL INVOLVEMENT PROGRAMS.] (a) Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to \$15 times the number of actual pupil units shall be reserved and may be used only to provide staff time for in-service education for violence prevention programs under section 126.77, subdivision 2, or staff development programs, including outcome-based education and challenging instructional activities and experiences, under section 126.70, subdivisions 1 and 2a. The school board shall determine the staff development activities to provide, the manner in which they will be provided, and the extent to which other local funds may be used to supplement staff development activities.

(b) Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to \$5 times the number of actual pupil units must be reserved and may be used only to provide parental involvement programs that implement section 126.69. A district may use up to \$1 of the \$5 times the number of actual pupil units for promoting parental involvement in the PER process.

Sec. 20. [124A.698] [POLICY.]

Financing the education of our children is one of state government's most important functions. In performing this function, the state seeks to provide sufficient funding while encouraging equity, accountability, and incentives toward quality improvement. To help achieve these goals and to help control future spending growth, the state will fund core instruction, will facilitate improvement in the quality and delivery of programs and services, and will equalize revenues raised locally for discretionary purposes.

Sec. 21. Minnesota Statutes 1992, section 124A.70, is amended to read:

124A.70 [BASIC CORE INSTRUCTIONAL AID.]

Subdivision 1. [BASIC OUTCOMES.] Basic outcomes are defined as learner outcomes that must be achieved as a requirement for graduation, specified in rule by the state board of education. Basic outcomes are ~~those outcomes that have standards of achievement determined by the state board~~ the basic knowledge and skills determined necessary by the board for graduates to become productive employees, parents, and citizens. The board shall review and amend, if necessary, its graduation rule every two years.

Subd. 2. [AID AMOUNT.] Basic Core instructional aid is equal to the aid allowance cost determined necessary by the legislature to achieve the basic outcomes for each student times the number of actual pupil units for the school year. The core instructional aid allowance for fiscal year 2000 1998 and thereafter is zero.

~~Subd. 3. [SPECIAL NEED AID.] Each district shall receive special need aid equal to zero times the number of actual pupil units for the school year times the district's special need index.~~

~~Subd. 4. [COST DIFFERENTIAL AID.] Each district shall receive aid equal to zero times the number of actual pupil units for the school year times its cost differential index. This aid is only available if the district has implemented a career teacher program.~~

Subd. 3a. [AID TO LEARNING SITES.] Each district is encouraged to direct core instructional aid to the learning sites in the district and minimize the core instructional aid used for other programs or services. Each district shall, to the extent possible, facilitate allocation of each learning site's core instructional aid by site management teams consisting of site administrators, teachers, parents, and other interested persons.

Subd. 5. [AID USES.] Aid received under this section may only be used to deliver instructional services needed to assure that all pupils in the district achieve the basic outcomes through the following uses programs and services:

- (1) salaries and benefits for licensed and nonlicensed instructional staff used to instruct or direct instructional delivery or provide academic instructional support services;
- (2) instructional supplies and resources including, but not limited to, curricular materials, maps, individualized instructional materials, test materials, and other related supplies;
- (3) ~~tuition~~ payments to other service providers for direct instruction or instructional materials; and
- (4) computers, interactive television, and other technologically related equipment used in the direct delivery of instruction;
- (5) programs and services related to students' academic and career progression including, but not limited to, community- and work-based learning through mentoring, community service, and youth apprenticeships;
- (6) early childhood education programs designed to ensure that students are ready to learn when they enter the education system; and
- (7) activities related to measurement of student progress toward basic outcomes.

Sec. 22. [124A.711] [SUPPORT SERVICES AID.]

Subdivision 1. [SUPPORT SERVICES.] "Support services" means services and programs beyond the core instruction considered essential to allow students to achieve the basic outcomes including, but not limited to, the following:

- (1) counselors, psychologists, and social workers;
- (2) services and programs for students needing special education and handicapped children aged zero to three;
- (3) health care, including early childhood screening;
- (4) transportation;
- (5) nutrition programs;
- (6) libraries and other media and information centers;
- (7) programs for specialized curricula relating to programs such as violence prevention, AIDS awareness and prevention, and drug abuse prevention; and
- (8) programs and services for students judged to be at high risk of not completing their education or otherwise having a social or economic problems in excess of other students.

Subd. 2. [DETERMINATION OF AID.] The total amount of support services aid shall be determined according to indices for each service recommended by the commissioner of education after consultations with appropriate state agencies, educators, and other interested persons. The commissioner shall recommend indices and aid amounts to the legislature by February 1 of each odd-numbered year. The indices shall reflect the need for each service based on the economic, geographic, demographic, and other appropriate characteristics of each district.

Sec. 23. Minnesota Statutes 1992, section 124A.72, is amended to read:

124A.72 [LOCAL DISCRETIONARY SERVICES.]

Subdivision 1. [LOCAL DISCRETIONARY REVENUE SERVICES.] Local discretionary revenue is available for districts to implement programs to offer outcomes or to cover other district operating expenditures not provided according to sections 124A.697 and 124A.70 to 124A.711. Local discretionary services include, but are not limited to, costs associated with the school board and central administration, athletics and extracurricular activities, facilities and academic programs in excess of the core, and community education.

Subd. 2. [DISCRETIONARY SERVICES REVENUE.] A district's local discretionary revenue is equal to the amount authorized according to section 124A.03. ~~Revenue may not exceed zero times the actual pupil units for the year the revenue is attributable by a discretionary services levy plus the district's discretionary services aid.~~

Subd. 3. [DISCRETIONARY SERVICES LEVY.] ~~A district is authorized to levy a local discretionary levy is equal to provide local discretionary revenue times the lesser of one or the ratio of:~~

~~(1) net tax capacity divided by the number of pupil units for the year the revenue is attributable, divided by~~

~~(2) the equalizing factor services. A levy shall be approved and may be implemented by the local board under applicable laws, including truth-in-taxation, unless the anticipated discretionary services revenue would increase district education spending by more than 25 percent above the district's total revenue for core instruction and support services. If such an increase occurs, the entire levy is not effective until approved in a referendum. All new referendum levies must be levied on the adjusted market value of properties within the district.~~

Subd. 4. [DISCRETIONARY SERVICES AID.] Local discretionary aid is equal to local discretionary revenue minus local discretionary levy. ~~If a district levies less than the authorized amount, the aid shall be reduced proportionately.~~

Subd. 5. [EFFECTIVE PERIOD FOR REFERENDA.] ~~Unless an earlier date is provided for, all excess levy referenda enacted before January 1, 1994, expire no later than June 30, 1999. After July 1, 1994, all referenda shall be consistent with this act. A referendum is not effective for more than five years after enactment.~~

Sec. 24. Minnesota Statutes 1992, section 126.70, subdivision 2a, is amended to read:

Subd. 2a. [PERMITTED USES.] (a) A school board may approve a plan to accomplish any of the following purposes:

- (1) foster readiness for learning;
- (2) facilitate organizational changes by enabling a site-based team composed of pupils, parents, school personnel, and community members to address pupils' needs;
- (3) develop programs to increase pupils' educational progress by developing appropriate outcomes and personal learning goals and by encouraging pupils and their parents to assume responsibility for their education;
- (4) design and develop programs containing various instructional opportunities that recognize pupils' individual needs and utilize family and community resources;
- (5) evaluate the effectiveness of education policies, processes, and products through appropriate evaluation procedures that include multiple criteria and indicators;
- (6) provide staff time for peer review of probationary, continuing contract, and nonprobationary teachers;
- (7) train elementary and secondary staff to help students learn to resolve conflicts in effective, nonviolent ways; and
- (8) encourage staff to teach and model violence prevention policy and curricula that address issues of sexual and racial harassment.

(b) If a school board approves a plan to accomplish any of the purposes listed in paragraph (a), it must also provide challenging instructional activities and experiences that recognize and cultivate students' advanced abilities and talents.

Sec. 25. Minnesota Statutes 1992, section 473F.02, is amended by adding a subdivision to read:

Subd. 24. [LOCAL TAX RATE.] "Local tax rate" means a governmental unit's levy, including any portion levied against market value under section 124A.03, subdivision 2a, divided by its net tax capacity.

Sec. 26. Laws 1991, chapter 265, article 1, section 30, is amended to read:

Sec. 30. [BADGER SCHOOL DISTRICT FUND BALANCE.]

If independent school district No. 676, Badger, receives payment of delinquent property taxes and the payment is more than five percent of the total property taxes paid in the fiscal year in which the payment is received, general education revenue for the district shall not be reduced according to Minnesota Statutes, section 124A.26, subdivision 1, for an excess fund balance for the following two five fiscal years.

Sec. 27. [SALARY SETTLEMENTS AFFECTING CLASS SIZE.]

Subdivision 1. [EMPHASIS ON CLASS SIZE.] A school district may not enter into a collective bargaining agreement or other contract with teachers, principals, assistant principals, superintendents, or assistant superintendents that would increase the compensation costs paid by the district if the contract would result in larger class sizes in the district, unless the board has complied with subdivision 2. Each school board shall determine if a proposed collective bargaining agreement or contract would result in larger class sizes and if increases in compensation costs will occur.

Subd. 2. [NOTICE OF CLASS SIZE INCREASE.] (a) Before entering into a contract described in subdivision 1, a school board must comply with this subdivision.

(b) The board must publish notice of the proposed salary settlement describing the overall increase in compensation, the increase due to cost-of-living adjustments, the increase due to step and lane adjustments, the increase due to the increased costs of health and fringe benefits and deferred compensation. The notice must be published at least ten days before the next board meeting at which the contract will be considered. The publication and notice requirements do not apply if the teachers in the district are on strike or have filed a notice of intent to strike under Minnesota Statutes, section 179A.18, subdivision 3.

(c) The board must hold a board meeting on the proposed salary settlement. After public testimony on the proposed salary settlement, the board may vote to ratify the settlement.

Subd. 3. [APPLICABILITY.] This section supersedes any other law to the contrary. An arbitrator may not issue an award that would cause a violation of this section. It is not an unfair labor practice for a school board to take any action necessary to comply with this section. This section only applies to collective bargaining agreements and contracts, including renewal of contracts, entered into between July 1, 1993 to June 30, 1995. The January 15 contract deadline date contained in Minnesota Statutes, section 124A.22, subdivision 2a, is extended to January 31, for calendar year 1994 only. For purposes of this section, a school board must disregard compensation paid to teachers in technical colleges and class size in technical colleges.

Sec. 28. [SPECIAL DEFINITION OF A PUPIL UNIT IN ONAMIA.]

Notwithstanding Minnesota Statutes, section 124.17, for fiscal year 1994 only, a resident pupil of independent school district No. 480, Onamia, who enrolls in a nonpublic school located on a reservation shall be counted as one-half of a pupil unit in average daily membership.

Sec. 29. [GENERAL EDUCATION REVENUE REDUCTION; SLAYTON.]

Subdivision 1. [QUALIFICATION.] Independent school district No. 504, Slayton, is eligible for revenue under this section if the district has an approved plan for cooperation and combination. If the referendum required under Minnesota Statutes, section 122.243, subdivision 2, fails, the aid adjustment required in subdivision 2 cancels and the department of education shall make a negative adjustment to the following year's aid payments for any amount actually paid to the district. If the referendum fails, the district's levy authority under subdivision 3 is canceled. If the levy has already been certified, the department of education shall make a negative levy adjustment to the following year's general education levy limitations.

Subd. 2. [AID ADJUSTMENT.] For fiscal year 1994 only, the department of education shall include in the general education aid calculation for independent school district No. 504, Slayton, the sum of the amounts by which the district's general education aid was reduced for fiscal years 1992 and 1993 under Minnesota Statutes, section 124A.26.

Subd. 3. [LEVY ADJUSTMENT.] For 1993 taxes payable in 1994 only, independent school district No. 504, Slayton, or its successor district, may levy an amount not to exceed the sum of the levy reductions for fiscal years 1992 and 1993 resulting from the general education revenue fund balance reduction under Minnesota Statutes, section 124A.26.

Sec. 30. [TRANSITION PROVISIONS.]

The commissioner of education, after consultations with the state board of education; the commissioners of revenue and finance; the advisory commission on intergovernmental relations; and other interested persons must deliver to the legislature, no later than January 31, 1995, a financial plan to achieve the policy and implement this act. The plan shall include, but not be limited to, the following:

- (1) proposed definitions and estimated costs of core instruction, support services, and local discretionary services;
- (2) a schedule of implementation which shall provide for a phase-in of this act with total implementation completed no later than fiscal year 2000;
- (3) appropriate transfers of aids and credits from other local government assistance and property tax relief programs and the transfers to such units of excess tax capacity resulting from reduced local education levies;
- (4) a comprehensive plan to ensure that total state funding for education exceeds 70 percent of the total funding;
- (5) a detailed plan for measuring outcomes of education and a proposed system for rewarding progress toward achieving the outcomes and providing assistance to those learning sites unable to achieve such progress;
- (6) necessary changes in the state's uniform financial and accounting reporting system to better enable monitoring and achievement of the financial restructuring goals of this act; and
- (7) other law and rule changes necessary to accomplish the purposes and policy of this act.

Sec. 31. [EMPLOYMENT PRACTICES.]

The governor, after consultations with representatives of business and labor, shall deliver to the legislature, no later than January 31, 1995, a plan suggesting amendments to staff employment, compensation, and collective bargaining laws to facilitate achievement of the goals of this act.

Sec. 32. [LEVY ADJUSTMENT; APPLETON.]

Notwithstanding any law to the contrary, independent school district No. 784, Appleton, must not receive a negative levy adjustment for any referendum levy certified for taxes payable in 1992. For taxes payable in 1994 only, independent school district No. 784, Appleton, shall make a positive levy adjustment in an amount equal to the amount of the negative levy adjustment attributable to the district's referendum levy made to the district's 1992 taxes payable in 1993.

Sec. 33. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [GENERAL AND SUPPLEMENTAL EDUCATION AID.] For general and supplemental education aid:

<u>\$1,788,051,000</u>	<u>.....</u>	<u>1994</u>
<u>\$1,972,000,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$257,551,000 for 1993 and \$1,530,500,000 for 1994.

The 1995 appropriation includes \$266,000,000 for 1994 and \$1,706,000,000 for 1995.

Sec. 34. [REPEALER.]

Laws 1988, chapter 486, section 59, is repealed. Minnesota Statutes 1992, section 124.197, is repealed July 1, 1993.

Sec. 35. [EFFECTIVE DATE.]

Sections (124.755, 124.98) 27, and 29 are effective the day following final enactment. Section 14 is effective for supplemental revenue beginning July 1, 1993. Sections 8 to 13, 15, 17, and 18 are effective for revenue for fiscal year 1995. Section (473F.02) is effective for taxes payable in 1994 and subsequent years. Section 123.34, subdivision 9, is effective the day after final enactment and applies to any employment contract entered into, amended, or replaced between a superintendent and a school board on or after the effective date of section 1.

ARTICLE 2

TRANSPORTATION

Section 1. Minnesota Statutes 1992, section 123.39, is amended by adding a subdivision to read:

Subd. 15. [PUPIL TRANSPORT ON STAFF DEVELOPMENT DAYS.] A school district may provide bus transportation between home and school for pupils on days devoted to parent-teacher conferences, teacher's workshops, or other staff development opportunities. If approved by the commissioner as part of a program of educational improvement, the cost of providing this transportation, as determined by generally accepted accounting principles, must be considered part of the authorized cost for regular transportation for the purposes of section 124.225. The commissioner shall approve inclusion of these costs in the regular transportation category only if the total number of instructional hours in the school year divided by the total number of days for which transportation is provided equals or exceeds the number of instructional hours per day prescribed in the rules of the state board.

Sec. 2. Minnesota Statutes 1992, section 124.225, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, the terms defined in this subdivision have the meanings given to them.

(a) "FTE" means a ~~transported~~ full-time equivalent pupil whose transportation is authorized for aid purposes by section 124.223.

(b) "Authorized cost for regular transportation" means the sum of:

(1) all expenditures for transportation in the regular category, as defined in paragraph (c), clause (1), for which aid is authorized in section 124.223, plus

(2) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 12-1/2 percent per year of the cost of the fleet, plus

(3) an amount equal to one year's depreciation on district school buses reconditioned by the department of corrections computed on a straight line basis at the rate of 33-1/3 percent per year of the cost to the district of the reconditioning, plus

(4) an amount equal to one year's depreciation on the district's type three school buses, as defined in section 169.01, subdivision 6, paragraph (c), which were purchased after July 1, 1982, for authorized transportation of pupils, with the prior approval of the commissioner, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses.

(c) "Transportation category" means a category of transportation service provided to pupils as follows:

(1) Regular transportation is transportation services provided during the regular school year under section 124.223, subdivisions 1 and 2, excluding the following transportation services provided under section 124.223, subdivision 1: transportation between schools; noon transportation to and from school for kindergarten pupils attending half-day sessions; transportation of pupils to and from schools located outside their normal attendance areas under the provisions of a plan for desegregation mandated by the state board of education or under court order; and transportation of elementary pupils to and from school within a mobility zone.

(2) Nonregular transportation is transportation services provided under section 124.223, subdivision 1, that are excluded from the regular category and transportation services provided under section 124.223, subdivisions 3, 4, 5, 6, 7, 8, 9, and 10.

(3) Excess transportation is transportation to and from school during the regular school year for secondary pupils residing at least one mile but less than two miles from the public school they could attend or from the nonpublic school actually attended, and transportation to and from school for pupils residing less than one mile from school who are transported because of extraordinary traffic, drug, or crime hazards.

(4) Desegregation transportation is transportation during the regular school year of pupils to and from schools located outside their normal attendance areas under a plan for desegregation mandated by the state board or under court order.

(5) Handicapped transportation is transportation provided under section 124.223, subdivision 4, for pupils with a disability between home or a respite care facility and school or other buildings where special instruction required by section 120.17 is provided.

(d) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services, and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123.932, subdivision 9.

(e) "Current year" means the school year for which aid will be paid.

(f) "Base year" means the second school year preceding the school year for which aid will be paid.

(g) "Base cost" means the ratio of:

(1) the sum of the authorized cost in the base year for regular transportation as defined in paragraph (b) plus the actual cost in the base year for excess transportation as defined in paragraph (c);

(2) to the sum of the number of weighted ~~FTE pupils transported~~ FTE's in the regular and excess categories in the base year.

(h) "Pupil weighting factor" for the excess transportation category for a school district means the lesser of one, or the result of the following computation:

(1) Divide the square mile area of the school district by the number of ~~FTE pupils transported~~ FTE's in the regular and excess categories in the base year.

(2) Raise the result in clause (1) to the one-fifth power.

(3) Divide four-tenths by the result in clause (2).

The pupil weighting factor for the regular transportation category is one.

(i) "Weighted FTE's" means the number of FTE's in each transportation category multiplied by the pupil weighting factor for that category.

(j) "Sparsity index" for a school district means the greater of .005 or the ratio of the square mile area of the school district to the sum of the number of weighted FTE's ~~transported~~ by the district in the regular and excess categories in the base year.

(k) "Density index" for a school district means the greater of one or the result obtained by subtracting the product of the district's sparsity index times 20 from two.

(l) "Contract transportation index" for a school district means the greater of one or the result of the following computation:

(1) Multiply the district's sparsity index by 20.

(2) Select the lesser of one or the result in clause (1).

(3) Multiply the district's percentage of regular FTE's ~~transported~~ in the current year using vehicles that are not owned by the school district by the result in clause (2).

(m) "Adjusted predicted base cost" means the predicted base cost as computed in subdivision 3a as adjusted under subdivision 7a.

(n) "Regular transportation allowance" means the adjusted predicted base cost, inflated and adjusted under subdivision 7b.

Sec. 3. Minnesota Statutes 1992, section 124.225, subdivision 3a, is amended to read:

Subd. 3a. [PREDICTED BASE COST.] A district's predicted base cost equals the result of the following computation:

(a) Multiply the transportation formula allowance by the district's sparsity index raised to the one-fourth power. The transportation formula allowance is \$421 ~~\$447~~ for the 1989-1990 1991-1992 base year and \$434 ~~\$463~~ for the ~~1990-1991~~ 1992-1993 base year.

(b) Multiply the result in paragraph (a) by the district's density index raised to the 35/100 power.

(c) Multiply the result in paragraph (b) by the district's contract transportation index raised to the 1/20 power.

Sec. 4. Minnesota Statutes 1992, section 124.225, subdivision 7b, is amended to read:

Subd. 7b. [INFLATION FACTORS.] The adjusted predicted base cost determined for a district under subdivision 7a for the base year must be increased by ~~4.0~~ 2.0 percent to determine the district's regular transportation allowance for the ~~1991-1992~~ 1993-1994 school year and by ~~2.0~~ 4.0 percent to determine the district's regular transportation allowance for the ~~1992-1993~~ 1994-1995 school year, but the regular transportation allowance for a district cannot be less than the district's minimum regular transportation allowance according to Minnesota Statutes 1990, section 124.225, subdivision 1, paragraph (t).

Sec. 5. Minnesota Statutes 1992, section 124.225, subdivision 7d, is amended to read:

Subd. 7d. [TRANSPORTATION REVENUE.] Transportation revenue for each district equals the sum of the district's regular transportation revenue and the district's nonregular transportation revenue.

(a) The regular transportation revenue for each district equals the district's regular transportation allowance according to subdivision 7b times the sum of the number of FTE's ~~transported~~ by the district in the regular, desegregation, and handicapped categories in the current school year.

~~(b) The nonregular transportation revenue for each district for the 1991-1992 school year equals the lesser of the district's actual costs in the 1991-1992 school year for nonregular transportation services or the product of the district's actual cost in the 1990-1991 school year for nonregular transportation services as defined for the 1991-1992 school year in subdivision 1, paragraph (c), times the ratio of the district's average daily membership for the 1991-1992 school year to the district's average daily membership for the 1990-1991 school year according to section 124.17, subdivision 2, times 1.03, minus the amount of regular transportation revenue attributable to FTE's transported in the desegregation and handicapped categories in the current school year, plus the excess nonregular transportation revenue for the 1991-1992 school year according to subdivision 7e.~~

(e) For the 1992-1993 and later school years, the nonregular transportation revenue for each district equals the lesser of the district's actual cost in the current school year for nonregular transportation services or the product of the district's actual cost in the base year for nonregular transportation services as defined for the current year in subdivision 1, paragraph (c), times the ratio of the district's average daily membership for the current year to the district's average daily membership for the base year according to section 124.17, subdivision 2, times the nonregular transportation inflation factor for the current year, minus the amount of regular transportation revenue attributable to FTE's ~~transported~~ in the desegregation and handicapped categories in the current school year, plus the excess nonregular transportation revenue for the current year according to subdivision 7e. The nonregular transportation inflation factor is 1.0345 for the ~~1992-1993~~ 1993-1994 school year ~~is 1.061 and 1.0345 for the 1994-1995 school year.~~

Sec. 6. Minnesota Statutes 1992, section 124.225, subdivision 7e, is amended to read:

Subd. 7e. [EXCESS NONREGULAR TRANSPORTATION REVENUE.] ~~(a) A district's excess nonregular transportation revenue for the 1991-1992 school year equals an amount equal to 80 percent of the difference between:~~

~~(1) the district's actual cost in the 1991-1992 school year for nonregular transportation services as defined for the 1991-1992 school year in subdivision 1, paragraph (c), and~~

~~(2) the product of the district's actual cost in the 1990-1991 school year for nonregular transportation services as defined for the 1991-1992 school year in subdivision 1, paragraph (c), times 1.15, times the ratio of the district's average daily membership for the 1991-1992 school year to the district's average daily membership for the 1990-1991 school year.~~

~~(b) A district's excess nonregular transportation revenue for the 1992-1993 school year and later school years equals an amount equal to 80 percent of the difference between:~~

~~(1) the district's actual cost in the current year for nonregular transportation services as defined for the current year in subdivision 1, paragraph (c), and~~

~~(2) the product of the district's actual cost in the base year for nonregular transportation services as defined for the current year in subdivision 1, paragraph (c), times 1.30, times the ratio of the district's average daily membership for the current year to the district's average daily membership for the base year.~~

~~(c) The state total excess nonregular transportation revenue must not exceed \$2,000,000 for the 1991-1992 school year and \$2,000,000 for the 1992-1993 school year. If the state total revenue according to paragraph (a) or (b) exceeds the limit set in this paragraph, the excess nonregular transportation revenue for each district equals the district's revenue according to paragraph (a) or (b), times the ratio of the limitation set in this paragraph to the state total revenue according to paragraph (a) or (b).~~

Sec. 7. Minnesota Statutes 1992, section 124.226, subdivision 1, is amended to read:

Subdivision 1. [BASIC TRANSPORTATION.] Each year, a school district may levy for school transportation services an amount not to exceed the amount raised by the basic transportation tax rate times the adjusted net tax capacity of the district for the preceding year. The commissioner of education shall establish the basic transportation tax rate by July 1 of each year for levies payable in the following year. The basic transportation tax rate shall be a rate, rounded up to the nearest hundredth of a percent, that, when applied to the adjusted net tax capacity of taxable property for all districts, raises the amount specified in this subdivision. The basic transportation tax rate for transportation shall be the rate that raises \$64,300,000 for fiscal year 1993 and \$68,000,000 for fiscal year 1994 and \$68,600,000 for fiscal year 1995 and subsequent fiscal years. The basic transportation tax rate certified by the commissioner of education must not be changed due to changes or corrections made to a district's adjusted net tax capacity after the tax rate has been certified.

Sec. 8. Minnesota Statutes 1992, section 124.226, subdivision 3, is amended to read:

Subd. 3. [OFF-FORMULA ADJUSTMENT.] In a district if the basic transportation levy under subdivision 1 attributable to that fiscal year is more than the difference between (1) the district's transportation revenue under section 124.225, subdivision 7d, and (2) the sum of the district's maximum nonregular levy under subdivision 4 and the district's contracted services aid reduction under section 124.225, subdivision 8k, and the amount of any reduction due to insufficient appropriation under section 124.225, subdivision 8a, the district's transportation levy in the second year following each fiscal year must be reduced by the difference between the amount of the excess and the amount of the aid reduction for the same fiscal year according to subdivision 3a.

Sec. 9. Minnesota Statutes 1992, section 124.226, is amended by adding a subdivision to read:

Subd. 3a. [TRANSPORTATION LEVY EQUITY.] (a) If a district's basic transportation levy for a fiscal year is adjusted according to subdivision 3, an amount must be deducted from the state payments that are authorized in chapter 273 and that are receivable for the same fiscal year. The amount of the deduction equals the difference between:

(1) the district's transportation revenue under section 124.225, subdivision 7d; and

(2) the sum of the district's maximum basic transportation levy under subdivision 1, the district's maximum nonregular levy under subdivision 4, the district's maximum excess transportation levy under subdivision 5, the district's contracted services aid reduction under section 124.225, subdivision 8k, and the amount of any reduction due to insufficient appropriation under section 124.225, subdivision 8a.

(b) Notwithstanding paragraph (a), for fiscal year 1995, the amount of the deduction is one-fourth of the difference between clauses (1) and (2); for fiscal year 1996, the amount of the deduction is one-half of the difference between clauses (1) and (2); and for fiscal year 1997, the amount of the deduction is three-fourths of the difference between clauses (1) and (2).

(c) The amount of the deduction in any fiscal year must not exceed the amount of state payments that are authorized in chapter 273 and that are receivable for the same fiscal year in the district's transportation fund.

Sec. 10. Minnesota Statutes 1992, section 124.226, subdivision 9, is amended to read:

Subd. 9. [LATE ACTIVITY BUSES.] (a) A school district may levy an amount equal to the lesser of:

(1) the actual cost of late transportation home from school, between schools within a district, or between schools in one or more districts that have an agreement under sections 122.241 to 122.248, 122.535, 122.541, or 124.494, for pupils involved in after school activities for the school year beginning in the year the levy is certified; or

(2) two percent of the district's regular transportation revenue for that school year according to section 124.225, subdivision 7d, paragraph (a).

(b) A district that levies under this section must provide late transportation home from school for students participating in any academic-related activities provided by the district if transportation is provided for students participating in athletic activities.

~~(c) A district may levy under this subdivision only if the district provided late transportation home from school during fiscal year 1991.~~

Sec. 11. [ADDITIONAL LATE ACTIVITY LEVY.]

A school district that is eligible to certify a levy under section (124.26, subdivision 9) and was not eligible to certify a levy under Minnesota Statutes, section 124.226, subdivision 9, may certify an additional amount in 1993 for taxes payable in 1994 equal to the amount it would have been authorized to certify in 1992 for taxes payable in 1993 had it been eligible. A levy authorized under this section must be recognized according to Minnesota Statutes, section 124.918, subdivision 6.

Sec. 12. [RULE REVIEW.]

The department of education shall review Minnesota Rules, part 3520.4831, relating to body-chassis sizes for school buses, to determine the purpose of the rule. The state board of education shall revise the rule to accurately reflect its purpose.

Sec. 13. [TRANSPORTATION FOR CERTAIN OPEN ENROLLMENT PUPILS.]

Notwithstanding Minnesota Statutes, sections 120.062, subdivision 9, and 124.225, subdivision 8l, transportation provided by independent school district No. 319, Nashwauk-Keewatin, between home and school for a resident pupil of independent school district No. 318, Grand Rapids, attending school under Minnesota Statutes, section 120.062, is authorized for aid under Minnesota Statutes, section 124.225, subdivision 7d, paragraph (c), if the following criteria are met:

(1) the school that the pupil was attending prior to enrolling in independent school district No. 319, Nashwauk-Keewatin, under Minnesota Statutes, section 120.062, is closed;

(2) the distance from the closed school to the next nearest school in the district that the student could attend is at least 20 miles;

(3) the pupil's residence is at least 20 miles from any school that the pupil could attend in independent school district No. 318, Grand Rapids; and

(4) the pupil's residence is closer to the school of attendance in independent school district No. 319, Nashwauk-Keewatin, than to any school the pupil could attend in independent school district No. 318, Grand Rapids.

Sec. 14. Laws 1991, chapter 265, article 2, section 19, subdivision 2, is amended to read:

Subd. 2. [TRANSPORTATION AID.] For transportation aid according to Minnesota Statutes, section 124.225:

\$116,340,000	.....	1992
\$123,133,000	.....	1993

The 1992 appropriation includes \$17,679,000 for 1991 and \$98,661,000 for 1992.

The 1993 appropriation includes \$17,146,000 for 1992 and \$105,987,000 for 1993.

\$1,500,000 \$2,000,000 in fiscal year 1992 and \$1,000,000 \$500,000 in fiscal year 1993 are for desegregation costs not funded in the regular or nonregular transportation formulas. The department shall allocate these amounts in proportion to the unfunded desegregation costs. Any excess of the 1992 amount is not available for transfer under Minnesota Statutes, section 124.14, subdivision 7 and is available for unfunded desegregation costs in 1993.

In fiscal year 1992, only, for purposes of this subdivision, "desegregation costs" means all expenditures for desegregation transportation as defined in Minnesota Statutes, section 124.225, subdivision 1, paragraph (c), clause (4), for which aid is authorized in Minnesota Statutes, section 124.223, plus an amount equal to one year's depreciation, computed according to Minnesota Statutes, section 124.225, subdivision 1, paragraph (b), clauses (2), (3), and (4), on district school buses used primarily for desegregation transportation.

Sec. 15. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [TRANSPORTATION AID.] For transportation aid according to Minnesota Statutes, section 124.225:

\$127,390,000	.....	1994
\$139,855,000	.....	1995

The 1994 appropriation includes \$18,327,000 for 1993 and \$109,063,000 for 1994.

The 1995 appropriation includes \$19,246,000 for 1994 and \$120,609,000 for 1995.

Subd. 3. [TRANSPORTATION AID FOR POST-SECONDARY ENROLLMENT OPTIONS.] For transportation of pupils attending post-secondary institutions according to Minnesota Statutes, section 123.3514:

\$52,000	.....	1994
\$58,000	.....	1995

Subd. 4. [TRANSPORTATION AID FOR ENROLLMENT OPTIONS.] For transportation of pupils attending nonresident districts according to Minnesota Statutes, section 120.0621:

\$15,000	.....	1994
\$19,000	.....	1995

Subd. 5. [TRANSFER AUTHORITY.] If the appropriation in subdivision 3 or 4 for either year exceeds the amount needed to pay the state's obligation for that year under that subdivision, the excess amount may be used to make payments for that year under the other subdivision.

Sec. 16. [EFFECTIVE DATE.]

Sections (124.226, subdivision 9, and the section authorizing an additional late activity levy) are effective for levies certified in 1993 for taxes payable in 1994.

Section (transportation for certain open enrollment pupils) is effective the day following final enactment.

Sections (124.226, subdivisions 3 and 3a) are effective July 1, 1994.

ARTICLE 3

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1992, section 124.273, is amended by adding a subdivision to read:

Subd. 2c. [SUPPLY AND EQUIPMENT AID.] Each year the state shall pay a school district for supplies and equipment purchased or rented for use in the instruction of pupils of limited English proficiency an amount equal to 47 percent of the sum actually spent by the district but not to exceed an average of \$47 in any one school year for each pupil of limited English proficiency receiving instruction.

Section 2. Minnesota Statutes 1992, section 124.32, subdivision 1d, is amended to read:

Subd. 1d. [CONTRACT SERVICES.] For special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, the state shall pay each district 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the amount of time fraction of the school day the pupil receives services under the contract. For special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, the state shall pay each district 52 percent of the amount of the contract for that pupil.

Section 3. Minnesota Statutes 1992, section 124.322, is amended by adding a subdivision to read:

Subd. 1a. [DEFINITIONS.] In this section, the definitions in this subdivision apply.

(a) "Base revenue" means the following:

(1) for the first fiscal year after approval of the district's application, base revenue means the sum of the district's revenue for the preceding fiscal year for its special education program under sections 124.32, subdivisions 1b, 1d, 2, 5, and 10, and 124.321, subdivision 1;

(2) for the second fiscal year after approval of a district's application, base revenue means the sum of the district's revenue for the second prior fiscal year for its special education program under sections 124.32, subdivisions 1b, 1d, 2, 5, and 10, and 124.321, subdivision 1; and

(3) for the third fiscal year after approval of a district's application, and thereafter, base revenue means the sum of the revenue a district would have been entitled to in the second prior fiscal year for its special education program under sections 124.32, subdivisions 1b, 1d, 2, 5, and 10, and 124.321, subdivision 1, based on activities defined as reimbursable under state board rules for special education and nonspecial education students, and additional activities as detailed and approved by the commissioner of education.

(b) "Base aid" means the following:

(1) for the first fiscal year after approval of a district's application, base aid means the sum of the district's gross aid for the preceding fiscal year for its special education program under section 124.32, subdivisions 1b, 1d, 2, 5, and 10;

(2) for the second fiscal year after approval of a district's application, base aid means the sum of the district's gross aid for the second prior fiscal year for its special education program under section 124.32, subdivisions 1b, 1d, 2, 5, and 10; and

(3) for the third fiscal year after approval of a district's application and thereafter, base aid means the sum of the gross aid the district would have been entitled to in the second prior fiscal year for its special education program

under section 124.32, subdivisions 1b, 1d, 2, 5, and 10, based on activities defined as reimbursable under state board of education rules for special education and nonspecial education students, and additional activities as detailed and approved by the commissioner of education in the application plan.

(c) Notwithstanding paragraphs (a) and (b), base revenue and base aid for 1995 and later fiscal years must not include revenue and aid under section 124.32, subdivision 5.

(d) "Alternative delivery revenue inflator" means:

(1) For the first fiscal year after approval of a district's application, the greater of 1.017 or the ratio of (i) the statewide average special education revenue under sections 124.32 and 124.321 per pupil in average daily membership for the current fiscal year, to (ii) the statewide average special education revenue per pupil in average daily membership for the previous fiscal year.

(2) For the second and later fiscal years, the greater of 1.034 or the ratio of (i) the statewide average special education revenue under sections 124.32 and 124.321 per pupil in average daily membership for the current fiscal year, to (ii) the statewide average special education revenue per pupil in average daily membership for the second prior fiscal year.

(e) The commissioner of education shall adjust each district's base revenue and base aid to reflect any changes in special education services required by rule or statute.

Sec. 4. Minnesota Statutes 1992, section 124.322, subdivision 2, is amended to read:

Subd. 2. [AMOUNT OF ALTERNATIVE DELIVERY REVENUE.] For the first fiscal year after approval of an application, a district shall receive the sum of the revenue it received for the preceding fiscal year for its special education program under section 124.32, subdivisions 1b, 2, 5, and 10, and Minnesota Statutes 1990, section 275.125, subdivision 8c, or section 124.321, subdivisions 1 and 2, as applicable, district's alternative delivery revenue equals its base revenue multiplied by 1.03 the product of the alternative delivery revenue inflator times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the immediately preceding fiscal year. For each of the next two fiscal years, the district shall receive the amount it received for the previous fiscal year multiplied by 1.03. For the second and later fiscal years a district's alternative delivery revenue equals its base revenue multiplied by the product of the alternative delivery revenue inflator times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the second preceding fiscal year.

Sec. 5. Minnesota Statutes 1992, section 124.322, subdivision 3, is amended to read:

Subd. 3. [ALTERNATIVE DELIVERY AID.] For the first fiscal year after approval of an application, a district shall receive the sum of the aid it received for the preceding fiscal year under section 124.32, subdivisions 1b, 2, 5, and 10, district's alternative delivery aid equals its base aid multiplied by 1.03 the product of 1.017 times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the preceding fiscal year. For the second and later fiscal years a district's alternative delivery aid equals its base aid multiplied by the product of 1.034 times the ratio of the district's average daily membership for the current fiscal year to the district's average daily membership for the second preceding fiscal year. The aid for the first year of revenue shall not be prorated. For each of the next two fiscal years, the district shall receive the amount of aid it received for the previous fiscal year multiplied by 1.03. A district that receives aid under this subdivision shall not receive aid under section 124.32, subdivisions 1b, 1d, 2, 5, and 10, for the same fiscal year.

Sec. 6. Minnesota Statutes 1992, section 124.322, subdivision 4, is amended to read:

Subd. 4. [ALTERNATIVE DELIVERY LEVY REVENUE.] A district shall receive alternative delivery levy revenue equal to the difference between the alternative delivery revenue and the alternative delivery aid. If the alternative delivery aid for a district is prorated for the second or third fiscal years, the alternative delivery levy revenue shall be increased by the amount not paid by the state due to proration. For fiscal year 1993 and thereafter, The alternative delivery levy revenue shall be included under section 124.321, subdivision 1, for purposes of computing the special education levy under section 124.321, subdivision 3, and the special education levy equalization aid under section 124.321, subdivision 4.

Sec. 7. [124.323] [SPECIAL EDUCATION EXCESS COST AID.]

Subdivision 1. [DEFINITIONS.] In this section, the definitions in this subdivision apply.

(a) "Unreimbursed special education cost" means the sum of the following:

(1) expenditures for teachers' salaries, contracted services, supplies, and equipment eligible for revenue under sections 124.32, subdivisions 1b, 1d, 2, and 10, and 124.322, subdivision 2; plus

(2) expenditures for tuition bills received under section 120.17; minus

(3) revenue for teachers' salaries, contracted services, supplies, and equipment under sections 124.32, subdivisions 1b, 1d, 2, and 10; 124.321, subdivision 1, clause (1); and 124.322, subdivision 2; minus

(4) tuition receipts under section 120.17.

(b) "General revenue" means the sum of the general education revenue according to section 124A.22, subdivision 1, plus the total referendum revenue according to section 124A.03, subdivision 1e.

Subd. 2. [EXCESS COST AID.] For 1995 and later fiscal years, a district's special education excess cost aid equals the product of:

(1) 70 percent of the difference between (i) the district's unreimbursed special education cost per actual pupil unit and (ii) six percent of the district's general revenue per actual pupil unit, times

(2) the district's actual pupil units for that year.

Sec. 8. Minnesota Statutes 1992, section 124.332, subdivision 2, is amended to read:

Subd. 2. [AID AMOUNT.] An eligible district shall receive individualized learning and development aid in an amount equal to \$64 for 1991-1992 and \$66 for 1992-1993 and thereafter times the district's average daily membership in kindergarten to grade 2 for the 1991-1992 school year, and in kindergarten to grade 3 for the 1992-1993 school year and thereafter and \$42 times the district's average daily membership in grade 4. Aid received under this subdivision for kindergarten to grade 3 must be used only to achieve the district's instructor-learner ratios and prepare and use individualized learning plans for learners in the grades for which the district is receiving aid. If the district has achieved and is maintaining the district's instructor-learner ratios in kindergarten to grade 3, then the district may use the aid to work to improve program offerings throughout the district. Aid received under this subdivision for grade 4 must be used to implement learners' individualized learning plans.

Sec. 9. Minnesota Statutes 1992, section 124.574, is amended by adding a subdivision to read:

Subd. 4a. [ADDITIONAL AID.] A school district may contract with another Minnesota school district or cooperative center for career assessment services for children with a disability for children that are not yet enrolled in grade 12. The formula for payment equals 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the amount of time the pupil receives services under the contract. The contracts must be approved by the commissioner.

Sec. 10. Minnesota Statutes 1992, section 125.189, is amended to read:

125.189 [LICENSURE REQUIREMENTS.]

In addition to other requirements, The board of teaching will review and determine appropriate licensure requirements for a candidate for a license or an applicant for a continuing license to teach hearing-impaired deaf and hard of hearing students in kindergarten prekindergarten through grade 12. In addition to other requirements, a candidate must demonstrate the minimum level of proficiency in American sign language as determined by the Quality Assurance Systems Project of the department of education board.

Sec. 11. [ASL GUIDELINES.]

(a) In determining appropriate licensure requirements for teachers of deaf and hard of hearing students under Minnesota Statutes, section 125.189, the board of teaching shall develop the requirements according to the guidelines described in this section.

(b) Each teacher must complete the American sign language sign communication proficiency interview or a comparable American sign language evaluation that the board of teaching, the Minnesota association of deaf citizens, and the Minnesota council for the hearing impaired accept as a means for establishing the teacher's baseline level of American sign language skills. A teacher shall not be charged for this evaluation.

(c) Each teacher must complete 60 continuing education credits in American sign language, American sign language linguistics, or deaf culture for every 120 continuing education credits the teacher is required to complete to renew a teaching license.

(d) As a condition of obtaining an initial license to teach deaf and hard of hearing students, a person must demonstrate in the sign communication proficiency interview an intermediate plus level of proficiency in American sign language.

(e) Each teacher applying to renew a teaching license and each teacher holding a teaching license from another state who wishes to apply for a Minnesota teaching license must take the American sign language sign communication proficiency interview or a comparable American sign language evaluation every five years until the teacher demonstrates a minimum, or survival plus, level of proficiency in American sign language.

(f) A teacher working directly with students whose primary language is American sign language should demonstrate at least an advanced level of proficiency in American sign language. The board should not consider a minimum, or survival plus, level of proficiency adequate for providing direct instruction to students whose primary language is American sign language.

(g) To renew a teaching license, a teacher must comply with paragraphs (c) and (e) in addition to other applicable board requirements. A teacher's ability to demonstrate a minimum, or survival plus, level of proficiency in American sign language is not a condition for renewing the teacher's license.

(h) A teacher who demonstrates an increased proficiency in American sign language skill in the American sign language sign communication proficiency interview or a comparable American sign language evaluation shall receive credit toward completing the requirements of paragraph (c). The number of continuing education credits the teacher receives is based on the teacher's increased level of proficiency from the teacher's baseline level:

- (1) 35 continuing education credits for demonstrating an intermediate level of proficiency;
- (2) 40 continuing education credits for demonstrating an intermediate plus level of proficiency;
- (3) 45 continuing education credits for demonstrating an advanced level of proficiency;
- (4) 50 continuing education credits for demonstrating an advanced plus level of proficiency;
- (5) 55 continuing education credits for demonstrating a superior level of proficiency; and
- (6) 60 continuing education credits for demonstrating a superior plus level of proficiency.

Sec. 12. [DEVELOPING GREATER FLEXIBILITY IN DELIVERING SPECIAL EDUCATION SERVICES.]

Subdivision 1. [PURPOSE; AUTHORIZATION.] In an effort to change the overall emphasis in special education from complying with laws and rules to also improving educational opportunities for a wide range of students, including those who are disabled, those for whom English is a second language, and those with unique learning styles, a pilot project is established to permit independent school district No. 625, St. Paul, to develop and implement an integrated service model for delivering special education services and programs to eligible students under Minnesota Statutes, section 120.17, and alternative delivery of specialized instructional services under Minnesota Statutes, section 120.173. As part of the pilot project, the state board of education shall waive all state special education rules if the St. Paul school district complies with the requirements in subdivision 2.

Subd. 2. [PROJECT REQUIREMENTS.] (a) To participate in the pilot project, the district must:

- (1) notify the commissioner of education, the state board of education, and the advisory council under paragraph (c) by June 15, 1993, of its intent to develop and implement an integrated service model for delivering special

education services and programs to eligible and low-performing students that complies with all applicable federal rules governing the delivery of special education;

(2) complete by November 30, 1993, with assistance from the commissioner as described in paragraph (b) and the advisory council in paragraph (c), a proposed plan for realizing an integrated service model, which includes a description of each applicable federal rule and the approach the district will use to effect that rule;

(3) include in the proposed plan measures to protect students' civil rights, provide equal educational opportunities, and prohibit discrimination as required under state and federal law;

(4) receive local school board approval of the proposed plan by December 31, 1993, and file a copy of the approved plan with the commissioner;

(5) begin in-service training of district personnel on February 1, 1994, to ensure that the district complies with all applicable federal regulations governing the delivery of special education; and

(6) implement the integrated service model beginning July 1, 1994.

(b) If the St. Paul school district indicates its intent to develop an integrated service model under paragraph (a), clause (1), the commissioner shall assist the district beginning August 1, 1993, in developing its plan to realize the integrated service model by:

(1) providing technical assistance through the state department of education; and

(2) using discretionary funds under Public Law Number 101-476 to contract for technical assistance as needed.

(c) The district must establish an advisory council for the pilot project that reflects the demographic composition of the district and is composed of members of existing special education-related committees, parents of eligible students with varying disabilities and of different ages enrolled in the district, representative of advocacy agencies, and district personnel affected by this section. Parents shall compose the majority of council members. The district must continuously consult with the advisory council on planning, delivering, and modifying the district's special education programs and services.

Subd. 3. [EVALUATION.] Upon implementing the integrated service model, the district, with technical assistance provided or contracted for by the commissioner, must annually evaluate the efficacy of the model over at least a four-year period. The district must address in its evaluation the seven points listed in Minnesota Statutes, section 120.173, subdivision 3, and document parents' responses to the model. The district must submit to the education committees of the legislature a progress report by February 1, 1997, and a final report by February 1, 1999, on the efficacy of the model.

Sec. 13. [FISCAL REPORTS; AUTHORIZATION REQUIRED.]

(a) The state interagency council, with technical assistance from the state department of education, shall submit to the education committees of the legislature by February 15, 1994, an accurate and detailed fiscal analysis and summary of the short and long term fiscal impact to the state of participating in the fifth and in succeeding fiscal years of the federal Part H program under United States Code, title 20, section 1471, et seq. (Part H, Public Law Number 102-119).

(b) The state department of education shall not apply to the secretary of education under United States Code, title 20, section 1471, et seq. (Part H, Public Law Number 102-119) to participate in the fifth or any succeeding fiscal year of the federal Part H program contained in the Individuals with Disabilities Education Act until specifically authorized by law to do so.

Sec. 14. [TASK FORCE TO REVIEW SPECIAL EDUCATION RULES.]

Subdivision 1. [ESTABLISHMENT.] A task force to review the state's special education rules is established to recommend to the legislature changes that can be made to simplify the rules while ensuring that the rules meet applicable federal requirements and support the state's interest in education outcomes.

Subd. 2. [MEMBERSHIP; STAFF.] (a) The speaker of the house of representatives and the administrative subcommittee on committees of the senate shall jointly appoint 22 demographically representative members

knowledgeable in elementary and secondary special education matters from throughout the state to serve on the task force and shall select a task force chairperson from among the members, who shall convene and preside over task force meetings. Task force members shall include six parents of students with varying disabilities and of differing ages, two licensed teachers who provide general education instruction, two licensed teachers who provide special education instruction, one urban or suburban school principal, one rural school superintendent, three directors of special education, one of whom represents a single urban or suburban school district, one of whom represents a rural special education cooperative, and one of whom represents an intermediate district, one person with expertise in special education instruction from the department of education, one state senator and one state representative, and three advocates of children with disabilities and their families.

(b) The house research department, senate counsel and research, and other legislative staff offices shall provide staff for the task force.

Subd. 3. [DUTIES.] In recommending changes to simplify the state's special education rules, the task force shall examine each special education rule to determine whether it:

- (1) provides meaningful educational opportunities to students with disabilities;
- (2) encourages educational innovations;
- (3) complies with applicable federal requirements; and
- (4) can be implemented at reasonable cost.

Subd. 4. [ADMINISTRATIVE RULES.] To accommodate the task force's review of the state's special education rules, and notwithstanding Minnesota Statutes, section 121.11, subdivision 12, or any other law to the contrary, the state board of education shall not adopt, amend, or repeal a special education rule until June 1, 1994, unless compelled by a newly enacted or adopted federal requirement.

Subd. 5. [REPORT.] The task force shall submit its recommendations for simplifying the state's special education rules to the education committees of the legislature by February 15, 1994.

Sec. 15. [ALTERNATIVE DELIVERY OF SPECIAL EDUCATION SERVICES AND PROGRAMS.]

Subdivision 1. [ESTABLISHMENT; PURPOSE; GOAL.] A three-year pilot project is established to permit 12 school districts selected by the commissioner of education to use an alternative process for delivering certain special education services and programs to eligible students under Minnesota Statutes, section 120.17. The purpose of the project is to explore, in a deliberate way, effective alternatives to the special education rules listed in subdivision 3 while adhering to the intent of the rules and the procedural and substantive protections afforded eligible students under law. The ultimate goal of the project is to improve the instructional services and educational outcomes and opportunities available to eligible students.

Subd. 2. [ELIGIBILITY; APPLICATIONS.] The commissioner shall make application forms available to school districts interested in exploring effective alternatives for delivering certain special education services and programs as described in this section. Interested school districts must have their application to participate in the project approved by their local school board after a public hearing on the matter. Applications must be submitted to the commissioner by January 1, 1994. The application must describe how the applicant proposes to realize the purpose and goal of the project, including what activities and procedures the applicant proposes and whether the applicant seeks to be exempted from Minnesota Rules, part 3525.1341. The commissioner may require additional information of an applicant. The commissioner shall approve 12 applications before March 1, 1995. The commissioner shall ensure an equitable geographical distribution of project participants throughout the state.

Subd. 3. [EXEMPTIONS.] (a) All school districts participating in the project are exempt from the following special education rules through the 1997-1998 school year:

- (1) Minnesota Rules, part 3525.1335;
- (2) Minnesota Rules, part 3525.2335;
- (3) Minnesota Rules, part 3525.2750; and

(4) Minnesota Rules, part 3525.2925, subparts 2B, 4, 5, 6, 7, and 9.

(b) After reviewing the applications of the district selected to participate in the project, the commissioner shall exempt six of the 12 project participants from Minnesota Rules, part 3525.1341.

(c) During the term of the project, participating school districts exempt from the rules listed in this subdivision must adhere to the intent of the rules and the procedural and substantive safeguards afforded eligible students under the law.

Subd. 4. [STUDENTS' RIGHTS.] School districts participating in the project must individually evaluate eligible students enrolled in the district to determine the students' levels of performance. Eligible students are entitled to the procedural protections provided under Public Law Number 101-476 in any matter that affects the students' identification, evaluation, placement, or change in placement, and protections provided under Minnesota Statutes, sections 127.26 to 127.39, in a dismissal proceeding that may result in students' suspension, exclusion, or expulsion. Participating school districts must ensure the protection of students' civil rights, provide equal educational opportunities, and prohibit discrimination. Failure to comply with this subdivision will at least cause a district to become ineligible to participate in the project.

Subd. 5. [TECHNICAL ASSISTANCE.] The commissioner, through the office of compliance and monitoring, shall provide technical assistance to the project participants. In addition, the commissioner shall use discretionary funds available under Public Law Number 101-476 to contract for technical assistance from an independent evaluator in the field of special education to assist project participants in developing and implementing a valid and uniform procedure to evaluate their alternative delivery process.

Subd. 6. [ADVISORY COMMITTEE.] Each project participant shall have an advisory council that reflects the demographic composition of the local community and is composed of members of existing special education-related committees, parents of eligible students with varying disabilities and of different ages enrolled in a participating district, and district personnel in the field of special education who are potentially affected by the rule exemptions under subdivision 3. Parents shall compose a majority of council members. The council shall advise the district on planning, delivering, and modifying special education programs and services under this section. If a project participant is unable to have members of existing special education-related committees on the council, it shall include on the council additional parents of eligible students.

Subd. 7. [EVALUATION; REPORT.] (a) The commissioner shall use the discretionary funds available under Public Law Number 101-476 to contract with an independent evaluator for technical assistance to develop a uniform evaluation procedure for all participants to use to complete a formative and summative evaluation of their experiences in delivering special education services and programs under this section. Participants shall work with the independent evaluator to focus the evaluation on the overall efficacy of the alternative delivery process, including the extent to which the educational outcomes and opportunities of eligible students are improved. Project participants shall each select one member of their advisory council to meet together periodically with the independent evaluator to evaluate the participants' progress. Project participants, in consultation with their advisory council, shall use the interim evaluations and the responses of affected parents to the alternative delivery process to modify the process where appropriate.

(b) Each project participant shall submit to the commissioner a progress report by September 1, 1996, and a final report by January 1, 1998, evaluating the efficacy of its alternative delivery process. The commissioner shall compile the results of the reports to present to the education committees of the legislature by March 1, 1998. When presenting the reports, the commissioner, after consulting with the independent evaluator, shall recommend appropriate amendments to the rules listed in subdivision 3.

Sec. 16. [REALLOCATION.]

Any funds saved through the flexibility in special education service delivery authorized by this article must be reallocated by the district for the benefit of students with special education needs in the district.

Sec. 17. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund or other named fund to the department of education for the fiscal years designated.

Subd. 2. [SPECIAL EDUCATION AID.] For special education aid according to Minnesota Statutes, section 124.32:

\$176,257,000	.....	1994
\$186,649,000	.....	1995

The 1994 appropriation includes \$25,087,000 for 1993 and \$151,170,000 for 1994.

The 1995 appropriation includes \$26,677,000 for 1994 and \$159,972,000 for 1995.

Subd. 3. [SPECIAL PUPIL AID.] For special education aid according to Minnesota Statutes, section 124.32, subdivision 6, for pupils with handicaps placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$318,000	.....	1994
\$337,000	.....	1995

If the appropriation for either year is insufficient, the appropriation for the other year is available. If the appropriations for both years are insufficient, the appropriation for special education aid may be used to meet the special pupil obligations.

Subd. 4. [SUMMER SPECIAL EDUCATION AID.] For special education summer program aid according to Minnesota Statutes, section 124.32, subdivision 10:

\$5,081,000	.....	1994
\$5,140,000	.....	1995

The 1994 appropriation is for 1993 summer programs.

The 1995 appropriation is for 1994 summer programs.

Subd. 5. [TRAVEL FOR HOME-BASED SERVICES.] For aid for teacher travel for home-based services according to Minnesota Statutes, section 124.32, subdivision 2b:

\$124,000	.....	1994
\$159,000	.....	1995

The 1994 appropriation includes \$10,000 for 1993 and \$114,000 for 1994.

The 1995 appropriation includes \$19,000 for 1994 and \$140,000 for 1995.

Subd. 6. [RESIDENTIAL FACILITIES AID.] For residential facilities aid under Minnesota Statutes, section 124.32, subdivision 5:

\$2,616,000	.....	1994
\$.. -0- ..	.....	1995

Subd. 7. [SPECIAL EDUCATION EXCESS COST AID.] For excess cost aid according to Minnesota Statutes, section 124.322:

\$..-0-..	.....	1994
\$5,555,000	.....	1995

The 1995 appropriation includes \$..-0-.. for 1994 and \$5,555,000 for 1995.

Subd. 8. [LIMITED ENGLISH PROFICIENCY PUPILS PROGRAM AID.] For aid under Minnesota Statutes, section 124.273, for educational programs for pupils of limited English proficiency and for supplies and equipment for limited English proficiency teachers:

\$5,094,000	.....	1994
\$5,663,000	.....	1995

The 1994 appropriation includes \$600,000 for 1993 and \$4,494,0900 for 1994.

The 1995 appropriation includes \$792,000 for 1994 and \$4,871,000 for 1995.

Subd. 9. [AMERICAN INDIAN POST-SECONDARY PREPARATION GRANTS.] For American Indian post-secondary preparation grants according to Minnesota Statutes, section 124.481:

\$857,000	.....	1994
\$857,000	.....	1995

Any balance in the first year does not cancel but is available in the second year.

Subd. 10. [AMERICAN INDIAN LANGUAGE AND CULTURE PROGRAMS.] For grants to American Indian language and culture education programs according to Minnesota Statutes, section 126.54, subdivision 1:

\$591,000	.....	1994
\$591,000	.....	1995

The 1994 appropriation includes \$88,000 for 1993 and \$503,000 for 1994.

The 1995 appropriation includes \$88,000 for 1994 and \$503,000 for 1995.

Any balance in the first year does not cancel but is available in the second year.

Subd. 11. [SECONDARY VOCATIONAL; STUDENTS WITH DISABILITIES.] For aid for secondary vocational education for pupils with disabilities according to Minnesota Statutes, section 124.574:

\$4,573,000	.....	1994
\$4,592,000	.....	1995

The 1994 appropriation includes \$684,000 for 1993 and \$3,889,000 for 1994.

The 1995 appropriation includes \$686,000 for 1994 and \$3,906,000 for 1995.

Subd. 12. [ASSURANCE OF MASTERY.] For assurance of mastery aid according to Minnesota Statutes, section 124.311:

\$12,949,000	.....	1994
\$13,163,000	.....	1995

The 1994 appropriation includes \$1,904,000 for 1993 and \$11,045,000 for 1994.

The 1995 appropriation includes \$1,948,000 for 1994 and \$11,215,000 for 1995.

Subd. 13. [INDIVIDUALIZED LEARNING AND DEVELOPMENT AID.] For individualized learning and development aid according to Minnesota Statutes, section 124.331:

\$19,081,000	.....	1994
\$19,581,000	.....	1995

The 1994 appropriation includes \$2,485,000 for 1993 and \$16,596,000 for 1994.

The 1995 appropriation includes \$2,928,000 for 1994 and \$16,653,000 for 1995.

Subd. 14. [SPECIAL PROGRAMS EQUALIZATION AID.] For special education levy equalization aid according to Minnesota Statutes, section 124.321:

\$13,572,000	.....	1994
\$16,165,000	.....	1995

The 1994 appropriation includes \$1,626,000 for 1993 and \$11,946,000 for 1994.

The 1995 appropriation includes \$2,107,000 for 1994 and \$14,058,000 for 1995.

Subd. 15. [AMERICAN INDIAN SCHOLARSHIPS.] For American Indian scholarships according to Minnesota Statutes, section 124.48:

\$1,600,000	.....	1994
\$1,600,000	.....	1995

Any unexpended balance remaining in the first year does not cancel but is available in the second year.

Subd. 16. [AMERICAN INDIAN EDUCATION.] (a) For certain American Indian education programs in school districts:

\$175,000	.....	1994
\$175,000	.....	1995

The 1994 appropriation includes \$26,000 for 1993 and \$149,000 for 1994.

The 1994 appropriation includes \$26,000 for 1994 and \$149,000 for 1995.

(b) These appropriations are available for expenditure with the approval of the commissioner of the department of education.

(c) The commissioner must not approve the payment of any amount to a school district or school under this subdivision unless that school district or school is in compliance with all applicable laws of this state.

(d) Up to the following amounts may be distributed to the following schools and school districts for each fiscal year: \$54,800 to Pine Point School; \$9,700 to independent school district No. 166; \$14,900 to independent school district No. 432; \$14,100 to independent school district No. 435; \$42,200 to independent school district No. 707; and \$39,100 to independent school district No. 38. These amounts must be spent only for the benefit of American Indian pupils and to meet established state educational standards or statewide requirements.

(e) Before a district or school can receive money under this subdivision, the district or school must submit, to the commissioner, evidence that it has complied with the uniform financial accounting and reporting standards act, Minnesota Statutes, sections 121.90 to 121.917.

Subd. 17. [INDIAN TEACHER PREPARATION GRANTS.] (a) For joint grants to assist Indian people to become teachers:

\$190,000	.....	1994
\$190,000	.....	1995

(b) Initially, \$70,000 each year is for a joint grant to the University of Minnesota at Duluth and the Duluth school district.

(c) Initially, \$40,000 each year is for a joint grant to each of the following:

(1) Bemidji state university and the Red Lake school district;

(2) Moorhead state university and a school district located within the White Earth reservation; and

(3) Augsburg college and the Minneapolis school district.

(d) Money not used for students at one location may be transferred for use at another location.

(e) Any unexpended balance remaining the first year does not cancel but is available in the second year.

Subd. 18. [TRIBAL CONTRACT SCHOOLS.] For tribal contract school aid according to Minnesota Statutes, section 124.86:

<u>\$374,000</u>	<u>.....</u>	<u>1994</u>
<u>\$457,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$--0-- for 1993 and \$374,000 for 1994.

The 1995 appropriation includes \$66,000 for 1994 and \$391,000 for 1995.

Subd. 19. [EARLY CHILDHOOD PROGRAMS AT TRIBAL SCHOOLS.] For early childhood family education programs at tribal contract schools:

<u>\$68,000</u>	<u>.....</u>	<u>1994</u>
<u>\$68,000</u>	<u>.....</u>	<u>1995</u>

Subd. 20. [SECONDARY VOCATIONAL EDUCATION AID.] For secondary vocational education aid according to Minnesota Statutes, section 124.573:

<u>\$12,079,000</u>	<u>.....</u>	<u>1994</u>
<u>\$13,244,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$1,811,000 for 1993 and \$10,268,003 for 1994.

The 1995 appropriation includes \$1,811,000 for 1994 and \$11,433,000 for 1995.

Subd. 21. [SUMMER HEALTH CARE INTERN PROGRAM.] For summer health care intern grants under Minnesota Statutes, section 124C.62:

<u>\$33,000</u>	<u>.....</u>	<u>1994</u>
<u>\$33,000</u>	<u>.....</u>	<u>1995</u>

Subd. 22. [EDUCATION IN AGRICULTURE LEADERSHIP COUNCIL.] For a grant to the Minnesota education in agriculture leadership council to cover operating expenses:

<u>\$50,000</u>	<u>.....</u>	<u>1994</u>
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This appropriation is available until June 30, 1995.

Subd. 23. [ADVISORY COUNCIL COSTS.] For the costs to project participants of convening their advisory council members during the term of the pilot project under section 15:

<u>\$50,000</u>	<u>.....</u>	<u>1995</u>
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Subd. 24. [TEACHER EDUCATION; HEARING IMPAIRED.] To assist school districts in greater Minnesota in educating teachers in American sign language, American sign language linguistics, and deaf culture as required under section 11, clause (c):

<u>\$25,000</u>	<u>.....</u>	<u>1994</u>
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This appropriation is available until June 30, 1995.

Subd. 25. [PROFICIENCY EVALUATION.] To evaluate teachers' baseline level of proficiency in American sign language under section 11, clause (b):

<u>\$24,000</u>	<u>.....</u>	<u>1994</u>
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The appropriation is available until June 30, 1995.

Sec. 18. [LCC FOR SPECIAL EDUCATION RULES REVIEW TASK FORCE.]

\$50,000 is appropriated from the general fund to the legislative coordinating commission for the purposes of the section establishing a task force to review the state's special education rules. This appropriation expires February 15, 1994.

Sec. 19. [REPEALER.]

Minnesota Statutes 1992, section 124.32, subdivision 5, is repealed effective July 1, 1994.

Sec. 20. [EFFECTIVE DATES.]

Section 12 is effective the day after final enactment and applies through the 1998-1999 school year if the St. Paul school district complies with the requirements in section 12, subdivision 2.

Section 15 is effective the day following final enactment and applies to participating school districts through the 1996-1997 school year.

Section (ASL guidelines), clause (b), is effective June 30, 1994, and section (ASL guidelines) clauses (c) and (d), are effective June 30, 1995.

The section establishing a task force to review the state's special education rules is effective immediately and shall remain in effect until February 15, 1994, except that subdivision 4 shall remain in effect until June 1, 1994.

ARTICLE 4

EARLY CHILDHOOD, COMMUNITY, AND ADULT EDUCATION

Section 1. Minnesota Statutes 1992, section 3.873, subdivision 4, is amended to read:

Subd. 4. [STAFF.] The commission may employ and fix the salaries of professional, technical, clerical, and other commission staff. The commission may use existing legislative staff to provide legal counsel, research, fiscal, secretarial, and clerical assistance.

Sec. 2. Minnesota Statutes 1992, section 3.873, subdivision 5, is amended to read:

Subd. 5. [INFORMATION COLLECTION; INTERGOVERNMENTAL COORDINATION.] (a) The commission may shall meet at least monthly to conduct public hearings and otherwise collect data and information necessary to its purposes.

(b) The commission may request information or assistance from any state agency or officer to assist the commission in performing its duties. The agency or officer shall promptly furnish any information or assistance requested.

(c) The secretary of the senate and the chief clerk of the house shall provide the commission with a copy of each bill introduced in the legislature concerning children, youth, and their families.

(d) Before implementing new or substantially revised programs relating to the subjects being studied by the commission under subdivision 7, the commissioner responsible for the program shall prepare an implementation plan for the program and shall submit the plan to the commission for review and comment. The commission may advise and make recommendations to the commissioner on the implementation of the program and may request the changes or additions in the plan it deems appropriate.

(~~d~~) (e) By July 1, 1991, the responsible state agency commissioners, including the commissioners of education, health, human services, jobs and training, and corrections, shall prepare data for presentation to the commission on the state programs to be examined by the commission under subdivision 7, paragraph (a).

(~~e~~) (f) To facilitate coordination between executive and legislative authorities, the governor shall appoint a person to act as liaison between the commission and the governor shall meet at least four times per year with the children's cabinet, which includes the commissioners of the departments of education, health, human services, jobs and training, corrections, administration, public safety, finance, and housing finance, or their designees, and the director of the office

of strategic and long-range planning, or the director's designee, to report on and recommend improvements in plans and initiatives affecting children, youth, and their families.

Sec. 3. Minnesota Statutes 1992, section 3.873, subdivision 6, is amended to read:

Subd. 6. [LEGISLATIVE REPORTS AND RECOMMENDATIONS.] The commission shall make recommendations to the legislature to implement combining education, and health and human services and related support services provided to children and their families by the departments of education, human services, health and other state agencies into a single state department of children and families to provide more effective and efficient services. The commission also shall make recommendations to the legislature or committees, as it deems appropriate to assist the legislature in formulating legislation. To facilitate coordination between executive and legislative authorities, the commission shall review and evaluate the plans and proposals of the governor and state agencies on matters within the commission's jurisdiction and shall provide the legislature with its analysis and recommendations. ~~Any analysis and recommendations must integrate recommendations for the design of an education service delivery system under Laws 1991, chapter 265, article 6, section 64.~~ The commission shall report its final recommendations under this subdivision and subdivision 7, paragraph (a), by January 1, 1993 ~~1994~~. The commission shall submit a an annual progress report by January 1, 1992 of each year.

Sec. 4. Minnesota Statutes 1992, section 3.873, subdivision 7, is amended to read:

Subd. 7. [PRIORITIES.] The commission shall give priority to studying and reporting to the legislature on the matters described in this subdivision. To the extent possible, the commission shall consult with knowledgeable individuals in communities throughout the state when developing recommendations or preparing reports on these matters.

(a) The commission must study and report on methods of improving legislative consideration of children and family issues and coordinating state agency programs relating to children and families, including the desirability, feasibility, and effects of creating a new state department of children's services, or children and family services, in which would be consolidated the responsibility for administering state programs relating to children and families.

(b) The commission must study and report on methods of consolidating or coordinating local health, correctional, educational, job, and human services, to improve the efficiency and effectiveness of services to children and families and to eliminate duplicative and overlapping services. The commission shall evaluate and make recommendations on programs and projects in this and other states that encourage or require local jurisdictions to consolidate the delivery of services in schools or other community centers to reduce the cost and improve the coverage and accessibility of services. The commission must study and recommend specific effectiveness measures to accurately determine the efficacy of programs and services provided to children and their families. The commission must consider and recommend how to transform fragmented, crisis-oriented delivery systems focused on remediation services into flexible, comprehensive, well-coordinated, and family-oriented delivery systems focused on prevention services. The commission must review and evaluate what impact the classification of data has on service providers' ability to anticipate and meet the full range of families' needs. The commission must report on any laws, rules, or procedures that interfere with the effective delivery of community-based services to children and families.

(c) The commission must study and report on methods of improving and coordinating educational, social, and health care services that assist children and families during the early childhood years. The commission's study must include an evaluation of the following: early childhood health and development screening services, headstart, child care, and early childhood family education, and parents' involvement in programs meeting the social, cognitive, physical, and emotional needs of children.

(d) The commission must study and report on methods of improving and coordinating the practices of judicial, correctional, and social service agencies in placing juvenile offenders and children who are in need of protective services or treatment.

(e) The commission must study and recommend constructive changes in preventive, community-based programs that encourage children and youth to responsibly serve their community.

(f) The commission must study and recommend how to restructure the state department of education to better consolidate the delivery of services to children and families and reduce the cost and improve the coverage and accessibility of the services.

Sec. 5. Minnesota Statutes 1992, section 3.873, subdivision 9, is amended to read:

Subd. 9. [EXPIRATION.] The commission expires on June 30, ~~1994~~ 1995.

Sec. 6. [4.47] [PROGRAM TRANSFERS.]

The governor may transfer programs affecting children and family services between agencies under section 16B.37 with advice from the children's cabinet and the legislative commission on children, youth, and their families.

Sec. 7. Minnesota Statutes 1992, section 120.06, subdivision 3, is amended to read:

Subd. 3. [PUPILS, AT LEAST 21 YEARS OF AGE.] In addition to those admitted under subdivision 1, admission to a public secondary school is free to a person who is eligible under this subdivision. In order to be eligible, a person must be:

- (1) at least 21 years of age;
- (2) a resident of the district where the secondary school is located; and
- (3) eligible under section 126.22, subdivision 2.

Free admission is limited to two school years or the equivalent, or until the pupil completes the courses required to graduate, whichever is less. A district that admits a person to school under this section must have a reasonable expectation that the person can obtain a diploma within two years.

Sec. 8. Minnesota Statutes 1992, section 121.831, is amended to read:

121.831 [LEARNING READINESS PROGRAMS.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] A district or a group of districts may establish a learning readiness program for eligible children. The purpose of a learning readiness program is to provide all eligible children adequate opportunities to participate in child development programs that enable the children to enter school with the necessary skills and behavior and family stability and support to progress and flourish.

Subd. 2. [CHILD ELIGIBILITY.] (a) A child is eligible to participate in a learning readiness program offered by the resident district or another district if the child is:

- (1) at least ~~four~~ three and one-half years old but has not entered kindergarten; and
- (2) ~~has participated or will participate in an early childhood~~ receives developmental screening program according to under section 123.702.

~~A child may participate in a program provided by the district in which the child resides or by any other district within 90 days of enrolling in the program or the child's fourth birthday.~~

(b) A child younger than three and one-half years old may participate in a learning readiness program if the district or group of districts that establishes the program determines that the program can more effectively accomplish its purpose by including children younger than three and one-half years old.

Subd. 3. [PROGRAM ELIGIBILITY.] A learning readiness program shall include the following:

(1) a comprehensive plan to ~~coordinate~~ anticipate and meet the needs of participating families by coordinating existing social services to provide for the needs of participating families programs and for by fostering collaboration with among agencies or other community-based organizations providing and programs that provide a full range of flexible, family-focused services to families with young children;

(2) a development and learning component to help ~~a child children~~ develop socially, intellectually, physically appropriate social, cognitive, and physical skills, and emotionally in a manner appropriate to the child emotional well-being;

(3) health referral services to address ~~the~~ children's medical, dental, mental health, and nutritional needs ~~of the children;~~

(4) a nutrition component to meet ~~the~~ children's daily nutritional needs ~~of the children;~~ and

(5) ~~parents' involvement of parents in the educational~~ meeting children's educational, health, social service, and other needs ~~of the children.~~

Subd. 4. [PROGRAM CHARACTERISTICS.] Learning readiness programs ~~may include the following are~~ encouraged to:

(1) prepare an individualized service plan to meet ~~the individual needs of each child~~ child's developmental and learning needs;

(2) ensure participation by families who ~~are representative of~~ represent the racial, cultural, and economic diversity of the community;

(3) ~~parent education~~ educate parents to increase parents' their knowledge, understanding, skills, and experience in child development and learning;

(4) foster substantial parent involvement; that may include developing having parents develop curriculum or serving serve as a paid or volunteer educator, resource person, or other staff;

(5) ~~identification of~~ identify the needs of families ~~with respect to~~ in the context of the child's learning readiness;

(6) ~~a plan to~~ expand collaboration with public organizations, businesses, nonprofit organizations, or other private organizations to ~~promote the development of~~ develop a coordinated system of flexible, family-focused services available to anticipate and meet the full range of needs of all eligible children and their families with eligible children;

(7) ~~coordination of~~ coordinate treatment and follow-up services for all children's identified physical and mental health problems;

(8) develop community-based staff and program resources, including interpreters, that reflect the racial and ethnic population characteristics of the children participating in the program;

(9) offer transportation for eligible children and their ~~parents~~ families for whom other forms of transportation are ~~not available~~ unavailable or would constitute an excessive financial burden; and

(10) make substantial outreach efforts to assure significant participation by families with the greatest needs, including those families whose income level does not exceed the most recent update of the poverty guidelines required by sections 652 and 673(2) of the Omnibus Budget Reconciliation Act of 1981 (Public Law Number 97-35).

Subd. 5. [PURCHASE OR CONTRACT FOR SERVICES.] ~~Whenever possible, A district may~~ is encouraged to contract with a public ~~organization~~ or nonprofit organization ~~providing to provide eligible children~~ developmentally appropriate services ~~meeting one or more of that meet~~ the program requirements in subdivision 3, ~~clauses (1) to (4).~~ In the alternative, a district may also pay tuition or fees to place an eligible child in an existing program ~~or. A district may establish a new program where no existing, reasonably accessible program meets the program requirements in subdivision 3.~~ Services may be provided in a site-based program or in the home of the child or a combination of both. The district may not ~~limit restrict~~ participation to district residents of the district.

Subd. 6. [COORDINATION WITH OTHER PROVIDERS.] (a) The district shall ~~optimize coordination of~~ coordinate the learning readiness program with existing ~~service~~ community-based social services providers ~~located in the community~~ and foster collaboration among agencies and other ~~community-based organizations and programs that provide flexible, family-focused services to families with children.~~ The district shall actively encourage greater sharing of responsibility and accountability among service providers and facilitate children's transition between programs.

(b) To the extent possible, resources shall follow the children ~~based on the services needed,~~ so that children ~~have~~ receive appropriate services in a stable environment and are not moved from one program location to program another. Where geographically feasible, the district shall actively promote colocating of services for children and their families.

Subd. 7. [ADVISORY COUNCIL.] Each learning readiness program shall have an advisory council ~~which composed of members of existing early education-related boards, parents of participating children, culturally-specific organizations, and representatives of early childhood service providers.~~ The council shall advise the school board in creating and administering the program and shall monitor the progress of the program. The council shall ensure that children at greatest risk receive appropriate services. If the school board is unable to appoint to the advisory council members of existing early education-related boards, it shall:

(4) appoint parents of children enrolled in the program who represent the racial, cultural, and economic diversity of the district and representatives of early childhood service providers as representatives to an existing advisory council; ~~or~~

~~(2) appoint a joint council made up of members of existing boards, parents of participating children, and representatives of early childhood service providers.~~

Subd. 8. [PRIORITY CHILDREN.] The district shall give ~~high~~ greatest priority to providing services to eligible children identified, through a means such as the early childhood screening process, as being developmentally disadvantaged or experiencing risk factors that could impede their learning readiness.

Subd. 9. [CHILD RECORDS.] A record of a child's progress and development shall be maintained in the child's cumulative record while enrolled in the learning readiness program. The cumulative record shall be used for the purpose of planning activities to suit individual needs and shall become part of the child's permanent record. The cumulative record is private data under chapter 13. Information in the record may be disseminated to an educator or service provider only to the extent that that person has a need to know the information.

Subd. 10. [SUPERVISION.] A program provided by a school board shall be supervised by a licensed early childhood teacher or a certified early childhood educator. A program provided according to a contract between a school district and a nonprofit organization or another private organization shall be supervised according to the terms of the contract.

Subd. 11. [DISTRICT STANDARDS.] The school board of the district shall develop standards for the learning readiness program that reflect the eligibility criteria in subdivision 3. The board shall consider including in the standards the program characteristics in subdivision 4.

Subd. 12. [PROGRAM FEES.] A district may adopt a sliding fee schedule based on a family's income but shall waive a fee for a participant unable to pay. The fees charged must be designed to enable eligible children of all socioeconomic levels to participate in the program.

Subd. 13. [ADDITIONAL REVENUE.] A district or an organization contracting with a district may receive money or in-kind services from a public or private organization.

Sec. 9. [121.835] [WAY TO GROW/SCHOOL READINESS PROGRAM.]

Subdivision 1. [ADMINISTRATION.] The commissioner of education shall administer the way to grow/school readiness program, in collaboration with the commissioners of health and human services, to promote intellectual, social, emotional, and physical development and school readiness of children prebirth to age six by coordinating and improving access to community-based and neighborhood-based services that support and assist all parents in meeting the health and developmental needs of their children at the earliest possible age.

Subd. 2. [PROGRAM COMPONENTS.] (a) A way to grow/school readiness program must:

(1) collaborate and coordinate delivery of services with other community organizations and agencies serving children prebirth to age six and their families;

(2) target services to families with children prebirth to age six with services increasing based on need;

(3) build on existing services and coordinate a continuum of prebirth to age six essential services, including but not limited to prenatal health services, parent education and support, and preschool programs;

(4) provide strategic outreach efforts to families using trained paraprofessionals such as home visitors; and

(5) support of neighborhood oriented and culturally specific social support, information, outreach, and other programs to promote healthy development of children and to help parents obtain the information, resources, and parenting skills needed to nurture and care for their children.

(b) A way to grow/school readiness program may include:

(1) a program of home visitors to contact pregnant women early in their pregnancies, encourage them to obtain prenatal care, and provide social support, information, and referrals regarding prenatal care and well-baby care to reduce infant mortality, low birth weight, and childhood injury, disease, and disability;

(2) a program of home visitors to provide social support, information, and referrals regarding parenting skills and to encourage families to participate in parenting skills programs and other family supportive services;

(3) support of neighborhood-based or community-based parent-child and family resource centers or interdisciplinary resource teams to offer supportive services to families with preschool children;

(4) staff training, technical assistance, and incentives for collaboration designed to raise the quality of community services relating to prenatal care, child development, health, and school readiness;

(5) programs to raise general public awareness about practices that promote healthy child development and school readiness;

(6) programs to expand public and private collaboration to promote the development of a coordinated and culturally specific system of services available to all families;

(7) support of periodic screening and evaluation services for preschool children to assure adequate developmental progress;

(8) support of health, educational, and other developmental services needed by families with preschool children;

(9) support of family prevention and intervention programs needed to address risks of child abuse or neglect;

(10) development or support of a jurisdiction-wide coordinating agency to develop and oversee programs to enhance child health, development, and school readiness with special emphasis on neighborhoods with a high proportion of children in need; and

(11) other programs or services to improve the health, development, and school readiness of children in target neighborhoods and communities.

Subd. 3. [ELIGIBLE GRANTEES.] An application for a grant may be submitted by any of the following entities:

(1) a city, town, county, school district, or other local unit of government;

(2) two or more governmental units organized under a joint powers agreement;

(3) a community action agency that satisfies the requirements of section 268.53, subdivision 1; or

(4) a nonprofit organization, or consortium of nonprofit organizations, that demonstrates collaborative effort with at least one unit of local government.

Subd. 4. [DISTRIBUTION.] The commissioner of education shall give priority to funding existing programs at their current levels.

To the extent possible, the commissioner shall award grants to applicants with experience or demonstrated ability in providing comprehensive, multidisciplinary, community-based programs with objectives similar to those listed in subdivision 2, or in providing other human services or social services programs using a multidisciplinary, community-based approach.

Subd. 5. [APPLICATIONS.] Each grant application must propose a five-year program designed to accomplish the purposes of this section. The application must be submitted on forms provided by the commissioner of education. The grant application must include:

(1) a description of the specific neighborhoods that will be served under the program and the name, address, and a description of each community agency or agencies with which the applicant intends to contract to provide services using grant money;

(2) a letter of intent from each community agency identified in clause (1) that indicates the agency's willingness to participate in the program and approval of the proposed program structure and components;

(3) a detailed description of the structure and components of the proposed program and an explanation of how each component will contribute to accomplishing the purposes of this section;

(4) a description of how public and private resources, including schools, health care facilities, government agencies, neighborhood organizations, and other resources, will be coordinated and made accessible to families in target neighborhoods, including letters of intent from public and private agencies indicating their willingness to cooperate with the program;

(5) a detailed, proposed budget that demonstrates the ability of the program to accomplish the purposes of this section using grant money and other available resources, including funding sources other than a grant; and

(6) a comprehensive evaluation plan for measuring the success of the program in meeting the objectives of the overall grant program and the individual grant project, including an assessment of the impact of the program in terms of at least three of the following criteria:

(i) utilization rates of community services;

(ii) availability of support systems for families;

(iii) birth weights of newborn babies;

(iv) child accident rates;

(v) utilization rates of prenatal care;

(vi) reported rates of child abuse;

(vii) rates of health screening and evaluation; and

(viii) school readiness of way to grow participants compared to nonparticipants.

Subd. 6. [MATCH.] Each dollar of state money must be matched with 50 cents of nonstate money. Programs may match state money with in-kind contributions, including volunteer assistance.

Subd. 7. [ADVISORY COMMITTEES.] The commissioner of education shall establish a program advisory committee consisting of persons knowledgeable in child development, child health, and family services, who reflect the geographic, cultural, racial, and ethnic diversity of the state; and representatives of the commissioners of education, human services, and health. This program advisory committee shall review grant applications, assist in distribution of the grants, and monitor progress of the way to grow/school readiness program. Each grantee must establish a program advisory board of 12 or more members to advise the grantee on program design, operation, and evaluation. The board must include representatives of local units of government and representatives of the project area who reflect the geographic, cultural, racial, and ethnic diversity of that community.

Subd. 8. [REPORT.] The advisory committee shall report to the education committee of the legislature by January 15, 1993, on the evaluation required in subdivision 5, clause (6), and shall make recommendations for establishing successful way to grow programs in unserved areas of the state.

Sec. 10. Minnesota Statutes 1992, section 121.882, subdivision 2b, is amended to read:

Subd. 2b. [HOME VISITING PROGRAM.] (a) The commissioner of education shall include as part of the early childhood family education programs a parent education component to prevent child abuse and neglect. This parent education component must include:

- (1) expanding statewide the home visiting component of the early childhood family education programs;
- (2) training parent educators, child educators, community outreach workers, and home visitors in the dynamics of child abuse and neglect and positive parenting and discipline practices; and
- (3) developing and ~~distributing~~ disseminating education and public information materials that promote positive parenting skills and prevent child abuse and neglect.

(b) The parent education component must:

(1) offer to isolated or at-risk families ~~direct~~ home visiting parent education services that at least address parenting skills, a child's development and stages of growth, communication skills, managing stress, problem-solving skills, positive child discipline practices, methods of improving parent-child interactions and enhancing self-esteem, using community support services and other resources, and encouraging parents to have fun with and enjoy their children;

(2) develop a risk assessment tool to determine the family's level of risk;

(3) establish clear objectives and protocols for home visits;

(4) determine the frequency and duration of home visits based on a risk-need assessment of the client, with home visits beginning in the second trimester of pregnancy and continuing, based on client need, until a child is six years old;

(5) encourage families to make a transition from home visits to site-based parenting programs to build a family support network and reduce the effects of isolation;

(6) develop and distribute education materials on preventing child abuse and neglect that may be used in home visiting programs and parent education classes and distributed to the public;

(7) initially provide at least 40 hours of training and thereafter ongoing training for parent educators, child educators, community outreach workers, and home visitors that covers the dynamics of child abuse and neglect, domestic violence and victimization within family systems, signs of abuse or other indications that a child may be at risk of being abused or neglected, what child abuse and neglect are, how to properly report cases of child abuse and neglect, respect for cultural preferences in child rearing, what community resources, social service agencies, and family support activities and programs are available, child development and growth, parenting skills, positive child discipline practices, identifying stress factors and techniques for reducing stress, home visiting techniques, and risk assessment measures;

(8) provide program services that are community-based, accessible, and culturally relevant; and

(9) foster collaboration among existing agencies and community-based organizations that serve young children and their families.

(c) Home visitors should reflect the demographic composition of the community the home visitor is serving to the extent possible.

Sec. 11. Minnesota Statutes 1992, section 123.702, subdivision 1, is amended to read:

Subdivision 1. Every school board shall provide for a mandatory program of early childhood developmental screening for children ~~who are four years old and older but who have not entered kindergarten or first grade in a public school once before school entrance, targeting children who are between 3-1/2 and 4 years old.~~ This screening program shall be established either by one board, by two or more boards acting in cooperation, by educational cooperative service units, by early childhood family education programs, or by other existing programs. This screening examination is a mandatory requirement for a student to continue attending kindergarten or first grade in

a public school. A child need not submit to developmental screening provided by a school board if the child's health records indicate to the school board that the child has received comparable developmental screening from a public or private health care organization or individual health care provider. The school districts are encouraged to reduce the costs of preschool developmental screening programs by utilizing volunteers in implementing the program.

Sec. 12. Minnesota Statutes 1992, section 123.702, subdivision 1a, is amended to read:

Subd. 1a. A child must not be enrolled in kindergarten ~~or first grade~~ in a public school unless the parent or guardian of the child submits to the school principal or other person having general control and supervision of the school a record indicating the months and year the child received developmental screening and the results of the screening not later than 30 days after the first day of attendance. If a child is transferred from one kindergarten to another ~~or from one first grade to another~~, the parent or guardian of the child must be allowed 30 days to submit the child's record, during which time the child may attend school.

Sec. 13. Minnesota Statutes 1992, section 123.702, subdivision 1b, is amended to read:

Subd. 1b. (a) A screening program shall include at least the following components: developmental assessments, hearing and vision screening or referral, immunization review and referral, the child's height and weight, ~~review of any special family circumstances that might affect development~~, identification of additional risk factors that may influence learning, an interview with the parent about the child, and referral for assessment, diagnosis, and treatment when potential needs are identified. The school district and the person performing or supervising the screening shall provide a parent or guardian with clear written notice that the parent or guardian may decline to answer questions or provide information about family circumstances that might affect development and identification of risk factors that may influence learning. The notice shall clearly state that declining to answer questions or provide information does not prevent the child from being enrolled in kindergarten or first grade if all other screening components are met. If a parent or guardian is not able to read and comprehend the written notice, the school district and the person performing or supervising the screening must convey the information in another manner. The notice shall also inform the parent or guardian that a child need not submit to the school district screening program if the child's health records indicate to the school that the child has received comparable developmental screening performed within the preceding 365 days by a public or private health care organization or individual health care provider. The notice shall be given to a parent or guardian at the time the district initially provides information to the parent or guardian about screening and shall be given again at the screening location.

(b) All screening components shall be consistent with the standards of the state commissioner of health for early developmental screening programs. No developmental screening program shall provide laboratory tests or a physical examination to any child. The school district shall request from the public or private health care organization or the individual health care provider the results of any laboratory test or physical examination within the 12 months preceding a child's scheduled screening.

(c) If a child is without health coverage, the school district shall refer the child to an appropriate health care provider.

(d) A school board may offer additional components such as nutritional, physical and dental assessments, blood pressure, laboratory tests, and health history. State aid shall not be paid for additional components.

(e) If a statement signed by the child's parent or guardian is submitted to the administrator or other person having general control and supervision of the school that the child has not been screened because of conscientiously held beliefs of the parent or guardian, the screening is not required.

Sec. 14. Minnesota Statutes 1992, section 123.702, subdivision 3, is amended to read:

Subd. 3. The school board shall inform each resident family with a child eligible to participate in the developmental screening program about the availability of the program and the state's requirement that a child receive developmental screening not later than 30 days after the first day of attending kindergarten ~~or first grade~~ in a public school.

Sec. 15. Minnesota Statutes 1992, section 123.702, subdivision 4, is amended to read:

Subd. 4. A school board may contract with or purchase service from an approved early developmental screening program in the area. Developmental screening must be conducted by either an individual who is licensed as, or has

the training ~~equal that is similar~~ to, a special education teacher, school psychologist, kindergarten teacher, prekindergarten teacher, school nurse, public health nurse, registered nurse, or physician. The individual may be a volunteer.

Sec. 16. Minnesota Statutes 1992, section 123.7045, is amended to read:

123.7045 [DEVELOPMENTAL SCREENING AID.]

Each school year, the state shall pay a school district \$25 for each child screened according to the requirements of section 123.702. If this amount of aid is insufficient, the district may permanently transfer from the general fund an amount that, when added to the aid, is sufficient.

Sec. 17. Minnesota Statutes 1992, section 124.26, subdivision 2, is amended to read:

Subd. 2. Each district or group of districts providing adult basic education programs shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all funds related to these programs. All aid received pursuant to this section shall be utilized solely for the purposes of adult basic education programs. In no case shall federal and state aid equal more than ~~90~~ 100 percent of the actual cost of providing these programs.

Sec. 18. Minnesota Statutes 1992, section 124.2601, subdivision 4, is amended to read:

Subd. 4. [LEVY.] A district with an eligible program may levy an amount not to exceed the amount raised by ~~.21~~ .12 percent times the adjusted tax capacity of the district for the preceding year.

Sec. 19. Minnesota Statutes 1992, section 124.2601, subdivision 6, is amended to read:

Subd. 6. [AID GUARANTEE.] (a) For fiscal year 1994, any adult basic education program that receives less state aid under subdivisions 3 and 7 than from the aid formula for fiscal year 1992 shall receive the amount of aid it received in fiscal year 1992.

(b) For 1995 and later fiscal years, an adult basic education program that receives aid shall receive at least the amount of aid it received in fiscal year 1992 under subdivisions 3 and 7, plus aid equal to the amount of revenue that would have been raised for taxes payable in 1994 under Minnesota Statutes 1992, section 124.2601, subdivision 4, minus the amount raised under subdivision 4.

Sec. 20. Minnesota Statutes 1992, section 124.261, subdivision 1, is amended to read:

Subdivision 1. [AID ELIGIBILITY.] Adult high school graduation aid for eligible pupils age 21 or over, equals 65 percent of the general education formula allowance times ~~1.30~~ 1.00 times the average daily membership under section 124.17, subdivision 2e. Adult high school graduation aid must be paid in addition to any other aid to the district. Pupils age 21 or over may not be counted by the district for any purpose other than adult high school graduation aid.

Sec. 21. Minnesota Statutes 1992, section 124.2615, subdivision 2, is amended to read:

Subd. 2. [AMOUNT OF AID.] A district is eligible to receive learning readiness aid if the program plan as required by subdivision 1 has been approved by the commissioner of education. The aid is equal to:

(1) \$200 for fiscal year 1992 and \$300 for fiscal year 1993 times the number of eligible four-year old children residing in the district, as determined according to section 124.2711, subdivision 2; plus

(2) \$100 for fiscal year 1992 and \$300 for fiscal year 1993 times the result of;

(3) the ratio of the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program to the total number of pupils enrolled in the school district; times

(4) the number of children in clause (1).

For fiscal year 1994 and thereafter, a district shall receive learning readiness aid equal to:

(1) \$500 times the number of all participating eligible children, plus the number of eligible four-year old children in the district times the ratio of 50 percent of the total learning readiness aid for that year to the total number of eligible four-year old children reported to the commissioner for that year; plus

(2) \$200 times the number of participating eligible children identified according to section 121.831, subdivision 8 the number of participating eligible children times the ratio of 15 percent of the total learning readiness aid for that year to the total number of participating eligible children for that year; plus

(3) the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program times the ratio of 35 percent of the total learning readiness aid for that year to the total number of pupils in the state from families eligible for the free or reduced school lunch program.

Sec. 22. Minnesota Statutes 1992, section 124.2615, subdivision 3, is amended to read:

Subd. 3. [USE OF AID.] Learning readiness aid shall be used only to provide a learning readiness program and may be used to provide transportation. Not more than five percent of the aid may be used for the cost of administering the program. Aid must be used to supplement and not supplant local, state, and federal funding. Aid may not be used for instruction and services required under section 120.17. Aid may not be used to purchase land or construct buildings, but may be used to lease or renovate existing buildings.

Sec. 23. Minnesota Statutes 1992, section 124.2711, subdivision 1, is amended to read:

Subdivision 1. [REVENUE.] The revenue for early childhood family education programs for a school district is the amount of revenue earned by multiplying \$96.50 for fiscal year 1992 or equals \$101.25 for fiscal year 1993 and later fiscal years times the greater of:

(1) 150; or

(2) the number of people under five years of age residing in the school district on September 1 of the last previous school year.

Sec. 24. Minnesota Statutes 1992, section 124.2714, is amended to read:

124.2714 [ADDITIONAL COMMUNITY EDUCATION REVENUE.]

(a) A district that is eligible under section 124.2713, subdivision 2, may levy an amount up to the amount authorized by Minnesota Statutes 1986, section 275.125, subdivision 8, clause (2).

(b) Beginning with levies for fiscal year 1995, this levy must be reduced each year by the amount of any increase in the levying district's community education revenue under section 124.2713 for that fiscal year over the amount received by the district under section 124.2713 for fiscal year 1994.

(c) The proceeds of the levy may be used for the purposes set forth in section 124.2713, subdivision 8.

Sec. 25. Minnesota Statutes 1992, section 124A.29, subdivision 1, is amended to read:

Subdivision 1. [STAFF DEVELOPMENT, ~~AND~~ VIOLENCE PREVENTION, ~~AND~~ PARENTAL INVOLVEMENT PROGRAMS.] (a) Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to \$15 times the number of actual pupil units shall be reserved and may be used only to provide staff time for in-service education for violence prevention programs under section 126.77, subdivision 2, or staff development programs, including outcome-based education, under section 126.70, subdivisions 1 and 2a. The school board shall determine the staff development activities to provide, the manner in which they will be provided, and the extent to which other local funds may be used to supplement staff development activities.

(b) Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to \$5 times the number of actual pupil units must be reserved and may be used only to provide parental involvement programs that implement section 126.69. A district may use up to \$1 of the \$5 times the number of actual pupil units for promoting parental involvement in the PER process. Parental involvement programs may include career teacher programs, programs

promoting parental involvement in the PER process, coordination of volunteer services, and programs designed to encourage community involvement.

Sec. 26. [124A.32] [COLLABORATION AID.]

Subdivision 1. [PURPOSE.] The purpose of this section is to provide an incentive for school districts, local social services and health providers, and other community-based groups to work together to transform fragmented, crisis-oriented delivery systems focused on remediation services into flexible, comprehensive, well-coordinated and family-oriented delivery systems focused on prevention services.

Subd. 2. [ELIGIBILITY.] To receive collaboration aid under this section, the school district must:

(1) be actively participating in accordance with section 256E.09, subdivision 3a, in discussions and planning of the community social services act plan and the community health services plan with the appropriate county official, community education official, and community-based service groups as defined in section 256E.03, subdivision 1a;

(2) enter into a written agreement with the county board or boards where the school district is located. The agreement must describe the roles of the county and school district in providing prevention, and early intervention and outreach services for children and families which have been developed collaboratively between the county and school districts. A group of counties and school districts may develop a joint collaborative plan under this section. The county shall also include these collaborative activities in the plan developed under section 256E.08. When approved by the county and the school district, the plan developed under section 256E.08 satisfies the requirements of this section for the biennial period covered in the plan; and

(3) match the collaboration aid locally at 50 percent with funds provided by a county, city, school district, community education program, or private donors.

Subd. 3. [AID AMOUNT.] Each year, collaboration aid for an eligible district equals \$1.65 times the district's actual pupil units for that year.

Subd. 4. [AID USES.] Aid received under subdivision 2 may be used for parental involvement programs, career teacher programs, coordination of volunteer services, and programs designed to encourage community involvement.

Before expending collaboration aid, the school district shall develop a list of objectively measurable outcomes to be achieved by the expenditure. The school district shall annually submit the list to the county boards in the counties in which it is located and to the department of education and report to the department of education and counties in which it is located on actual performance of its programs in comparison to the defined outcomes.

Subd. 5. [EVALUATION REPORT.] The commissioner of education shall report to the education committees of the legislature and the legislative committee on children, youth, and their families annually by February 15 on the extent to which school districts that receive aid under this section achieved their listed outcomes.

Sec. 27. Minnesota Statutes 1992, section 126.22, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE PUPILS.] The following pupils are eligible to participate in the high school graduation incentives program:

(a) any pupil who is between the ages of 12 and 16, ~~except as indicated in clause (6) 21,~~ or who is an elementary pupil, and in either case, who:

(1) is at least two grade levels below the performance level for pupils of the same age in a locally determined achievement test; or

(2) is at least one year behind in satisfactorily completing coursework or obtaining credits for graduation; or

(3) is pregnant or is a parent; or

(4) has been assessed as chemically dependent; or

(5) has been excluded or expelled according to sections 127.26 to 127.39; or

(6) ~~is between the ages of 12 and 21 and~~ has been referred by a school district for enrollment in an eligible program or a program pursuant to section 126.23; or

(7) is a victim of physical or sexual abuse; or

(8) has experienced mental health problems; or

(9) has experienced homelessness sometime within six months before requesting a transfer to an eligible program;
or

~~(b) any pupil who is between the ages of 16 and 19 who is attending school, and who is at least two grade levels below the performance level for pupils of the same age in a locally determined achievement test, or is at least one year behind in obtaining credits for graduation, or is pregnant or is a parent, or has been assessed as chemically dependent;~~
or

~~(c) any person between 16 and 21 years of age who has not attended a high school program for at least 15 consecutive school days, excluding those days when school is not in session, and who is at least two grade levels below the performance level for pupils of the same age in a locally determined achievement test, or is at least one year behind in obtaining credits for graduation, or is pregnant or is a parent, or has been assessed as chemically dependent;~~
or

~~(d) any person who is at least 21 years of age and who:~~

~~(1) has received fewer than 14 years of public or nonpublic education, beginning at age 5;~~

~~(2) has not completed the requirements for a high school diploma; and~~

~~(3) at the time of application, (i) is eligible for unemployment compensation benefits or has exhausted the benefits, (ii) is eligible for, or is receiving income maintenance and support services, as defined in section 268.0111, subdivision 5, or (iii) is eligible for services under the displaced homemaker program, state wage-subsidy program, or any programs under the federal Jobs Training Partnership Act or its successor.~~

~~(e) an elementary school pupil who is determined by the district of attendance to be at risk of not succeeding in school is eligible to participate in the program.~~

~~Notwithstanding section 127.27, subdivision 7, the provisions of section 127.29, subdivision 1, do not apply to a pupil under age 21 who participates in the high school graduation incentives program.~~

Sec. 28. Minnesota Statutes 1992, section 126.22, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE PROGRAMS.] (a) A pupil who is eligible according to subdivision 2, ~~clause (a), (b), (c), (d), or (e),~~ may enroll in any program approved by the state board of education under Minnesota Rules, part 3500.3500, or area learning centers under sections 124C.45 to 124C.48, or according to section 121.11, subdivision 12.

(b) A pupil who is eligible according to subdivision 2, ~~clause (b), (c), or (d),~~ and who is between the ages of 16 and 21 may enroll in post-secondary courses under section 123.3514.

(c) A pupil who is eligible under subdivision 2, ~~clause (a), (b), (c), (d), or (e),~~ may enroll in any public elementary or secondary education program. However, a person who is eligible according to subdivision 2, ~~clause (d) (b),~~ may enroll only if the school board has adopted a resolution approving the enrollment.

(d) A pupil who is eligible under subdivision 2, ~~clause (a), (b), (c), or (e),~~ may enroll part time, if 16 years of age or older, or full time in any nonprofit, nonpublic, nonsectarian school that has contracted with the school district of residence to provide educational services.

(e) A pupil who is ~~eligible under subdivision 2, clause (c) or (d),~~ between the ages of 16 and 21 may enroll in any adult basic education programs approved under section 124.26 and operated under the community education program contained in section 121.88.

Sec. 29. Minnesota Statutes 1992, section 126.22, subdivision 3a, is amended to read:

Subd. 3a. [ADDITIONAL ELIGIBLE PROGRAM.] A pupil who is at least 16 years of age, who is eligible under subdivision 2, clause (a), ~~(b), or (c)~~, and who has been enrolled only in a public school, if the pupil has been enrolled in any school, during the year immediately before transferring under this subdivision, may transfer to any nonprofit, nonpublic school that has contracted with the school district of residence to provide nonsectarian educational services. Such a school must enroll every eligible pupil who seeks to transfer to the school under this program subject to available space.

Sec. 30. Minnesota Statutes 1992, section 126.22, subdivision 4, is amended to read:

Subd. 4. [PUPIL ENROLLMENT.] Any eligible pupil may apply to enroll in an eligible program. Approval of the resident district is not required for:

(1) an eligible pupil to enroll in any eligible program in a nonresident district under subdivision 3 or an area learning center established under section 124C.45; or

(2) an eligible pupil under subdivision 2, ~~clause (c) or (d)~~, to enroll in an adult basic education program approved under section 124.26.

Sec. 31. Minnesota Statutes 1992, section 126.67, subdivision 8, is amended to read:

Subd. 8. [CAREER INFORMATION; APPROPRIATION.] (a) The department of education, through the Minnesota career information system, may provide career information to school districts and other educational organizations, employment and training services, human service agencies, libraries, and families. The department shall collect fees necessary to recover all expenditures related to the operation of the Minnesota career information service. Grants may be accepted and used for the improvement or operation of the program. All receipts must be deposited in a special account in the special revenue fund. The money in the account, along with any interest earned, is appropriated annually to the commissioner of education for the Minnesota career information system. Equipment, materials, and property purchased with Minnesota career information system money must be for the sole use and benefit of the system.

(b) The department must recognize that the Minnesota career information system operates under a self-supporting directive, and, accordingly, must be provided sufficient administrative latitude within the confines of law to enable the system to operate effectively.

Sec. 32. Minnesota Statutes 1992, section 145A.10, subdivision 5, is amended to read:

Subd. 5. [COMMUNITY HEALTH PLAN.] The community health board must prepare and submit to the commissioner a written plan at times prescribed by the commissioner under section 145A.12, subdivision 3, but no more often than every two years. The community health plan must provide for the assessment of community health status and the integration, development, and provision of community health services that meet the priority needs of the community health service area. The plan must be consistent with the standards and procedures established under section 145A.12, subdivision 3, and must at least include documentation of the following:

(1) a review and assessment of the implementation of the preceding community health plan;

(2) the process used to assess community health status and encourage full community participation in the development of the proposed community health plan;

(3) an identification of personal health services, institutional health services, health-related environmental programs and services, and related human services in the community;

(4) an assessment of community health status, a statement of goals and objectives according to priority, and the reasons for the priority order;

(5) a description of and rationale for the method the community health board plans to use to address each identified community health goal and objective and how each program category defined in section 145A.02 and any agreements entered into under section 145A.07 will be implemented to achieve these goals and objectives;

(6) a description of the ways in which planned community health services defined in section 145A.02 will be coordinated with services and resources identified in clause (2);

(7) the projected annual budgets for expenditure of the subsidy and local match provided for in section 145A.13 and for other sources of funding for the program categories defined in section 145A.02 including a description of the ways this funding is coordinated with funding from other local, state, and federal sources; and

(8) assurances that community health services will comply with applicable state and federal laws; and

(9) collaborative efforts with each local school district in the county.

Sec. 33. Minnesota Statutes 1992, section 256E.03, is amended by adding a subdivision to read:

Subd. 1a. [COMMUNITY-BASED SERVICE GROUPS.] Community-based service groups include, but are not limited to, nonprofit corporations, sectarian organizations and voluntary associations which (1) regularly provide services to the populations specified in section 256E.03, subdivision 2 or 124A.32, subdivision 4; and (2) include on their governing boards, citizens of the towns or cities where the services are provided.

Sec. 34. Minnesota Statutes 1992, section 256E.03, is amended by adding a subdivision to read:

Subd. 8. [LOCAL SCHOOL DISTRICTS.] "Local school district" means any school district that lies in whole or in part within the county.

Sec. 35. Minnesota Statutes 1992, section 256E.08, subdivision 1, is amended to read:

Subdivision 1. [RESPONSIBILITIES.] The county board of each county shall be responsible for administration, planning and funding of community social services. Each county board shall singly or in combination with other county boards as provided in section 256E.09 prepare a social services plan and shall update the plan biennially. The county board shall collaborate with the community health boards and with local school districts, as required in sections 145A.10, subdivision 5, and 256E.09, subdivision 3a, in preparing the biennial plan. Upon final approval of the plan by the county board or boards, the plan shall be submitted to the commissioner. The county board shall distribute money available pursuant to sections 256E.06 and 256E.07 for community social services.

The authority and responsibilities of county boards for social services for groups of persons identified in section 256E.03, subdivision 2, shall include contracting for or directly providing:

(1) information about the symptoms and characteristics of specific problems of the identified groups to increase understanding and acceptance by the general public, to help alleviate fears of seeking help, and to enable access to appropriate assistance;

(2) an assessment of the needs of each person applying for assistance which estimates the nature and extent of the problem to be addressed and identifies the means available to meet the person's needs. These diagnostic and evaluation activities shall evaluate the functioning of each person with regard to an illness or disability, screen for placement, and determine the need for services;

(3) protection aimed at alleviating urgent needs of each person by determining urgent need, shielding persons in hazardous conditions when they are unable to care for themselves, and providing urgently needed assistance;

(4) supportive and rehabilitative activities that assist each person to function at the highest level of independence possible for the person, preferably without removing the person from home. These activities include coordinating with local public rehabilitation agencies, local education agencies, and other agencies, both to increase the client's level of functioning and to maintain current levels of functioning;

(5) a means of facilitating access of physically handicapped or impaired persons to activities appropriate to their needs; and

(6) administrative activities to coordinate and facilitate the effective use of formal and informal helping systems to best address client needs and goals. This includes assisting the client in making informed decisions about opportunities and services, assuring timely access to needed assistance, providing opportunities and encouragement

for self-help activities, and coordinating all services to meet the client's needs and goals. County case management shall be responsible for determining appropriate care and activities.

A county board may delegate to a county welfare board established under chapter 393 authority to provide or approve contracts for the purchase of the kinds of community social services that were provided or contracted for by the county welfare boards before the enactment of Laws 1979, chapter 324. The county board must determine how citizens will participate in the planning process, give final approval to the community social services plan, and distribute community social services money.

Sec. 36. Minnesota Statutes 1992, section 256E.09, subdivision 2, is amended to read:

Subd. 2. [CITIZEN PARTICIPATION.] The county board shall provide opportunities for participation by citizens in the county, including families with children enrolled in local school districts and representatives of users of services, in the development of the biennial plan and in the allocation of money for community social services. At least 60 days prior to publication of the proposed plan the county board shall publish the methods proposed to achieve citizen participation in the planning process. The county board in connection with collaboration efforts under subdivision 3a shall also provide opportunities for community-based service groups and citizens to participate in providing services.

Sec. 37. Minnesota Statutes 1992, section 256E.09, is amended by adding a subdivision to read:

Subd. 3a. [COLLABORATION WITH LOCAL SCHOOL DISTRICTS.] In preparing the plan required by this section the county board shall collaborate with all of the local school districts in the county to ensure that services will be available for children identified under section 256E.03, subdivision 2. When submitting the plan to the commissioner, the county board shall attach a written agreement entered into with each local school district in the county, under section 124A.32, describing collaborative efforts with school districts.

Sec. 38. Laws 1992, chapter 571, article 10, section 29, is amended to read:

Sec. 29. [124.2712] [ECFE REVENUE.]

In addition to the revenue in section 124.2711, subdivision 1, ~~in fiscal each year 1993~~ a district is eligible for aid equal to \$1.60 times the greater of 150 or the number of people under five years of age residing in the school district on September 1 of the last school year. This amount may be used only for in-service education for early childhood family education parent educators, child educators, and home visitors for violence prevention programs and for home visiting programs under section 6 126.77. A district that uses revenue under this paragraph for home visiting programs shall provide home visiting program services through its early childhood family education program or shall contract with a public or nonprofit organization to provide such services. A district may establish a new home visiting program only where no existing, reasonably accessible home visiting program meets the program requirements in section 6 126.77.

Sec. 39. [CHILDREN'S DATABASE.]

Subdivision 1. [PLAN.] The department of education, the department of administration, the office of strategic and long-range planning, the department of health, and the department of human services shall jointly develop a plan for an integrated statewide children's service database to facilitate the delivery of services to children and their families. The plan must contain common essential data elements that cover all children from birth through kindergarten enrollment by July 1, 1995. The essential data elements shall comprise the basis of a statewide children's service data base. Initial service areas include but are not limited to: early childhood and family education, ECFE tribal schools, learning readiness, Way to Grow, early childhood special education part H, Even Start, school health, home visitor, lead poisoning screening, child care resources and referral, child care service development, child trust fund, migrant child care, dependent child care, Head Start, and community resource program.

Subd. 2. [DATA STORAGE.] The department of education, the department of administration, the office of strategic and long-range planning, the department of health, and the department of human services must provide to the legislature by January 30, 1995, a plan for regional storage of essential data elements for use by family service centers. This plan will include reporting of data to the state as a by-product of both family service and school district internal operations.

Sec. 40. [ADULTS WITH DISABILITIES FUNDING STUDY.]

By January 15, 1994, the commissioner of education must make recommendations to the education committees of the legislature on changes in the current funding formula for the adults with disabilities program that will provide all school districts with an opportunity to provide the program. In developing the recommendations, the commissioner must consult with school districts currently providing the program and school districts that have expressed an interest in providing the program.

Sec. 41. [COMMUNITY-BASED SERVICE DELIVERY SYSTEMS FOR CHILDREN AND YOUTH.]

Subdivision 1. [PURPOSE.] A locally-based grant program for fiscal years 1994 and 1995 is established to engage residents throughout the state in designing a comprehensive service delivery system and identifying resources to address the health, developmental, educational, and family-related needs of children and youth.

Subd. 2. [COMMUNITY-BASED COALITIONS.] Community-based coalitions composed of representatives of schools, local businesses, local units of government, parents, students, clergy, health and social services providers, youth service organizations, and culturally specific community organizations where they exist shall use the planning process to develop services for children and youth. The services may include opportunities for children or youth to improve child health and development, reduce barriers to adequate school performance, improve family functioning, provide community service, enhance self esteem, and develop general employment skills.

Subd. 3. [GRANT APPLICATION AND REVIEW PROCESS.] School districts, local units of government, community-based public or private nonprofit organizations, or regional foundations are eligible to apply to the director of the office of strategic and long-range planning for grants under this section. Applications must be submitted to the director in the form and manner determined by the director. The applicant must describe the process it will use to determine existing community needs, improve community-based services for children and youth, and increase agency coordination and collaboration. Applicants must:

(1) establish, with assistance from families and service providers, clear goals for addressing the health, developmental, educational, and family-related needs of children and youth and use outcome-based indicators to measure progress toward achieving those goals;

(2) establish a comprehensive planning process that involves all sectors of the community, identifies local needs, and surveys existing local programs;

(3) integrate service funding sources so that children and their families obtain services from providers best able to anticipate and meet their needs;

(4) coordinate families' services to avoid duplicative and overlapping assessment and intake procedures;

(5) focus primarily on family-centered services;

(6) encourage parents and volunteers to actively participate by using flexible scheduling and actively recruiting volunteers;

(7) provide services in locations that are readily accessible to children and families; and

(8) use new or reallocated funds to improve or enhance services provided to children and their families.

Subd. 4. [GRANT AWARDS.] (a) The director must award all grants June 30, 1995. The director may carry forward any undistributed grant funds from fiscal year 1994 to fiscal year 1995. Grants are available on a one-time basis only. An applicant receiving a grant in fiscal year 1994 may use the grant money in fiscal year 1994 and may carry forward any unencumbered money into fiscal year 1995 or 1996. An applicant receiving a grant in fiscal year 1995 may use the grant money in fiscal year 1995 and may carry forward any unencumbered money into fiscal year 1996.

(b) In order to receive a grant under this section, an applicant must provide a dollar-for-dollar match with nonstate funds or in-kind contributions. The director must award grants based on an equitable geographic distribution of funds. No applicant may receive more than \$200,000 under this program.

Subd. 5. [EVALUATION.] Each grant proposal must include an evaluation process.

Subd. 6. [REPORTS; EFFECTIVENESS MEASURES.] The director of the office of strategic and long-range planning, with assistance from the department of administration, shall evaluate and report to the legislative commission on children, youth, and their families by January 1, 1994 and January 1, 1995, on community-based programs developed through the grant program during the preceding calendar year and by January 1 in any succeeding year in which grants are awarded under this section. The director shall include in the report a description of the effectiveness measures used to evaluate the programs and the results of the program evaluations.

Sec. 42. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund or other named fund to the department of education for the fiscal years designated.

Subd. 2. [ADULT BASIC EDUCATION AID.] For adult basic education aid according to Minnesota Statutes, section 124.26, in fiscal year 1994 and 124.2601 in fiscal year 1995:

<u>\$5,904,000</u>	<u>.....</u>	<u>1994</u>
<u>\$7,998,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$911,000 for 1993 and \$4,993,000 for 1994.

The 1995 appropriation includes \$880,000 for 1994 and \$7,118,000 for 1995.

Up to \$275,000 each year may be used for contracts with private, nonprofit organizations for approved programs.

Subd. 3. [ADULTS WITH DISABILITIES PROGRAM AID.] For adults with disabilities programs according to Minnesota Statutes, section 124.2715:

<u>\$670,000</u>	<u>.....</u>	<u>1994</u>
<u>\$670,000</u>	<u>.....</u>	<u>1995</u>

Any balance in the first year does not cancel and is available for the second year.

Subd. 4. [ALCOHOL-IMPAIRED DRIVER.] (a) For grants with funds received under Minnesota Statutes, section 171.29, subdivision 2, paragraph (b), clause (4):

<u>\$627,000</u>	<u>.....</u>	<u>1994</u>
<u>\$627,000</u>	<u>.....</u>	<u>1995</u>

(b) These appropriations are from the alcohol-impaired driver account of the special revenue fund. Any funds credited for the department of education to the alcohol-impaired driver account of the special revenue fund in excess of the amounts appropriated in this subdivision are appropriated to the department of education and available in fiscal years 1994 and 1995.

(c) Up to \$339,000 each year may be used by the department of education to contract for services to school districts stressing the dangers of driving after consuming alcohol. No more than five percent of this amount may be used for administrative costs by the contract recipients.

(d) Up to \$88,000 each year may be used for grants to support student-centered programs to discourage driving after consuming alcohol.

(e) Up to \$200,000 and any additional funds each year may be used for chemical abuse prevention grants.

Subd. 5. [COMMUNITY EDUCATION AID.] For community education aid according to Minnesota Statutes, section 124.2713:

<u>\$3,182,000</u>	<u>.....</u>	<u>1994</u>
<u>\$3,319,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$496,000 for 1993 and \$2,686,000 for 1994.

The 1995 appropriation includes \$474,000 for 1994 and \$2,845,000 for 1995.

Subd. 6. [ADULT GRADUATION AID.] For adult graduation aid:

<u>\$1,708,000</u>	<u>.....</u>	<u>1994</u>
<u>\$1,522,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$204,000 for 1993 and \$1,504,000 for 1994.

The 1995 appropriation includes \$265,000 for 1994 and \$1,257,000 for 1995.

Subd. 7. [HEALTH AND DEVELOPMENTAL SCREENING AID.] For health and developmental screening aid according to Minnesota Statutes, section 123.7045:

<u>\$1,558,000</u>	<u>.....</u>	<u>1994</u>
<u>\$1,550,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$240,000 for 1993 and \$1,318,000 for 1994.

The 1995 appropriation includes \$232,000 for 1994 and \$1,318,000 for 1995.

Any balance in the first year does not cancel but is available in the second year.

Subd. 8. [HEARING IMPAIRED ADULTS.] For programs for hearing impaired adults according to Minnesota Statutes, section 121.201:

<u>\$70,000</u>	<u>.....</u>	<u>1994</u>
<u>\$70,000</u>	<u>.....</u>	<u>1995</u>

Subd. 9. [VIOLENCE PREVENTION GRANTS.] For violence prevention education grants under Minnesota Statutes, section 126.78:

<u>\$1,400,000</u>	<u>.....</u>	<u>1994</u>
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Notwithstanding the geographical distribution requirement in Minnesota Statutes, section 126.78, subdivision 3, the commissioner shall give priority in awarding grants in fiscal year 1994 to eligible school districts that did not receive a grant in fiscal year 1993.

Subd. 10. [GED TESTS.] For payment of 60 percent of the costs of GED tests:

<u>\$180,000</u>	<u>.....</u>	<u>1994</u>
<u>\$180,000</u>	<u>.....</u>	<u>1995</u>

Subd. 11. [GED TV.] (a) For statewide purchase of broadcast costs, publicity, and coordination of the GED on TV series:

<u>\$98,000</u>	<u>.....</u>	<u>1994</u>
<u>\$98,000</u>	<u>.....</u>	<u>1995</u>

(b) The department may contract for these services.

Subd. 12. [WAY TO GROW.] For grants for way to grow programs according to Minnesota Statutes, section 145.926:

<u>\$950,000</u>	<u>.....</u>	<u>1994</u>
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This appropriation is available until June 30, 1995.

Subd. 13. [INTERAGENCY ADULT LEARNING ADVISORY COUNCIL.] For the interagency adult learning advisory council according to Minnesota Statutes, section 124C.03:

<u>\$300,000</u>	<u>.....</u>	<u>1994</u>
<u>\$300,000</u>	<u>.....</u>	<u>1995</u>

Subd. 14. [SURVEY.] For a survey of students, including those attending alternative education programs:

<u>\$150,000</u>	<u>.....</u>	<u>1995</u>
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Subd. 15. [EARLY CHILDHOOD FAMILY EDUCATION AID.] For early childhood family education aid according to Minnesota Statutes, section 124.2711:

<u>\$13,464,000</u>	<u>.....</u>	<u>1994</u>
<u>\$13,876,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$1,875,000 for 1993 and \$11,589,000 for 1994.

The 1995 appropriation includes \$2,044,000 for 1994 and \$11,832,000 for 1995.

\$10,000 each year may be spent for evaluation of ECFE programs.

Subd. 16. [ECFE HOME VISITING.] For the early childhood family education program home visiting component according to Minnesota Statutes, section 121.882, subdivision 2b:

<u>\$425,000</u>	<u>.....</u>	<u>1994</u>
<u>\$500,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$..-0-- for 1993 and \$425,000 for 1994.

The 1995 appropriation includes \$75,000 for 1994 and \$425,000 for 1995.

Subd. 17. [LEARNING READINESS PROGRAM REVENUE.] For revenue for learning readiness programs:

<u>\$6,932,000</u>	<u>.....</u>	<u>1994</u>
<u>\$6,493,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$1,412,000 for 1993 and \$5,520,000 for 1994.

The 1995 appropriation includes \$973,000 for 1994 and \$5,520,000 for 1995.

Any balance in the first year does not cancel but is available in the second year.

\$10,000 each year may be spent for evaluation of learning readiness programs.

Subd. 18. [VIOLENCE PREVENTION COUNCILS.] (a) For grants to cities, counties, and school boards for community violence prevention councils:

<u>\$250,000</u>	<u>.....</u>	<u>1994</u>
<u>\$250,000</u>	<u>.....</u>	<u>1995</u>

(b) During the biennium, councils shall identify community needs and resources for violence prevention and development services that address community needs related to violence prevention.

(c) Any of the funds awarded to school districts but not expended in fiscal year 1994, are available to the award recipient in fiscal year 1995 for the same purposes and activities.

(d) Any portion of the 1994 appropriation not spent in 1994 is available in 1995.

(e) One hundred percent of this aid must be paid in the current fiscal year in the same manner as specified in Minnesota Statutes, section 124.195, subdivision 9.

Subd. 19. [OMBUDSPERSONS.]

\$80,000

.....

1994

The appropriation is to be distributed in equal amounts to the Indian Affairs Council, the Spanish-Speaking Affairs Council, the Council on Black Minnesotans, and the Council on Asian-Pacific Minnesotans, for purposes of funding the activities of the ombudspersons authorized by Minnesota Statutes, sections 257.0755 to 257.0768. Any balance in 1994 is available until June 30, 1995.

Subd. 20. [COLLABORATION AID.] For collaboration aid according to Minnesota Statutes, section 124A.32:

\$1,054,000

.....

1994

\$1,446,000

.....

1995.

The appropriation for 1994 includes \$..-0-.. for 1993 and \$1,054,000 for 1994.

The appropriation for 1995 includes \$185,000 for 1994 and \$1,561,000 for 1995.

The commissioner shall report to the education committees of the legislature and the legislative commission on children, youth, and their families annually by February 15 on the extent to which school districts that receive aid under Minnesota Statutes, section 124A.32, achieved their listed outcomes.

Sec. 43. [LEGISLATIVE COORDINATING COMMISSION.]

\$250,000 is appropriated from the general fund to the legislative coordinating commission for the purposes of carrying out the responsibilities under Minnesota Statutes, section 3.873. This appropriation is available until June 30, 1995.

Sec. 44. [APPROPRIATIONS.]

Subdivision 1. [OFFICE OF STRATEGIC AND LONG-RANGE PLANNING.] The sums indicated in this section are appropriated from the general fund to the office of strategic and long-range planning for the fiscal years designated.

Subd. 2. [COMMUNITY-BASED GRANTS.] For grants according to section ...:

\$2,500,000

.....

1994.

This appropriation is available until June 30, 1995.

Subd. 3. [CHILDREN'S DATABASE, STAFFING.] For development of a statewide children's service database and for staffing for the children's cabinet:

\$500,000

.....

1994

This appropriation is available until June 30, 1995.

Sec. 45. [REPEALER.]

Minnesota Statutes 1992, section 126.22, subdivision 2a, is repealed.

Sec. 46. [EFFECTIVE DATE.]

Sections .. and .. are effective July 1, 1993, and apply to 1993-1994 and later school years.

Section 124.2711, subdivision 1, is effective July 1, 1993, and applies to 1993-1994 and later school years.

ARTICLE 5

FACILITIES

Section 1. Minnesota Statutes 1992, section 121.912, is amended by adding a subdivision to read:

Subd. 8. [ENERGY CONSERVATION FUND TRANSFERS.] A school district that has contracted with a provider of energy conservation improvements, or a school district that has received a loan from a public utility to make energy conservation improvements may annually transfer from the general fund to the capital expenditure fund, the amount related to the energy savings of the energy conservation improvements.

Sec. 2. Minnesota Statutes 1992, section 123.36, is amended by adding a subdivision to read:

Subd. 15. [USE OF BUILDINGS BY LOWER GRADES.] (a) In addition to the protections provided in existing building and fire code rules and standards, the following alternatives apply for existing school buildings:

(1) rooms occupied by preschool, kindergarten, and first and second grade students for classrooms, latchkey, day care, early childhood family education or teen parent or similar programs may be located on any floor level below the fourth story of a school building if the building is protected throughout by a complete automatic sprinkler system and a complete automatic fire alarm system consisting of automatic smoke detection throughout the exit system and approved smoke detection in all rooms and areas other than classrooms and offices;

(2) rooms used by preschool, kindergarten, or first grade students for classrooms, latchkey, day care, early childhood family education or teen parent or similar programs, must be located on the story of exit discharge, and rooms used by second grade students, for any purpose, must be located on the story of exit discharge or one story above unless one of the following conditions is met:

(i) a complete automatic sprinkler system is provided throughout the building, the use of the affected room or space is limited to one grade level at a time, and exiting is provided from the affected room or space which is independent from the exiting system used by older students; or

(ii) a complete approved automatic fire alarm system is installed throughout the building consisting of automatic smoke detection throughout the exit system and approved detection in all rooms and areas other than classrooms and offices, the use of the affected room or space is limited to one grade level at a time and exiting is provided from the affected room or space which is independent from the exiting system used by older students.

(b) For purposes of paragraph (a), clause (2), pupils from second grade down are considered one grade level.

(c) Accessory spaces, including gymnasiums, cafeterias, media centers, auditoriums, libraries, and band and choir rooms, which are used on an occasional basis by preschool, kindergarten, and first and second grade students are permitted to be located one level above or one level below the story of exit discharge, provided the building is protected throughout by a complete automatic sprinkler system or a complete approved corridor smoke detection system.

(d) Paragraphs (a) and (c) supersede any contrary provisions of the state fire code or state building code and rules relating to those codes must be amended by the state agencies having jurisdiction of them.

(e) Paragraphs (a) to (d) are effective for new school buildings beginning July 1, 1994.

Sec. 3. [124.239] [ALTERNATIVE FACILITIES BONDING AND LEVY PROGRAM.]

Subdivision 1. [TO QUALIFY.] An independent or special school district qualifies to participate in the alternative facilities bonding and levy program if the district has:

(1) more than 66 students per grade;

(2) over 1,000,000 square feet of space;

(3) insufficient funds from projected health and safety revenue and capital facilities revenue to meet the requirements for deferred maintenance, to make accessibility improvements, or to make fire, safety, or health repairs; and

(4) a ten-year facility plan approved by the commissioner according to subdivision 2.

Subd. 2. [TEN-YEAR PLAN.] (a) A qualifying district must have a ten-year facility plan approved by the commissioner that includes an inventory of projects and costs that would be eligible for:

(1) health and safety revenue;

(2) disabled access levy; and

(3) deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities.

(b) The school district must:

(1) annually update the plan;

(2) biennially submit a facility maintenance plan; and

(3) indicate whether the district will issue bonds to finance the plan or levy for the costs.

Subd. 3. [BOND AUTHORIZATION.] A school district, upon approval of its school board and the commissioner, may issue general obligation bonds under this section to finance approved facilities plans. Chapter 475, except sections 475.58 and 475.59, must be complied with. The district may levy under subdivision 5 for the debt service revenue. The authority to issue bonds under this section is in addition to any bonding authority authorized by this chapter, or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding or net debt limits of this chapter, or any other law other than section 475.53, subdivision 4.

Subd. 4. [LEVY PROHIBITED FOR CAPITAL PROJECTS.] A district that participates in the alternative facilities bonding and levy program is not eligible to levy and cannot receive aid for any capital projects under sections 124.83 and 124.84. A district may levy for health and safety environmental management costs and health and safety regulatory, hazard assessment, record keeping, and maintenance programs as defined in section 19 and approved by the commissioner.

Subd. 5. [LEVY AUTHORIZED.] A district, after local board approval, may levy for costs related to an approved facility plan as follows:

(a) if the district has indicated to the commissioner that bonds will be issued, the district may levy for the principal and interest payments on outstanding bonds issued according to subdivision 3; or

(b) if the district has indicated to the commissioner that the plan will be funded through levy, the district may levy one-fifth of the amount of the approved costs of the plan each year for five years.

Subd. 6. [SEPARATE ACCOUNT.] A district must establish a separate account under the uniform financial accounting and reporting standards (UFARS) for this program. If the district's levy exceeds the necessary interest and principal payments and noncapital health and safety costs, the district must reserve the revenue to replace future bonding authority, prepay bonds authorized under this program, or make payments on principal and interest.

Sec. 4. Minnesota Statutes 1992, section 124.243, subdivision 1, is amended to read:

Subdivision 1. A school board annually shall, by resolution adopted by a two-thirds vote of its governing body and after notice and hearing, adopt a capital expenditure facilities program. The district shall publish notice of the hearing in its official newspaper at least 20 days before the hearing. A school board may amend its capital expenditure facilities program at any time. The program shall include plans for repair and restoration of existing district-owned facilities and plans for new construction. Plans for new construction and plans for repairs and restoration funded through bond proceeds must be included in the program before notice of the district's intended debt service levy is given to the commissioner for the project costs to be included in the district's required debt service levy under section 124.95 for that year. The program shall include specific provisions to correct any existing health

and safety hazards. The program must set forth the facilities to be improved, a schedule of work not more than five years from the adoption or amendment of the program, the estimated cost of the improvements to be made, the estimated property tax effects of the program for the next fiscal year, and the proposed methods of financing the program. ~~The program must be reviewed by the district biennially before July 1 of each odd-numbered year, after notice and hearing. After the review, the program may be amended to include the ensuing five-year period.~~

Sec. 5. Minnesota Statutes 1992, section 124.243, subdivision 2, is amended to read:

Subd. 2. [CAPITAL EXPENDITURE FACILITIES REVENUE.] Capital expenditure facilities revenue for a district equals \$128 times its actual pupil units for the school year. A district's capital expenditure facilities revenue for a school year shall be reduced if the unreserved balance in the capital expenditure facilities account on June 30 of the prior school year exceeds ~~\$270~~ \$675 times the fund balance pupil units in the prior year as defined in section 124A.26, subdivision 1. If a district's capital expenditure facilities revenue is reduced, the reduction equals the lesser of (1) the amount that the unreserved balance in the capital expenditure facilities account on June 30 of the prior year exceeds ~~\$270~~ \$675 times the fund balance pupil units in the prior year, or (2) the capital expenditure facilities revenue for that year.

Sec. 6. Minnesota Statutes 1992, section 124.243, subdivision 2a, is amended to read:

Subd. 2a. [EXCEPTION TO FUND BALANCE REDUCTION.] A district may apply to the commissioner for approval for an unreserved fund balance in its capital expenditure facilities account that exceeds ~~\$270~~ \$675 per fund balance pupil unit for a period not to exceed three years. If the commissioner approves the district's application, the district's capital expenditure facilities revenue shall not be reduced according to subdivision 2. The commissioner may approve a district's application for an exception only if the use of the district's capital expenditure facilities funds are consistent with plans adopted according to subdivision 1.

Sec. 7. Minnesota Statutes 1992, section 124.243, subdivision 6, is amended to read:

Subd. 6. [USES OF REVENUE.] Capital expenditure facilities revenue may be used only for the following purposes:

- (1) to acquire land for school purposes;
- (2) to acquire or construct buildings for school purposes, if approved by the commissioner of education according to applicable statutes and rules;
- (3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;
- (4) to improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures;
- (5) for a surplus school building that is used substantially for a public nonschool purpose;
- (6) to eliminate barriers or increase access to school buildings by individuals with a disability;
- (7) to bring school buildings into compliance with the uniform fire code adopted according to chapter 299F;
- (8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;
- (9) to clean up and dispose of polychlorinated biphenyls found in school buildings;
- (10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01;
- (11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;
- (12) to improve buildings that are leased according to section 123.36, subdivision 10;
- (13) to pay special assessments levied against school property but not to pay assessments for service charges;

(14) to pay principal and interest on state loans for energy conservation according to section 216C.37 or loans made under the northeast Minnesota economic protection trust fund act according to sections 298.292 to 298.298; and

(15) to purchase or lease interactive telecommunications equipment; and

(16) to equip and reequip school buildings and sites in an amount up to one-third of the capital expenditure facilities revenue for the current year.

Sec. 8. Minnesota Statutes 1992, section 124.243, subdivision 8, is amended to read:

Subd. 8. [FUND TRANSFERS.] (a) Money in the account for capital expenditure facilities revenue must not be transferred into any other account or fund, except that as specified in this subdivision.

(b) The school board may, by resolution, transfer money into the debt redemption fund to pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475.

(c) A school board may transfer all or a part of its capital expenditure facilities revenue to its capital expenditure equipment account if:

(1) the district has only one facility and that facility is less than ten years old; or

(2) the district receives approval from the commissioner to make the transfer.

(d) In considering approval of a transfer under paragraph (c), clause (2), the commissioner must consider the district's facility needs.

Sec. 9. [124.2455] [BONDS FOR CERTAIN CAPITAL FACILITIES.]

In addition to other bonding authority, with approval of the commissioner, a school district may issue general obligation bonds for certain capital projects under this section. The bonds must be used only to make capital improvements including equipping school buildings, improving handicap accessibility to school buildings, and bringing school buildings into compliance with life and safety codes and fire codes.

Before a district issues bonds under this subdivision, it must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

A bond issue tentatively authorized by the board under this subdivision becomes finally authorized unless a petition signed by more than 15 percent of the registered voters of the school district is filed with the school board within 30 days of the board's adoption of a resolution stating the board's intention to issue bonds. The percentage is to be determined with reference to the number of registered voters in the school district on the last day before the petition is filed with the school board. The petition must call for a referendum on the question of whether to issue the bonds for the projects under this section. The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this section.

The bonds may be issued in a principal amount, that when combined with interest thereon, will be paid off with not more than 50 percent of current and anticipated revenue for capital facilities under this section or a successor section for the current year plus projected revenue not greater than that of the current year for the next ten years. Once finally authorized, the district must set aside the lesser of the amount necessary to make the principal and interest payments or 50 percent of the current year's revenue for capital facilities under this section or a successor section each year in a separate account until all principal and interest on the bonds is paid. The district must annually transfer this amount from its capital fund to the debt redemption fund. The bonds must be paid off within ten years of issuance. The bonds must be issued in compliance with chapter 475, except as otherwise provided in this section.

Sec. 10. Minnesota Statutes 1992, section 124.37, is amended to read:

124.37 [POLICY AND PURPOSE.]

The rates of increase in school population in Minnesota and population shifts and economic changes in recent years, and anticipated in future years, have required and will require large expenditures for performing the duty of the state and its subdivisions to provide a general and uniform system of public schools. The state policy has been to require

these school costs to be borne primarily by the local subdivisions. In most instances the local subdivisions have been, and will be, able to provide the required funds by local taxation as supplemented by the aids usually given to all school districts from state income tax and other state aids. There are, however, exceptional cases due to local conditions not found in most other districts where, either temporarily or over a considerable period of years, the costs will exceed the maximum which the local taxpayers can be reasonably expected to bear. In some districts having bonds of several issues outstanding, debt service tax levy requirements are excessive for some years because of heavy bond principal payments accumulating in some of the years due to overlapping or short term issues. The policy and purpose of sections 124.36 to 124.47 is to utilize the credit of the state, to a limited degree, to relieve those school districts, but only those, where the maximum effort by the district is inadequate to provide the necessary money. It is also the purpose of sections 124.36 to 124.47 to promote efficient use of school buildings. To that end, a district that receives a maximum effort loan is encouraged to design and use its facility to integrate social services and library services.

Sec. 11. Minnesota Statutes 1992, section 124.38, is amended by adding a subdivision to read:

Subd. 4a. [LEVY.] "Levy" means a district's net debt service levy after the reduction of debt service equalization aid under section 124.95, subdivision 5. For taxes payable in 1994 and later, each district's maximum effort debt service levy for purposes of subdivision 7, shall be reduced by an equal number of percentage points if the commissioner determines that the levy reduction will not result in a statewide property tax as would be required under Minnesota Statutes 1992, section 124.46, subdivision 3. A district's levy that is adjusted under this section shall not be reduced below 18.74 percent of the district's adjusted net tax capacity.

Sec. 12. Minnesota Statutes 1992, section 124.431, subdivision 1, is amended to read:

Subdivision 1. [CAPITAL LOAN REQUESTS AND USES.] Capital loans are available only to qualifying districts. Capital loans must not be used for the construction of swimming pools, ice arenas, athletic facilities, auditoriums, day care centers, bus garages, or heating system improvements. Proceeds of the loans may be used only for sites for education facilities and for acquiring, bettering, furnishing, or equipping education facilities. Contracts must be entered into within 18 30 months after the date on which each loan is granted. For purposes of this section, "education facilities" includes space for Head Start programs and social service programs.

Sec. 13. Minnesota Statutes 1992, section 124.431, subdivision 1a, is amended to read:

Subd. 1a. [CAPITAL LOANS ELIGIBILITY.] Beginning July 1, 1992, a district is not eligible for a capital loan unless the district's estimated net debt tax rate as computed by the commissioner after debt service equalization aid would be more than 20 percent of adjusted net tax capacity. The estimate must assume a 20-year maturity schedule for new debt.

Sec. 14. Minnesota Statutes 1992, section 124.431, subdivision 2, is amended to read:

Subd. 2. [DISTRICT REQUEST FOR REVIEW AND COMMENT.] A school district or a joint powers district that intends to apply for a capital loan must submit a proposal to the commissioner for review and comment according to section 121.15 on or before July 1. The commissioner must prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to construct the facility. In addition to the information provided under section 121.15, subdivision 7, the commissioner shall consider the following criteria in determining whether to make a positive review and comment.

(a) To grant a positive review and comment the commissioner must determine that all of the following conditions are met:

- (1) the facilities are needed for pupils for whom no adequate facilities exist or will exist;
- (2) the district will serve, on average, at least 80 pupils per grade or is eligible for sparsity revenue;
- (3) no form of cooperation with another district would provide the necessary facilities;

(4) the facilities are comparable in size and quality to facilities recently constructed in other districts that have similar enrollments;

(5) the facilities are comparable in size and quality to facilities recently constructed in other districts that are financed without a capital loan;

(6) the district is projected to maintain or increase its average daily membership over the next five years or is eligible for sparsity revenue;

(7) the current facility poses a threat to the life, health, and safety of pupils, and cannot reasonably be brought into compliance with fire, health, or life safety codes;

(8) the district has made a good faith effort, as evidenced by its maintenance expenditures, to adequately maintain the existing facility during the previous ten years and to comply with fire, health, and life safety codes and state and federal requirements for handicapped accessibility; and

(9) the district has made a good faith effort to encourage integration of social service programs within the new facility; and

(10) evaluations by school boards of adjacent districts have been received.

(b) The commissioner may grant a negative review and comment if:

(1) the state demographer has examined the population of the communities to be served by the facility and determined that the communities have not grown during the previous five years;

(2) the state demographer determines that the economic and population bases of the communities to be served by the facility are not likely to grow or to remain at a level sufficient, during the next ten years, to ensure use of the entire facility;

(3) the need for facilities could be met within the district or adjacent districts at a comparable cost by leasing, repairing, remodeling, or sharing existing facilities or by using temporary facilities;

(4) the district plans do not include cooperation and collaboration with health and human services agencies and other political subdivisions; or

(5) if the application is for new construction, an existing facility that would meet the district's needs could be purchased at a comparable cost from any other source within the area.

Sec. 15. Minnesota Statutes 1992, section 124.431, subdivision 14, is amended to read:

Subd. 14. [BOND SALE LIMITATIONS.] A district having an outstanding state loan must not issue and sell any bonds on the public market, except to refund state loans, unless it agrees to make the maximum effort debt service levy in each later year at the higher rate provided in section 124.38, subdivision 7, and unless it schedules the maturities of the bonds according to section 475.54, subdivision 2. A district that refunds bonds at a lower interest rate may continue to make the maximum effort debt service levy in each later year at the current rate provided in section 124.38, subdivision 7, if the district can demonstrate to the commissioner's satisfaction that the district's repayments of the state loan will not be reduced below the previous year's level. The district shall report each sale to the commissioner of education.

After a district's capital loan has been outstanding for 20 years, the district must not issue bonds on the public market except to refund the loan.

Sec. 16. Minnesota Statutes 1992, section 124.494, subdivision 1, is amended to read:

Subdivision 1. [QUALIFICATION.] Any group of school districts that meets the criteria required under subdivision 2 may apply for an incentive grant in an amount not to exceed the lesser of \$6,000,000 \$5,000,000 or 75 percent of the approved construction costs of a cooperative secondary education facility.

Sec. 17. Minnesota Statutes 1992, section 124.494, subdivision 2, is amended to read:

Subd. 2. [REVIEW BY COMMISSIONER.] (a) Any group of districts that submits an application for a grant shall submit a proposal to the commissioner for review and comment under section 121.15, and the commissioner shall

prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to acquire, construct, remodel or improve the secondary facility. The commissioner must not approve an application for an incentive grant for any secondary facility unless the facility receives a favorable review and comment under section 121.15 and the following criteria are met:

(1) a minimum of three or more districts, with kindergarten to grade 12 enrollments in each district of no more than 1,200 pupils, enter into a joint powers agreement;

(2) a joint powers board representing all participating districts is established under section 471.59 to govern the cooperative secondary facility;

(3) the planned secondary facility will result in the joint powers district meeting the requirements of Minnesota Rules, parts 3500.2010 and 3500.2110;

(4) at least 198 pupils would be served in grades 10 to 12, 264 pupils would be served in grades 9 to 12, or 396 pupils would be served in grades 7 to 12;

(5) no more than one superintendent is employed by the joint powers board as a result of the cooperative secondary facility agreement;

(6) a statement of need is submitted, that may include reasons why the current secondary facilities are inadequate, unsafe or inaccessible to the handicapped;

(7) an educational plan is prepared, that includes input from both community and professional staff;

(8) a combined seniority list for all participating districts is developed by the joint powers board;

(9) an education program is developed that provides for more learning opportunities and course offerings, including the offering of advanced placement courses, for students than is currently available in any single member district;

(10) a plan is developed for providing instruction of any resident students in other districts when distance to the secondary education facility makes attendance at the facility unreasonably difficult or impractical; and

(11) the joint powers board established under clause (2) discusses with technical colleges located in the area how vocational education space in the cooperative secondary facility could be jointly used for secondary and post-secondary purposes.

(b) To the extent possible, the joint powers board is encouraged to provide for severance pay or for early retirement incentives under section 125.611, for any teacher or administrator, as defined under section 125.12, subdivision 1, who is placed on unrequested leave as a result of the cooperative secondary facility agreement.

(c) For the purpose of paragraph (a), clause (8), each school district must be considered to have started school each year on the same date.

(d) The districts may develop a plan that provides for the location of social service, health, and other programs serving pupils and community residents within the cooperative secondary facility. The commissioner shall consider this plan when preparing a review and comment on the proposed facility.

(e) The districts shall schedule and conduct a meeting on library services. The school districts, in cooperation with the regional public library system and its appropriate member libraries, shall discuss the possibility of including jointly operated library services at the cooperative secondary facility.

Sec. 18. Minnesota Statutes 1992, section 124.494, is amended by adding a subdivision to read:

Subd. 4a. [COLOCATION GRANT.] A group of districts that receives a grant under subdivision 4 is also eligible to receive an additional grant in the amount of \$1,000,000. To receive the additional grant, the group of districts must develop a plan under subdivision 2, paragraph (d), that provides for the location of a significant number of noneducational student and community service programs within the cooperative secondary facility.

Sec. 19. [124.829] [HEALTH, SAFETY, AND ENVIRONMENTAL MANAGEMENT.]

"Health, safety, and environmental management" means school district activities necessary for a district's compliance with state law and rules of the departments of health, labor and industry, public safety, and pollution control agency as well as any related federal standards. These activities include hazard assessment, required training, record keeping, and program management.

Sec. 20. Minnesota Statutes 1992, section 124.83, subdivision 1, is amended to read:

Subdivision 1. [HEALTH AND SAFETY PROGRAM.] To receive health and safety revenue for any fiscal year a district, including an intermediate district, must submit to the commissioner of education an application for aid and levy by the date determined by the commissioner. The application may be for hazardous substance removal, fire ~~code compliance~~, or and life safety code repairs, labor and industry regulated facility and equipment violations, and health, safety, and environmental management. The application must include a health and safety program adopted by the school district board. The program must include the estimated cost, per building, of the program by fiscal year.

Sec. 21. Minnesota Statutes 1992, section 124.83, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF PROGRAM.] A district may adopt a health and safety program. The program ~~may~~ must include plans, where applicable, for hazardous substance removal, fire ~~code compliance~~, or and life safety code repairs, regulated facility and equipment violations, and health, safety, and environmental management.

(a) A hazardous substance plan must contain provisions for the removal or encapsulation of asbestos from school buildings or property, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, and cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel, oil, and special fuel, as defined in section 296.01. If a district has already developed a plan for the removal or encapsulation of asbestos as required by the federal Asbestos Hazard Emergency Response Act of 1986, a new plan is not necessary the district may use a summary of that plan that includes a description and schedule of response actions, for purposes of this section. The plan must also contain provisions to make modifications to existing facilities and equipment necessary to limit personal exposure to hazardous substances: (1) as regulated by the federal Occupational Safety and Health Administration under Code of Federal Regulations, title 29, part 1910, subpart Z; or (2) as determined by the commissioner to present a significant risk to district staff or student health and safety as a result of foreseeable use, handling, accidental spill, exposure, or contamination.

(b) A fire and life safety plan must contain a description of the current fire and life safety code violation violations, a plan for the removal or repair of the fire and life safety hazard, and a description of safety preparation and awareness procedures to be followed until the hazard is fully corrected.

A life safety plan must contain a description of the life safety hazard and a plan for its removal or repair.

(c) A facilities and equipment violation plan must contain provisions to correct health and safety hazards as provided in department of labor and industry standards pursuant to section 182.655.

(d) A health, safety, and environmental management plan must contain a description of training, record keeping, hazard assessment, and program management as defined in section 19.

Sec. 22. Minnesota Statutes 1992, section 124.83, subdivision 4, is amended to read:

Subd. 4. [HEALTH AND SAFETY LEVY.] To receive health and safety revenue, a district may levy an amount equal to the district's health and safety revenue as defined in subdivision 3 multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the district for the year preceding the year the levy is certified by the actual pupil units in the district for the school year to which the levy is attributable, to ~~\$3,515~~ 50 percent of the equalizing factor.

Sec. 23. Minnesota Statutes 1992, section 124.83, subdivision 6, is amended to read:

Subd. 6. [USES OF HEALTH AND SAFETY REVENUE.] Health and safety revenue may be used only for approved expenditures necessary to correct fire safety hazards, life safety hazards, or for the removal or encapsulation of asbestos from school buildings or property, asbestos-related repairs, cleanup and disposal of polychlorinated biphenyls found in school buildings or property, or the cleanup, removal, disposal, and repairs related to storing heating fuel

or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296.01, labor and industry regulated facility and equipment hazards, and health, safety, and environmental management. Health and safety revenue must not be used for the construction of new facilities or the purchase of portable classrooms. The revenue may not be used for a building or property or part of a building or property used for post-secondary instruction or administration or for a purpose unrelated to elementary and secondary education.

Sec. 24. Minnesota Statutes 1992, section 124.83, is amended by adding a subdivision to read:

Subd. 8. [HEALTH, SAFETY, AND ENVIRONMENTAL MANAGEMENT COST.] (a) A district's cost for health, safety, and environmental management is limited to the lesser of:

(1) actual cost to implement their plan; or

(2) an amount determined by the commissioner, based on enrollment, building age, and size.

(b) Effective July 1, 1993, the department of education may contract with regional service organizations, private contractors, Minnesota safety council, or state agencies to provide management assistance to school districts for health and safety capital projects. Management assistance is the development of written programs for the identification, recognition and control of hazards, and prioritization and scheduling of district health and safety capital projects.

(c) Notwithstanding paragraph (b), the department may approve revenue, up to the limit defined in paragraph (a) for districts having an approved health, safety, and environmental management plan that uses district staff to accomplish coordination and provided services.

Sec. 25. Minnesota Statutes 1992, section 124.91, subdivision 3, is amended to read:

Subd. 3. [POST-JUNE 1992 LEASE PURCHASE, INSTALLMENT BUYS.] (a) Upon application to, and approval by, the commissioner in accordance with the procedures and limits in subdivision 1, a district, as defined in this subdivision, may:

(1) purchase real property under an installment contract or may lease real property with an option to purchase under a lease purchase agreement, by which installment contract or lease purchase agreement title is kept by the seller or vendor or assigned to a third party as security for the purchase price, including interest, if any; and

(2) annually levy the amounts necessary to pay the district's obligations under the installment contract or lease purchase agreement.

(b)(1) The obligation created by the installment contract or the lease purchase agreement must not be included in the calculation of net debt for purposes of section 475.53, and does not constitute debt under other law.

(2) An election is not required in connection with the execution of the installment contract or the lease purchase agreement.

~~(3) The district may terminate the installment contract or lease purchase agreement at the end of any fiscal year during its term.~~

(c) The proceeds of the levy authorized by this subdivision must not be used to acquire a facility to be primarily used for athletic or school administration purposes.

(d) In this subdivision, "district" means:

(1) a school district required to have a comprehensive plan for the elimination of segregation whose plan has been determined by the commissioner to be in compliance with the state board of education rules relating to equality of educational opportunity and school desegregation; or

(2) a school district that participates in a joint program for interdistrict desegregation with a district defined in clause (1) if the facility acquired under this subdivision is to be primarily used for the joint program.

(e) Notwithstanding subdivision 1, the prohibition against a levy by a district to lease or rent a district-owned building to itself does not apply to levies otherwise authorized by this subdivision.

(f) Projects may be approved under this section by the commissioner in fiscal years 1993, 1994, and 1995 only.

Sec. 26. Minnesota Statutes 1992, section 124.95, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the required eligible debt service levy revenue of a district is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations, ~~excluding obligations under section 124.2445~~, of the district for eligible projects according to subdivision 2, including the amounts necessary for repayment of energy loans according to section 216C.37 or sections 298.292 to 298.298, debt service loans and capital loans, minus

(2) the amount of debt service excess levy reduction for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

(1) obligations under section 124.2445;

(2) the part of debt service principal and interest paid from the taconite environmental protection fund or northeast Minnesota economic protection trust; and

(3) obligations issued under Laws 1991, chapter 265, article 5, section 18, as amended by Laws 1992, chapter 499, article 5, section 24.

(c) For purposes of this section, if a preexisting school district reorganized under section 122.22, 122.23, or 122.241 to 122.248 is solely responsible for retirement of the preexisting district's bonded indebtedness, capital loans or debt service loans, debt service equalization aid must be computed separately for each of the preexisting school districts.

Sec. 27. Minnesota Statutes 1992, section 124.95, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] (a) The following portions of a district's debt service levy qualify for debt service equalization:

(1) debt service for repayment of principal and interest on bonds issued before July 2, 1992;

(2) debt service for bonds refinanced after July 1, 1992, if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule; and

(3) debt service for bonds issued after July 1, 1992, for construction projects that have received a positive review and comment according to section 121.15, if the commissioner has determined that the district has met the criteria under section 124.431, subdivision 2, and if the bond schedule has been approved by the commissioner and, if necessary, adjusted to reflect a 20-year maturity schedule.

(b) The criterion in section 124.431, subdivision 2, paragraph (a), clause (2), shall be considered to have been met if the district in the fiscal year in which the bonds are authorized at an election conducted under chapter 475:

(i) serves an average of at least 66 pupils per grade in the grades to be served by the facility; or

(ii) is eligible for sparsity revenue.

(c) The criterion described in section 124.431, subdivision 2, paragraph (a), clause (9), does not apply to bonds authorized by elections held before July 1, 1992.

(d) Districts identified in Laws 1990, chapter 562, article 11, section 8, do not need to meet the criteria of section 124.431, subdivision 2, to qualify.

Sec. 28. Minnesota Statutes 1992, section 124.95, subdivision 2a, is amended to read:

Subd. 2a. [NOTIFICATION.] A district eligible for debt service equalization revenue under subdivision 2 must notify the commissioner of the amount of its intended debt service ~~levy~~ revenue calculated under subdivision 1 for all bonds sold prior to the notification by July 1 of the calendar year the ~~levy~~ is certified.

Sec. 29. Minnesota Statutes 1992, section 124.95, subdivision 3, is amended to read:

Subd. 3. [DEBT SERVICE EQUALIZATION REVENUE.] (a) For fiscal years 1995 and later, the debt service equalization revenue of a district equals the ~~required~~ eligible debt service ~~levy~~ revenue minus the amount raised by a levy of ten percent times the adjusted net tax capacity of the district.

(b) For fiscal year 1993, debt service equalization revenue equals one-third of the amount calculated in paragraph (a).

(c) For fiscal year 1994, debt service equalization revenue equals two-thirds of the amount calculated in paragraph (a).

Sec. 30. Minnesota Statutes 1992, section 124.961, is amended to read:

124.961 [DEBT SERVICE APPROPRIATION.]

(a) \$6,000,000 is appropriated in fiscal year 1993 from the general fund to the commissioner of education for payment of debt service equalization aid under section 124.95. \$17,000,000 in fiscal year 1994 and ~~\$21,000,000~~ \$26,000,000 in fiscal year 1995 and each year thereafter is appropriated from the general fund to the commissioner of education for payment of debt service equalization aid under section 124.95. The 1994 appropriation includes \$3,000,000 for 1993 and \$14,000,000 for 1994.

(b) ~~These amounts~~ The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 31. [124C.60] [CAPITAL FACILITIES AND EQUIPMENT GRANTS FOR COOPERATION AND COMBINATION.]

Subdivision 1. [ELIGIBILITY.] Two or more districts that have a cooperation and combination plan approved by the state board of education under section 122.242, may apply for a grant of up to \$100,000 under this section. The grant must be awarded after the districts combine according to sections 122.241 to 122.248.

Subd. 2. [PROCEDURES.] The state board shall establish procedures and deadlines for the grant application. The state board shall review each application and may require modifications consistent with sections 122.241 to 122.248.

Subd. 3. [USE OF GRANT MONEY.] The grant money may be used for any capital expenditures specified in section 124.243 or 122.244.

Sec. 32. Minnesota Statutes 1992, section 134.31, subdivision 1, is amended to read:

Subdivision 1. The state shall, as an integral part of its responsibility for public education, support the provision of library service for every citizen ~~and~~ the development of cooperative programs for the sharing of resources and services among all libraries, and the establishment of jointly operated library services at a single location.

Sec. 33. Minnesota Statutes 1992, section 134.31, subdivision 2, is amended to read:

Subd. 2. The department of education shall give advice and instruction to the managers of any public library or to any governing body maintaining a library or empowered to do so by law upon any matter pertaining to the organization, maintenance, or administration of libraries. The department may also give advice and instruction, as requested, to post-secondary educational institutions, state agencies, governmental units, nonprofit organizations, or private entities. It shall assist, to the extent possible, in the establishment and organization of library service in those areas where adequate services do not exist, and may aid in improving previously established library services. The department shall also provide assistance to school districts, regional library systems, and member libraries interested in offering joint library services at a single location.

Sec. 34. Minnesota Statutes 1992, section 134.32, subdivision 8, is amended to read:

Subd. 8. (a) The state board shall promulgate rules consistent with sections 134.32 to 134.35 governing:

(a) (1) applications for these grants;

(b) (2) computation formulas for determining the amounts of establishment grants and regional library basic system support grants; and

(c) (3) eligibility criteria for grants.

(b) To the extent allowed under federal law, a construction grant applicant, in addition to the points received under Minnesota Rules, part 3530.2632, shall receive an additional five points if the construction grant is for a project combining public library services and school district library services at a single location.

Sec. 35. Minnesota Statutes 1992, section 475.61, subdivision 3, is amended to read:

Subd. 3. [IRREVOCABILITY.] Tax levies so made and filed shall be irrevocable, except as provided in this subdivision.

In each year when there is on hand any excess amount in the debt redemption fund of a school district at the time the district makes its property tax levies, the amount of the excess shall be certified by the school board to the ~~county auditor~~ commissioner. The commissioner shall report the amount of the excess to the county auditor and the auditor shall reduce the tax levy otherwise to be included in the rolls next prepared by the amount certified. The commissioner shall prescribe the form and calculation to be used in computing the excess amount. The school board may, with the approval of the commissioner, retain the excess amount if it is necessary to ensure the prompt and full payment of the obligations and any call premium on the obligations, or will be used for redemption of the obligations in accordance with their terms. The school board may, with the approval of the commissioner, specify a tax levy in a higher amount if necessary because of anticipated tax delinquency or for cash flow needs to meet the required payments from the debt redemption fund.

If the governing body, including the governing body of a school district, in any year makes an irrevocable appropriation to the debt service fund of money actually on hand or if there is on hand any excess amount in the debt service fund, the recording officer may certify to the county auditor the fact and amount thereof and the auditor shall reduce by the amount so certified the amount otherwise to be included in the rolls next thereafter prepared.

Sec. 36. [HEALTH AND SAFETY REVENUE CAP.]

For fiscal year 1995, total capital expenditure health and safety revenue, including any revenue amounts authorized under section 3, must not exceed \$64,000,000. The commissioner shall establish criteria for prioritizing district health and safety project applications and projects approved under section 3 not to exceed this amount.

Sec. 37. [LEASE LEVY AUTHORITY; WINONA.]

Subdivision 1. [LEVY AUTHORITY.] Upon approval of the commissioner of education, independent school district No. 861, Winona, annually may levy the amount necessary to make payments required by a lease agreement for educational space with the city of Rollingstone.

Subd. 2. [EXCEPTION TO SINGLE YEAR LEASE LIMIT.] Notwithstanding any law to the contrary, independent school district No. 861, Winona, may enter into an agreement, for the number of years stated in the agreement, with the city of Rollingstone to lease space for educational purposes.

Subd. 3. [ELIGIBLE FOR DEBT SERVICE EQUALIZATION AID.] The amount of the levy under subdivision 1 shall be annually included in the district's debt service levy under Minnesota Statutes, section 124.95, subdivision 1, to determine the district's debt service equalization aid.

Sec. 38. [LEASE LEVY FOR ADMINISTRATIVE SPACE.]

Each year, upon approval of the commissioner of education, independent school district No. 709, Duluth, may levy the amount necessary to rent or lease administrative space so that existing administrative space can be used for

instructional purposes. In granting approval under this section, the commissioner must determine that the overall lease levy for the district would not be higher than it would have been under Minnesota Statutes 1992, section 124.91, subdivision 1.

Sec. 39. [CAPITAL LOANS.]

Subdivision 1. [BIG LAKE SCHOOL DISTRICT.] A capital loan in an amount not to exceed \$9,770,000 to independent school district No. 727, Big Lake, is approved according to Minnesota Statutes, section 124.431, subdivision 9, for construction of a new high school, remodeling of an existing high school into a middle school, and remodeling of an elementary school.

Subd. 2. [NETT LAKE SCHOOL DISTRICT.] A capital loan in an amount not to exceed \$7,967,000 to independent school district No. 707, Nett Lake, is approved according to Minnesota Statutes, section 124.431, subdivision 9, for remodeling of and an addition to an elementary school.

Subd. 3. [MAXIMUM EFFORT LOAN REVIEW.] When bonding is authorized for the capital loans approved in this section, the commissioner shall review the proposed plan and budgets of these maximum effort school loan projects and may reduce the amount of the loan to ensure that the project will be economical. The commissioner may recover the cost incurred by the commissioner for any professional services associated with the final review by reducing the proceeds of the loan paid to the district.

Subd. 4. [CAPITAL LOAN PRIORITIES.] Notwithstanding Minnesota Statutes, section 124.431, subdivision 5, the capital loan applications and the state board approvals of capital loans for independent school districts No. 727, Big Lake, and No. 707, Nett Lake, do not cancel until July 1, 1995. Except for emergency requests, the school districts listed in this section are the top priority for funding capital loans until July 1, 1995.

Sec. 40. [SCHOOL AND DAY CARE RADON TESTING; EVALUATION AND MITIGATION REPORT.]

Subdivision 1. [RADON TESTING.] The commissioner of health shall coordinate with the commissioners of human services, education, and jobs and training to administer a school and day care radon testing program. All public and private school buildings housing students in kindergarten through grade 12, all child day care centers licensed under Minnesota Rules, parts 9545.0510 to 9545.0650, and all head start and learning readiness programs must be tested for radon by September 30, 1995. By December 31, 1993, the commissioner of health shall establish technical standards for the radon testing program including quality control and testing protocol. By December 31, 1993, the commissioner of education shall develop a plan for training testers, acquiring test equipment, and distributing the test equipment to all of the facilities required to be tested. Each facility must use appropriate commercial radon testing materials listed by the United States Environmental Protection Agency Radon Measurement Proficiency Program and follow the manufacturer's directions on testing methods and the duration of the test.

Subd. 2. [REPORTING.] By December 31, 1995, each facility must report the results to the commissioner of health in a form prescribed by the commissioner. If the facility has already conducted a radon test at its present location, another test does not need to be conducted if the facility reports the results to the commissioner of health. The results from each school tested must also be reported to the school district. A summary of the results of each report must be posted in a conspicuous place of each facility tested except school districts which must report a summary of the results and any mitigation taken in the district's annual program evaluation report.

Subd. 3. [NOTICE.] The commissioner of health shall coordinate with the commissioners of human services, education, and jobs and training to provide written notice to each facility under subdivision 1 of the obligation to test for radon. Notice must also be given to each facility encouraging the facility to mitigate any excessive radon level detected. The written notice to schools must include the United States Environmental Protection Agency Protocol for Radon testing in schools.

Subd. 4. [EVALUATION AND MITIGATION REPORT.] By July 1, 1996, the commissioner of health shall report, in coordination with the commissioners of human services, education, and jobs and training, to the legislature with a recommendation for mitigating excessive levels of radon in buildings required to be tested under subdivision 1. The report must summarize available radon testing information reported under subdivision 1, address the need for mitigation, describe appropriate mitigation procedures, estimate mitigation costs, and make recommendations that identify sources of funds for mitigation and apportion public and private responsibility for mitigation costs.

Sec. 41. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [CAPITAL EXPENDITURE FACILITIES AID.] For capital expenditure facilities aid according to Minnesota Statutes, section 124.243, subdivision 5:

<u>\$72,040,000</u>	.....	<u>1994</u>
<u>\$73,549,000</u>	.....	<u>1995</u>

The 1994 appropriation includes \$10,730,000 for 1993 and \$61,310,000 for 1994.

The 1995 appropriation includes \$10,819,000 for 1994 and \$62,730,000 for 1995.

Subd. 3. [CAPITAL EXPENDITURE EQUIPMENT AID.] For capital expenditure equipment aid according to Minnesota Statutes, section 124.244, subdivision 3:

<u>\$35,455,000</u>	.....	<u>1994</u>
<u>\$36,180,000</u>	.....	<u>1995</u>

The 1994 appropriation includes \$5,279,000 for 1993 and \$30,179,000 for 1994.

The 1995 appropriation includes \$5,325,000 for 1994 and \$30,855,000 for 1995.

Subd. 4. [HEALTH AND SAFETY AID.] (a) For health and safety aid according to Minnesota Statutes, section 124.83, subdivision 5:

<u>\$11,260,000</u>	.....	<u>1994</u>
<u>\$18,924,000</u>	.....	<u>1995</u>

The 1994 appropriation includes \$1,256,000 for 1993 and \$10,004,000 for 1994.

The 1995 appropriation includes \$1,694,000 for 1994 and \$17,230,000 for 1995.

(b) \$400,000 in fiscal year 1994 and \$400,000 in fiscal year 1995 is for health and safety management assistance contracts under section 24.

(c) \$60,000 of each year's appropriation shall be used to contract with the state fire marshal to provide services under Minnesota Statutes, section 121.502. This amount is in addition to the amount for this purpose in article 11.

(d) Notwithstanding section 124.14, subdivision 7, the commissioner of education, with the approval of the commissioner of finance, may transfer a projected excess in the appropriation for health and safety aid for fiscal year 1995 to the appropriation for debt service aid for the same fiscal year. The projected excess amount and the projected deficit in the appropriation for debt service aid must be determined and the transfer made as of November 1, 1994. The amount of the transfer is limited to the lesser of the projected excess in the health and safety appropriation or the projected deficit in the appropriation for debt service aid. Any transfer must be reported immediately to the education committees of the house of representatives and senate.

Subd. 5. [DEBT SERVICE AID.] For debt service aid according to Minnesota Statutes, section 124.95, subdivision 5:

<u>\$17,018,000</u>	.....	<u>1994</u>
<u>\$26,000,000</u>	.....	<u>1995</u>

\$18,000 of the fiscal year 1994 appropriation is to correct an erroneous proration of debt service equalization aid.

Subd. 6. [LIBRARY DEMONSTRATION GRANT.] For a demonstration grant to encourage jointly operated library services at a single location:

<u>\$30,000</u>	<u>1994</u>
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Subd. 7. [FACILITIES PLANNING AND COORDINATION.] For facilities planning, coordination of facility needs between school districts and other service providers, and to provide assistance to the commissioner in issuing review and comment on school construction projects:

<u>\$120,000</u>	<u>.....</u>	<u>1994</u>
<u>\$120,000</u>	<u>.....</u>	<u>1995</u>

The department may contract to provide these services.

Sec. 42. [EFFECTIVE DATE.]

Section 34 is effective July 1, 1996. Sections 16 and 18 are effective for cooperative secondary facilities grants approved by the legislature after January 1, 1994.

ARTICLE 6

ORGANIZATION AND COOPERATION

Section 1. Minnesota Statutes 1992, section 121.912, subdivision 6, is amended to read:

Subd. 6. [ACCOUNT TRANSFER FOR REORGANIZING DISTRICTS.] (a) A school district that has reorganized according to section 122.22, 122.23, or sections 122.241 to 122.248 may make permanent transfers between any of the funds in the newly created or enlarged district with the exception of the debt redemption fund, food service fund, and health and safety account of the capital expenditure fund. Fund transfers under this section may be made only during the year following the effective date of reorganization.

(b) A district that has conducted a successful referendum on the question of combination under section 122.243, subdivision 2, may make permanent transfers between any of the funds in the district with the exception of the debt redemption fund, food service fund, and health and safety account of the capital expenditure fund for up to one year prior to the effective date of combination under sections 122.241 to 122.248.

Sec. 2. Minnesota Statutes 1992, section 122.22, is amended by adding a subdivision to read:

Subd. 21. (a) In the year prior to the effective date of the dissolution of a district, the school board of a district to which all of the dissolving district is to be attached may adopt a resolution directing the school board of the dissolving district to certify levies for general education, basic transportation, and capital expenditure and facilities in an amount not to exceed the maximum amount authorized for the dissolving district for taxes payable in the year the dissolution is effective. If the dissolving district is to be attached to more than one school district, the boards of the districts to which the dissolving district is to be attached may adopt a joint resolution that accomplishes the purpose in this paragraph.

(b) Notwithstanding any other law to the contrary, upon receipt of a resolution under paragraph (a), the board of the dissolving district must certify levies in the amounts specified in the resolution for taxes payable in the year the dissolution is effective.

Sec. 3. Minnesota Statutes 1992, section 122.242, subdivision 9, is amended to read:

Subd. 9. [FINANCES.] The plan must state:

(1) whether debt service for the bonds outstanding at the time of combination remains solely with the district that issued the bonds or whether all or a portion of the debt service for the bonds will be assumed by the combined district and paid by the combined district on behalf of the district that issued the bonds;

(2) whether obligations for a capital loan or energy loan made according to section 216C.37 or sections 298.292 to 298.298 outstanding at the time of combination remain solely with the district that obtained the loan, or whether all or a portion of all the loan obligations will be assumed by the combined district and paid by the combined district on behalf of the district that obtained the loan;

(3) the treatment of debt service levies, down payment levies under section 124.82, and referendum levies;

(4) whether the cooperating or combined district will levy for reorganization operating debt according to section 121.915, clause (1); and

(5) two- and five-year projections, prepared by the department of education upon the request of any district, of revenues, expenditures, and property taxes for each district if it cooperated and combined and if it did not.

Sec. 4. Minnesota Statutes 1992, section 122.531, subdivision 4a, is amended to read:

Subd. 4a. [REORGANIZATION OPERATING DEBT LEVIES.] (a) A district that receives revenue under section 124.2725 for cooperation or has combined according to sections 122.241 to 122.248 may levy for one or more years to eliminate reorganization operating debt as defined in section 121.915, clause (1). ~~The amount of the debt must be certified over a period of five years.~~ After the effective date of combination according to sections 122.241 to 122.248, the levy may be certified and spread either

(1) only on the property in the combined district that would have been taxable in the preexisting district that incurred the debt, or

(2) on all of the taxable property in the combined district.

(b) A district that has reorganized according to section 122.22 or 122.23 may levy for one or more years to eliminate reorganization operating debt as defined in section 121.915, clause (2). After the effective date of reorganization under section 122.22 or 122.23, the amount of debt must levy may be certified over a period not to exceed five years and may be spread either

(1) only on the property in the newly created or enlarged district which was taxable in the preexisting district that incurred the debt, or

(2) on all of the taxable property in the newly created or enlarged district.

Sec. 5. Minnesota Statutes 1992, section 122.895, subdivision 2, is amended to read:

Subd. 2. [APPLICABILITY.] This section applies to:

(1) an education district organized according to sections 122.91 to 122.95;

(2) a cooperative vocational center organized according to section 123.351;

(3) a joint powers district or board organized according to section 471.59 which employs teachers to provide instruction;

(4) a joint vocational technical district organized according to sections 136C.60 to 136C.69;

(5) an intermediate district organized according to chapter 136D; and

(6) an educational cooperative service unit which employs teachers to provide instruction; and

(7) school districts participating in an agreement for the cooperative provision of special education services to children with disabilities according to section 120.17, subdivision 4.

Sec. 6. Minnesota Statutes 1992, section 122.895, is amended by adding a subdivision to read:

Subd. 2a. [AGREEMENTS FOR COOPERATIVE SPECIAL EDUCATION.] (a) Upon the termination of an agreement according to section 120.17, subdivision 4, a teacher employed to provide special education services by a school district participating in the agreement will be afforded rights to employment by other school districts according to subdivisions 3, 4, and 5. Nonlicensed employees of a participating district employed to provide special education services will, upon the agreement's termination, be afforded rights to employment by other participating districts according to subdivision 8.

(b) Upon a school district's withdrawal from the cooperative provision of special education under an agreement according to section 120.17, subdivision 4, a teacher employed to provide special education services by a participating

district will be afforded rights to employment by other school districts according to subdivisions 3, 6, and 7. Nonlicensed employees of a participating district will be afforded rights to employment by the withdrawing district according to subdivision 9.

Sec. 7. Minnesota Statutes 1992, section 122.895, is amended by adding a subdivision to read:

Subd. 10. [COOPERATIVES THAT MERGE.] Notwithstanding subdivisions 1 to 9, the following paragraphs apply to cooperatives that merge.

(a) If a cooperative enters into an agreement to merge with another cooperative, the boards of the cooperatives and the exclusive representatives of the teachers in the cooperatives and the teachers in each member district may negotiate a plan to assign or employ in a member district or to place on unrequested leave of absence all teachers whose positions are discontinued as a result of the agreement. If plans are negotiated and if the boards determine the plans are compatible, the boards shall include the plans in their agreement.

(b) If compatible plans are not negotiated under paragraph (a) by the March 1 preceding the effective date of the merger of the cooperatives, subdivisions 2 to 9 apply to teachers and nonlicensed employees whose positions are terminated as a result of an agreement to merge cooperatives.

Sec. 8. Minnesota Statutes 1992, section 124.2721, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] An education district is eligible for education district levy revenue if the department certifies that it meets the requirements of sections 122.91, subdivisions 3 and 4, and 122.945. The pupil units of a school district that is a member of intermediate district No. 287, 916, or 917 may not be used to obtain revenue under this section. The pupil units of a school district may not be used to obtain revenue under this section and section 124.575.

Sec. 9. Minnesota Statutes 1992, section 124.2721, subdivision 3, is amended to read:

Subd. 3. [LEVY REVENUE.] Each year the education district board shall certify to the department of education the amount of education district levy revenue to be raised. The education district levy revenue is equal to the following lesser of:

(1) the amount certified by the education district revenue according to subdivision 2 board, times

(2) the lesser of

~~(a) one, or~~

~~(b) the ratio of the adjusted net tax capacity of the education district divided by the number of actual pupil units in the education district to an amount equal to \$50 divided by 1.87 percent \$50 times the actual pupil units in the education district, or~~

(3) 1.87 times the adjusted net tax capacity of the education district.

The department of education shall allocate the levy amount proportionately among the member districts based on adjusted tax capacity. The member districts shall levy the amount allocated.

Sec. 10. Minnesota Statutes 1992, section 124.2725, subdivision 2, is amended to read:

Subd. 2. [COOPERATION AND COMBINATION REVENUE.] Cooperation and combination revenue equals ~~for each resident and nonresident pupil receiving instruction in a cooperating or combined district, \$100 times the actual pupil units served in the district. For purposes of this section, pupil units served means the number of resident and nonresident pupil units in average daily membership receiving instruction in the cooperating or combined district.~~ A district may not receive revenue under this section if it levies under section 124.912, subdivision 4.

Sec. 11. Minnesota Statutes 1992, section 124.2725, subdivision 4, is amended to read:

Subd. 4. [INCREASING LEVY.] (a) For districts that did not enter into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and that combine without cooperating, the percentage in subdivision 3, clause (2), shall be:

- (1) 50 percent for the first year of combination; and
- (2) 25 percent for the second year of combination.

(b) For districts that entered into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and combine without cooperating, the percentages in subdivision 3, clause (2), shall be:

- (1) 100 percent for the first year of combination;
- (2) 75 percent for the second year of combination;
- (3) 50 percent for the third year of combination; and
- (4) 25 percent for the fourth year of combination.

(c) For districts that combine after one year of cooperation, the percentage in subdivision 3, clause (2), shall be:

- (1) 100 percent for the first year of cooperation;
- (2) 75 percent for the first year of combination;
- (3) 50 percent for the second year of combination; and
- (4) 25 percent for the third year of combination.

(e) (d) For districts that combine after two years of cooperation, the percentage in subdivision 3, clause (2), shall be:

- (1) 100 percent for the first year of cooperation;
- (2) 75 percent for the second year of cooperation;
- (3) 50 percent for the first year of combination; and
- (4) 25 percent for the second year of combination.

Sec. 12. Minnesota Statutes 1992, section 124.2725, subdivision 5, is amended to read:

Subd. 5. [COOPERATION AND COMBINATION AID.] (a) Districts that did not enter into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and combine without cooperating shall receive cooperation and combination aid for the first two years of combination. Cooperation and combination aid shall not be paid after two years of combining.

(b) Districts that entered into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and combine without cooperating shall receive cooperation and combination aid for the first four years of combination. Aid must not be paid after four years of combination.

(c) Districts that combine after one year of cooperation shall receive cooperation and combination aid for the first year of cooperation and three years of combination. Aid shall not be paid after three years of combining.

(e) (d) Districts that combine after two years of cooperation shall receive cooperation and combination aid for the first two years of cooperation and the first two years of combination. Aid shall not be paid after two years of combining.

(d) (e) In each case, cooperation and combination aid is equal to the difference between the cooperation and combination revenue and the cooperation and combination levy.

Sec. 13. Minnesota Statutes 1992, section 124.2725, subdivision 6, is amended to read:

Subd. 6. [ADDITIONAL AID.] In addition to the aid in subdivision 5, districts shall receive aid according to the following:

(1) for districts that did not enter into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and combine without cooperating, \$100 times the actual pupil units served in the district in the first year of combination; or

(2) for districts that combine after one year or two years of cooperation, \$100 times the actual pupil units served in each district for the first year of cooperation, ~~for each resident and nonresident pupil receiving instruction in the cooperating district~~, and \$100 times the actual pupil units served in the combined district for the first year of combination; or

(3) ~~for districts that combine after two years of cooperation, \$100 times the actual pupil units in each district for the first year of cooperation, for each resident and nonresident pupil receiving instruction in the cooperating district, and \$100 times the actual pupil units in the combined district for the first year of combination for districts that entered into an agreement under section 122.541 at least three years before the date of a successful referendum held under section 122.243, subdivision 2, and combine without cooperating, \$100 times the pupil units served in the combined district for the first two years of combination.~~

Sec. 14. Minnesota Statutes 1992, section 124.2725, subdivision 10, is amended to read:

Subd. 10. [REVENUE LIMIT.] Revenue under this section shall not exceed the revenue received by cooperating districts or a combined district with 2,000 actual pupil units served. Revenue for cooperating districts subject to the limitation in this subdivision shall be allocated according to the number of pupil units served in the districts.

Sec. 15. Minnesota Statutes 1992, section 124.2725, subdivision 13, is amended to read:

Subd. 13. [REVENUE FOR EXTENDED COOPERATION FAILURE TO COMBINE.] A district has failed to combine if the state board disapproves of the plan according to section 122.243, subdivision 1, or if a second third referendum fails under section 122.243, subdivision 2, cooperation and combination revenue shall equal \$50 times the actual pupil units or if the commissioner of education determines that the districts involved are not making sufficient progress toward combination.

(a) If a district has failed to combine, cooperation and combination aid must be reduced by an amount equal to the aid paid under subdivision 6 plus the difference between the aid paid under subdivision 5 for the first two years of the agreement and the aid that would have been paid if the revenue had been \$50 times the actual pupil units. If the aid is insufficient to recover the entire amount, under subdivisions 5 and 6 shall not be paid and the authority to levy under subdivision 4 ceases. The department of education shall reduce other aids due the district to recover the entire an amount equal to the aid paid under subdivision 6 plus the difference between the aid paid under subdivision 5 and the aid that would have been paid if the revenue had been \$50 times the pupil units served. The cooperation and combination levy shall be reduced by an amount equal to the difference between the levy for the first two years of the agreement and the levy that would have been authorized if the revenue had been \$50 times the actual pupil units. A district that receives revenue under this subdivision may not also receive revenue according to sections 124.2721 and 124.575.

(b) If a district has failed to combine, the authority to levy for reorganization operating debt under section 122.531, subdivision 4a, and for severance pay or early retirement incentives under subdivision 15 ceases.

Sec. 16. [REFERENDUM EXCEPTION.]

Notwithstanding Minnesota Statutes, section 122.243, subdivision 2, a referendum on the question of combination may be held in independent school district No. 893, Echo, any time after the state board approves its plan for cooperation and combination.

Sec. 17. [REVENUE FOR SUBSEQUENT DISTRICT.]

Notwithstanding Minnesota Statutes, section 124.2725, subdivision 5, if the state board of education approves a combination plan under Minnesota Statutes, section 122.243, subdivision 1, that involves independent school district No. 893, Echo, the district shall receive revenue under section 124.2725, subdivisions 4, 5, and 6 for a four-year period, as though it had been party to the initial agreement.

Sec. 18. [FIRST YEAR OF COOPERATION SPECIFIED.]

For the purpose of receiving additional cooperation and combination aid under Minnesota Statutes, section 124.2725, subdivision 6, the first year of cooperation for independent school district Nos. 918, Chandler-Lake Wilson, and 504, Slayton, is fiscal year 1993.

Sec. 19. [VERDI DISSOLUTION; REFERENDUM REVENUE.]

Notwithstanding Minnesota Statutes, section 122.531, subdivision 2, as of the effective date of the dissolution of independent school district No. 408, Verdi, and the attachment of part of its territory to independent school district No. 404, Lake Benton, the authorization for all referendum revenues previously approved by the voters of school district No. 404, Lake Benton, is the tax rate times the net tax capacity of the enlarged independent school district No. 404. Any new referendum revenue is authorized only after approval is granted by the voters of the entire enlarged district in an election under Minnesota Statutes, section 124A.03, subdivision 2.

Sec. 20. [LAKE BENTON, PIPESTONE AGREEMENT.]

(a) The school board and exclusive bargaining representative of the teachers in independent school districts No. 404, Lake Benton, and No. 583, Pipestone, may negotiate a plan to assign to district No. 583 up to 1.2 FTE positions of the teachers in district No. 404, for up to five years following the dissolution of independent school district No. 408, Verdi. A teacher in district No. 583 who is placed on unrequested leave of absence may not assert reinstatement, realignment, or bumping rights to those 1.2 FTE positions.

(b) Paragraph (a) applies to employment agreements amended, renewed, or entered into after the effective date of this section.

Sec. 21. [LAC QUI PARLE VALLEY DISTRICT NO. 6011.]

Independent school districts that belong to joint powers district No. 6011, Lac qui Parle Valley, may use cooperation and combination revenue received under Minnesota Statutes, section 124.2725, for expenses specified in Minnesota Statutes, section 124.2725, subdivision 11, that were incurred in the process of establishing or operating the cooperative secondary facility operated by joint powers district No. 6011, Lac qui Parle Valley, before cooperation and combination revenue was received.

Sec. 22. [ALTERNATIVE REFERENDUM COMBINATION METHOD.]

Subdivision 1. [ALTERNATIVE METHOD.] Notwithstanding Minnesota Statutes, sections 122.247, subdivision 1, and 122.531, if independent school district No. 233, Preston-Fountain, and No. 228, Harmony, consolidate effective July 1, 1995, the referendum revenue authorization for the new district created by that consolidation may be any local tax rate that would raise an amount for the first year that does not exceed the combined dollar amount of the referendum revenues authorized by each of the component districts for fiscal year 1995.

Subd. 2. [INCLUDE REFERENDUM AUTHORIZATION IN COMBINATION PLAN.] (a) Referendum revenue authorization may be calculated under subdivision 1 only if:

(1) independent school district No. 233, Preston-Fountain and No. 228, Harmony, specify the dollar amount of the referendum revenue authority for the consolidated district and the number of years that the referendum revenue authorization is in effect in the cooperation and combination plan adopted under Minnesota Statutes, section 122.242; and

(2) the referendum information in clause (1) is included in the summary of the plan that is published in the official newspaper of each district under Minnesota Statutes, section 122.242, subdivision 1.

(b) If the dollar amount of referendum revenue authority required under paragraph (a), clause (1), is not available at the time the cooperation and combination plan is submitted to the department of education, the districts may use an estimate calculated by the department.

Sec. 23. [EDUCATION DELIVERY SERVICE PLANNING AND REVIEW.]

Subdivision 1. [EDUCATION DELIVERY SERVICE PLANNING PROCESS.] Each school district must submit a plan for the delivery of education programs and services within the new education delivery system required under Laws 1992, chapter 499, article 6, section 33, subdivision 4, to the commissioner of education by August 1, 1993. A group of districts may submit a joint plan. The commissioner shall submit the plans to the review panel established under subdivision 2.

Subd. 2. [REVIEW PANEL.] A panel is established to review each of the plans submitted to the commissioner under subdivision 1 and make recommendations to the legislature concerning the design and implementation of a preK-12 and community education service delivery system.

Subd. 3. [MEMBERSHIP OF THE PANEL.] The review panel established under subdivision 2 shall consist of nine members:

- (1) the commissioner of education or a designee appointed by the commissioner;
- (2) two representatives of the Minnesota association of school administrators, including one principal;
- (3) one representative of the Minnesota federation of teachers;
- (4) one representative of the Minnesota education association;
- (5) one representative of the Minnesota school boards association; and
- (6) one representative of the Minnesota business partnership.

Two members of the legislature shall be appointed to the review panel. The subcommittee on committees of the committee on rules and administration of the senate shall appoint one member of the senate. The speaker of the house of representatives shall appoint one member of the house.

Subd. 4. [REVIEW PANEL SELECTION PROCESS.] To determine who shall serve as a representative of each organization listed in subdivision 3, clauses (2) to (6), each organization shall submit the names of three individuals for each representative the organization shall have on the panel to the co-chairs of the education committee of the senate, the chair of the house education committee, and the chair of the house K-12 education finance division. Each of the three individuals must represent a different geographic area of the state. The house and senate chairs shall jointly select one of the three names for each representative submitted by each organization to serve on the review panel. The chairs must consider geographic balance when selecting the representatives.

Subd. 5. [REVIEW PANEL RESPONSIBILITIES.] The review panel shall submit a summary of the school district plans received from the commissioner under subdivision 1 and recommendations on the following items to the legislature by January 15, 1994:

- (1) the services that should be provided by each of the three components of the education service delivery system that is described in Laws 1992, chapter 499, article 6, section 33, subdivision 3: the school district, the area education organization, and the central and regional delivery centers of the department of education;
- (2) the optimal number of school districts and pupils that an area education organization should serve;
- (3) the boundaries of area education organizations;
- (4) a funding mechanism for providing services through the area education organization;
- (5) the role of the school district, the area education organization, and the central and regional centers of the department in ensuring that health and other social services necessary to maximize a pupil's ability to learn are provided to pupils; and

(6) the optimal process for implementing the new preK-12 and community education service delivery system by July 1, 1995.

The review panel shall also consider how services such as special education, vocational education, technology applications, joint purchasing, and management information are provided to multiple school districts through joint powers agreements under Minnesota Statutes, section 471.59.

Subd. 6. [EXPENSES AND REIMBURSEMENTS.] Members of the review panel shall be reimbursed for expenses as provided under Minnesota Statutes, section 15.059, subdivision 3. Members of the panel shall not receive any per diem payments.

Subd. 7. [STAFF ASSISTANCE.] The education committees of the legislature and the department of education shall provide staff assistance to the review panel.

Sec. 24. [EDUCATION DISTRICT LEVY ADJUSTMENT FOR FISCAL YEAR 1994.]

Notwithstanding any other law to the contrary, a school district that certified a levy under Minnesota Statutes, section 124.2721, subdivision 3, in 1992 for taxes payable for 1993 may levy in 1993 for taxes payable in 1994 up to an amount equal to:

(1) the difference between \$50 times the actual pupil units for fiscal year 1994 of the education district for which the school district belonged, and the amount of the education district levy calculated according to Minnesota Statutes, section 124.2721, subdivision 3, for fiscal year 1994, times

(2) the ratio of the adjusted net tax capacity of the school district to the adjusted net tax capacity of the education district.

The amount of the levy permitted under this section must be transferred to the education district board under Minnesota Statutes, section 124.2721, subdivision 3a.

Sec. 25. [DIRECT REPORTING PILOT SITES.]

Notwithstanding sections 121.935 and 121.936, the department of education may designate six local education agencies as pilot sites to demonstrate the implementation of direct reporting of uniform financial accounting and reporting standards (UFARS) data elements as well as staff and student essential data elements. The department shall specify the criteria for local education agency participation and for vendor system data and edit requirements utilized in the pilot.

Sec. 26. [DEADLINE EXTENSION BECAUSE OF NEW LAW.]

If the board of any participating school district has given notice of intent to withdraw from special education services provided by a cooperative before the effective date of Minnesota Statutes, section 122.895, subdivision 2a, the deadline specified in Minnesota Statutes, section 122.895, subdivision 3, is six days following the final enactment and the deadline specified in Minnesota Statutes, section 122.895, subdivision 6, paragraph (b), for notice of a teacher's exercise of rights under that subdivision is 16 days following final enactment.

Sec. 27. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund or other named fund to the department of education for the fiscal years designated.

Subd. 2. [COOPERATION AND COMBINATION AID.] For aid for districts that cooperate and combine according to Minnesota Statutes, section 124.2725:

\$3,516,000	.....	1994
\$3,979,000	.....	1995

The 1994 appropriation includes \$591,000 for 1993 and \$2,925,000 for 1994.

The 1995 appropriation includes \$516,000 for 1994 and \$3,463,000 for 1995.

Subd. 3. [EDUCATIONAL COOPERATIVE SERVICE UNITS.] (a) For educational cooperative service units:

<u>\$733,000</u>	<u>.....</u>	<u>1994</u>
<u>\$733,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$110,000 for 1993 and \$623,000 for 1994.

The 1995 appropriation includes \$110,000 for 1994 and \$623,000 for 1995.

(b) Money from this appropriation may be transmitted to ECSU boards of directors for general operations in amounts of up to \$66,700 per ECSU for each fiscal year. The ECSU whose boundaries coincide with the boundaries of development region 11 and the ECSU whose boundaries encompass development regions six and eight may receive up to \$133,400 for each fiscal year.

(c) Before releasing money to the ECSUs, the department of education shall ensure that the annual plan of each ECSU explicitly addresses the specific educational services that can be better provided by an ECSU than by a member district. The annual plan must include methods to increase direct services to school districts in cooperation with the state department of education. The department may withhold all or a part of the money for an ECSU if the department determines that the ECSU has not been providing services according to its annual plan.

Subd. 4. [MANAGEMENT INFORMATION CENTERS.] For management information centers according to Minnesota Statutes, section 121.935, subdivision 5:

<u>\$3,275,000</u>	<u>.....</u>	<u>1994</u>
<u>\$3,275,000</u>	<u>.....</u>	<u>1995</u>

\$356,000 each year is for software support of the ESV information system.

Subd. 5. [SECONDARY VOCATIONAL COOPERATION AID.] For secondary vocational cooperative aid according to Minnesota Statutes, section 124.575:

<u>\$142,000</u>	<u>.....</u>	<u>1994</u>
<u>\$169,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes -\$0- for 1993 and \$142,000 for 1994.

The 1995 appropriation includes \$24,000 for 1994 and \$145,000 for 1995.

Subd. 6. [MOUNTAIN IRON-BUHL SCHOOL DISTRICT.] For independent school district No. 712, Mountain Iron-Buhl:

<u>\$75,000</u>	<u>.....</u>	<u>1994</u>
<u>\$75,000</u>	<u>.....</u>	<u>1995</u>

Sec. 28. [LEGISLATIVE COORDINATING COMMISSION.]

\$15,000 is appropriated in fiscal year 1994 from the general fund to the legislative coordinating commission to reimburse the expenses of the review panel under the education delivery service planning and review as provided in section 23.

Sec. 29. [REPEALER.]

Minnesota Statutes 1992, section 124.2721, subdivisions 2 and 4, are repealed.

Sec. 30. [EFFECTIVE DATE.]

Minnesota Statutes, section 122.895, subdivisions 2a and 10, and section 18, relating to the Lake Benton, Pipestone agreement, are effective the day following final enactment.

Sections (referendum exception & revenue for subsequent district) are effective the day following final enactment.

ARTICLE 7

ACCESS TO EXCELLENCE

Section 1. Minnesota Statutes 1992, section 121.612, subdivision 2, is amended to read:

Subd. 2. [CREATION OF FOUNDATION.] There is created the Minnesota academic excellence foundation. The purpose of the foundation shall be to promote academic excellence in Minnesota public and nonpublic schools and communities through public-private partnerships. The foundation shall be a nonprofit organization. The board of directors of the foundation and foundation activities are under the direction of the state board of education.

Sec. 2. Minnesota Statutes 1992, section 121.612, subdivision 4, is amended to read:

Subd. 4. [FOUNDATION PROGRAMS.] The foundation may develop programs that advance the concept of educational excellence. These may include, but are not limited to:

- (a) recognition programs and awards for students demonstrating academic excellence;
- (b) summer institute programs for students with special talents;
- (c) recognition programs for teachers, administrators, and others who contribute to academic excellence;
- (d) summer mentorship programs with business and industry for students with special career interests and high academic achievements;
- (e) governor's awards ceremonies and special campaigns to promote awareness and expectation for academic competition achievement; and
- (f) an academic league to provide organized challenges requiring cooperation and competition for public and nonpublic pupils in elementary and secondary schools;
- (g) systemic transformation initiatives and assistance and training to community teams to increase school performance in the state's education institutions through strategic quality planning for continuous improvement, empowerment of multiple stakeholders, validation of results via customer-supplier relationships, and a total system approach based on best practices in key process areas; and
- (h) activities to measure customer satisfaction for delivery of services to education institutions in order to plan for and implement continuous improvement.

To the extent possible, the foundation shall make these programs available to students in all parts of the state.

Sec. 3. Minnesota Statutes 1992, section 124C.08, subdivision 1, is amended to read:

Subdivision 1. [FUNDING; TECHNICAL ASSISTANCE.] (a) Each site shall receive \$1,250 each year for two years. If fewer than 30 sites are selected, each site shall receive an additional proportionate share of money appropriated and not used. Before receiving money for the second year, a long-range plan for arts education must be submitted to the department.

(b) The department of education, in cooperation with the Minnesota alliance for arts in education, the Minnesota state arts board, and the Minnesota center for arts education, shall provide materials, training, and assistance to the arts education committees in school districts participating in the comprehensive arts planning program. The department of education may contract with the Minnesota alliance for arts in education to provide services, including staff assistance, to the program.

Sec. 4. [125.178] [ELEMENTARY PREPARATION TIME.]

The school board and the exclusive representative of the teachers may negotiate an agreement to provide daily preparation time for elementary school teachers. Failing to successfully negotiate such an agreement, provisions of Minnesota Rules, part 3500.1400, subpart 3, apply.

Sec. 5. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [AREA LEARNING CENTER GRANTS.] For grants to area learning centers:

\$150,000	.....	1994
\$150,000	.....	1995

Subd. 3. [ARTS PLANNING GRANTS.] For grants for arts planning according to Minnesota Statutes, section 124C.08:

\$38,000	.....	1994
\$38,000	.....	1995

Any balance in the first year does not cancel but is available in the second year.

Subd. 4. [OUTCOME-BASED EDUCATION PROGRAM CONTRACTS.] For entering into contracts for outcome-based education programs:

\$575,000	.....	1994
\$575,000	.....	1995

\$55,000 each year is for evaluation and administration of the program.

Any balance in the first year does not cancel but is available in the second year.

Subd. 5. [ADVANCED PLACEMENT AND INTERNATIONAL BACCALAUREATE PROGRAMS.] For the state advanced placement and international baccalaureate programs, including training programs, support programs, and examination fee subsidies:

\$300,000	.....	1994
\$300,000	.....	1995

Subd. 6. [NSF MATH-SCIENCE SYSTEMIC INITIATIVE.] To meet requirements for a proposal to the National Science Foundation for a systemic initiative in mathematics and science:

\$1,500,000	.....	1994
\$1,500,000	.....	1995

Subd. 7. [EDUCATIONAL EFFECTIVENESS.] For educational effectiveness programs according to Minnesota Statutes, sections 121.608 and 121.609:

\$870,000	.....	1994
\$870,000	.....	1995

Subd. 8. [STATE PER ASSISTANCE.] For state assistance for planning, evaluating, and reporting:

\$575,000	.....	1994
\$575,000	.....	1995

At least \$45,000 each year must be used to assist districts with the assurance of mastery program.

Subd. 9. [CAPP TECHNICAL ASSISTANCE.] For materials, training and technical assistance to the arts education committees in school districts according to Minnesota Statutes, section 124C.08, subdivision 1:

\$38,000	.....	1994
\$38,000	.....	1995

Any balance in the first year does not cancel but is available in the second year.

Subd. 10. [GRADUATION STANDARDS AND ASSESSMENTS.] To develop assessments and standards through grants to local sites and to purchase certain tests, and also for state coordination and dissemination with respect to the results-oriented graduation rule required by Laws 1992, chapter 499, article 8, sections 32 and 33:

\$3,500,000	.....	1994
\$3,500,000	.....	1995

The department must ensure that the assessments and standards are free of cultural bias. Any balance remaining in the first year does not cancel but is available in the second year.

Subd. 11. [INTERNET.] To provide statewide access to INTERNET for elementary and secondary schools:

\$200,000	.....	1994
\$200,000	.....	1995

Any balance remaining in the first year does not cancel but is available in the second year.

Subd. 12. [ACADEMIC EXCELLENCE FOUNDATION.] (a) For the academic excellence foundation according to Minnesota Statutes, section 121.612:

\$560,000	.....	1994
\$560,000	.....	1995

(b) Up to \$50,000 each year is contingent upon the match of \$1 in the previous year from private sources consisting of either direct monetary contributions or in-kind contributions of related goods or services, for each \$1 of the appropriation. The commissioner of education must certify receipt of the money or documentation for the private matching funds or in-kind contributions. The unencumbered balance from the amount actually appropriated from the contingent amount in 1994 does not cancel but is available in 1995. The amount carried forward must not be used to establish a larger annual base appropriation for later fiscal years.

(c) Approximately \$300,000 each year is for the foundation's partners for quality initiative.

Sec. 6. [APPROPRIATIONS.]

Subdivision 1. [HECB.] The sums appropriated in this section are appropriated from the general fund to the higher education coordinating board for the fiscal years designated.

Subd. 2. [SUMMER PROGRAM SCHOLARSHIPS.] For scholarship awards for summer programs according to Minnesota Statutes, section 126.56:

\$214,000	.....	1994
\$214,000	.....	1995

Of this appropriation, any amount required by the higher education coordinating board may be used for the costs of administering the program.

Sec. 7. [MINNESOTA HUMANITIES COMMISSION.]

(a) \$50,000 in fiscal year 1994 and \$50,000 in fiscal year 1995 is appropriated from the general fund to the Minnesota Humanities Commission for the Minnesota Institute for the Advancement of Teaching.

(b) The money is for the institute to conduct noncredit summer seminars for Minnesota's K-12 teachers. The seminars must be interdisciplinary, employ varied methods of teaching and learning, incorporate community resources in a creative and instructive manner, and be dedicated to the professional development of K-12 teachers.

(c) The money is also for the institute to begin an alumni program to assist teachers who have attended the seminars to provide programs for teachers in their districts who cannot attend the residential seminars.

(d) The humanities commission may seek and accept private sector money for the institute to supplement these appropriations.

ARTICLE 8

MISCELLANEOUS

Section 1. Minnesota Statutes 1992, section 124.195, subdivision 9, is amended to read:

Subd. 9. [PAYMENT PERCENTAGE FOR CERTAIN AIDS.] One hundred percent of the aid for the current fiscal year must be paid for the following aids: management information center subsidies, according to section 121.935; reimbursement for transportation to post-secondary institutions, according to section 123.3514, subdivision 8; aid for the program for adults with disabilities, according to section 124.2715, subdivision 2; school lunch aid, according to section 124.646; ~~tribal contract school aid, according to section 124.85;~~ hearing impaired support services aid, according to section 121.201; Indian post-secondary preparation grants according to section 124.481; integration grants according to Laws 1989, chapter 329, article 8, section 14, subdivision 3; and debt service aid according to section 124.95, subdivision 5.

Sec. 2. [124.6469] [SCHOOL BREAKFAST PROGRAM.]

Subdivision 1. [PURPOSE.] The purpose of the school breakfast program is to provide affordable morning nutrition to children so that they can effectively learn.

Subd. 2. [PROGRAM.] The state school breakfast program enables schools participating in the federal School Breakfast Program to cover their costs for breakfast.

Subd. 3. [PROGRAM REIMBURSEMENT.] State funds are provided to reimburse school breakfasts. Each school year, the state will reimburse schools for fully paid breakfasts and for free and reduced price breakfasts not eligible for the "severe need" rate at the amount of the difference between the "nonsevere need" free and reduced rate of reimbursement and the "severe need" free and reduced rate of reimbursement.

Sec. 3. Minnesota Statutes 1992, section 124.912, subdivision 2, is amended to read:

Subd. 2. [DESEGREGATION.] Each year, special school district No. 1, Minneapolis, may levy an amount not to exceed \$194 times its actual pupil units for that fiscal year; independent school district No. 625, St. Paul, may levy an amount not to exceed a gross tax rate of .80 percent times the adjusted gross tax capacity of the district for taxes payable in 1990 or a net tax rate of 1.0 percent times the adjusted net tax capacity of the district for taxes payable in 1991 and thereafter \$197 times its actual pupil units for that fiscal year; and independent school district No. 709, Duluth, may levy an amount not to exceed the sum of \$660,000 and the amount raised by a tax rate of 2.0 percent times the adjusted net tax capacity of the district. Notwithstanding section 121.904, the entire amount of this levy shall be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155.

Sec. 4. Minnesota Statutes 1992, section 124.912, subdivision 3, is amended to read:

Subd. 3. [RULE COMPLIANCE.] Each year a district that is required to implement a plan according to the requirements of Minnesota Rules, parts 3535.0200 to 3535.2200, may levy an amount not to exceed a net tax rate of 2.0 percent times the adjusted net tax capacity of the district for taxes payable in 1991 and thereafter. ~~Independent school district No. 625, St. Paul, A district that levies according to subdivision 2 may not levy according to this subdivision.~~ Notwithstanding section 121.904, the entire amount of this levy shall be recognized as revenue for the fiscal year in which the levy is certified. This levy shall not be considered in computing the aid reduction under section 124.155.

Sec. 5. [124C.43] [MINORITY TEACHER EDUCATION ACCOUNT.]

Subdivision 1. [ACCOUNT ESTABLISHED.] A minority teacher education account is established. The higher education coordinating board shall use money from the account to establish a loan forgiveness program for minority students agreeing to enter public elementary or secondary school teaching and teach in the state of Minnesota.

Subd. 2. [ELIGIBILITY; MINORITY GROUP; SCHOOL COUNSELORS.] (a) To be eligible to participate in the program, a prospective minority teacher must submit a letter of interest to the higher education coordinating board. A student who is accepted into the program must sign a contract agreeing to teach at least two years in a public elementary or secondary school within the state upon receiving an initial teaching license.

(b) For purposes of this section, a student is a member of a minority group if the student is African-American, American Indian, Asian-Pacific American, or an American of Mexican, Puerto Rican, or Spanish origin or ancestry.

(c) High school counselors shall inform minority secondary school students about the loan forgiveness program and actively seek potentially qualified students to participate in the program.

Subd. 3. [LOAN FORGIVENESS.] Students selected to participate in the loan forgiveness program may designate for each year of attending a teacher preparation institution, up to a maximum of two years, an agreed amount, not to exceed \$....., as a qualified loan. For each year that a participant serves as a public elementary or secondary school teacher within the state, up to a maximum of two years, the higher education coordinating board shall annually pay an amount equal to one year of qualified loans. Participants who transfer from one school district to another school district within the state remain eligible for loan repayment.

Subd. 4. [PENALTY FOR NONFULFILLMENT.] If a participant does not fulfill the required minimum teaching commitment, the higher education coordinating board shall collect from the participant the amount paid by the board under the loan forgiveness program. The board shall deposit the money it collects in the minority teacher education account. The board shall allow waivers of all or part of the money owed the board if emergency circumstances prevent the participant from fulfilling the minimum teaching commitment.

Sec. 6. Minnesota Statutes 1992, section 125.05, subdivision 1a, is amended to read:

Subd. 1a. [TEACHER AND SUPPORT PERSONNEL QUALIFICATIONS.] (a) The board of teaching shall issue licenses under its jurisdiction to persons the board finds to be qualified and competent for their respective positions.

(b) The board shall require a person to successfully complete an examination of skills in reading, writing, and mathematics before being admitted to a post-secondary teacher preparation program approved by the board if that person seeks to qualify for an initial teaching license to provide direct instruction to pupils in kindergarten, prekindergarten, elementary, secondary, or special education programs. The board shall require colleges and universities offering a board approved teacher preparation program to provide remedial assistance to persons enrolled in their institution who did not achieve a qualifying score on the skills examination, including those for whom English is a second language. The colleges and universities must provide assistance in the specific academic areas of deficiency in which the person did not achieve a qualifying score. School districts must provide similar, appropriate, and timely remedial assistance to those persons employed by the district who completed their teacher education program outside the state of Minnesota, received a one-year license to teach in Minnesota and did not achieve a qualifying score on the skills examination, including those persons for whom English is a second language.

(c) Before admission to a pilot internship program, the board shall require a person to successfully complete an examination of general pedagogical knowledge. Before granting a first continuing license to participants in the pilot projects, the board shall require a person to successfully complete a supervised and assessed internship in a professional development school and an examination of licensure-specific teaching skills. The board shall determine effective dates for the examination of general pedagogical knowledge, the internship, and examinations of licensure-specific skills.

Sec. 7. Minnesota Statutes 1992, section 125.185, subdivision 4, is amended to read:

Subd. 4. [LICENSE AND RULES.] (a) The board shall adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board shall adopt rules requiring successful completion of an examination of skills in reading, writing, and mathematics before being admitted to a teacher preparation program. Such rules shall require college and universities offering a board approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the skills examination, including those for whom English is a second language.

(c) The board shall adopt rules to approve teacher preparation programs.

(d) The board shall provide the leadership and shall adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes.

(e) The board shall adopt rules requiring successful completion of an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective on the dates determined by the board, but not later than July 1, 1999.

(f) Until July 1, 1998, the board may select schools to be pilot professional development schools according to initial criteria adopted by the board. Initial criteria are not subject to chapter 14. Upon specific legislative authorization to implement a statewide restructured licensure program, the board shall adopt rules to approve or disapprove professional development schools.

(g) The board shall adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(h) The board shall grant licenses to interns and to candidates for initial licenses.

(i) The board shall design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(j) The board shall receive recommendations from local committees as established by the board for the renewal of teaching licenses.

(k) The board shall grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 125.09 and 214.10. The board shall not establish any expiration date for application for life licenses.

(l) With regard to post-secondary vocational education teachers the board of teaching shall adopt and maintain as its rules the rules of the state board of technical colleges.

Sec. 8. [126.81] [STATE MULTICULTURAL EDUCATION ADVISORY COMMITTEE.]

(a) The commissioner shall appoint a state multicultural education advisory committee to advise the department and the state board on multicultural education. The committee must have 12 members and be composed of representatives from among the following groups and community organizations: African-American, Asian-Pacific, Hispanic, and American Indian.

(b) The state committee shall provide information and recommendations on:

(1) department procedures for reviewing and approving district plans and disseminating information on multicultural education;

(2) department procedures for improving inclusive education plans, curriculum and instruction improvement plans, and performance-based assessments;

(3) developing learner outcomes which are multicultural; and

(4) other recommendations that will further inclusive, multicultural education.

(c) The committee shall also participate in determining the criteria for and awarding the grants established under section 14, subdivision 10.

Sec. 9. [EARLY CHILDHOOD AND PARENT EDUCATORS OF COLOR PROGRAM.]

Subdivision 1. [DEFINITION.] For purposes of this section, "people of color" means permanent United States residents who are African-American, American Indian or Alaskan native, Asian or Pacific Islander, or Spanish-speaking persons.

Subd. 2. [GRANT.] The higher education coordinating board shall award at least one grant for a professional development program to recruit and educate people of color in the field of early childhood or parent education, or both. Grant applicants must be a state institution of higher education with an approved early childhood education teacher license program and an approved parent education teacher license program.

Subd. 3. [PROGRAM REQUIREMENTS.] (a) Each grant recipient shall educate at least 20 people of color to be early childhood educators or parent educators and to be eligible for an early childhood education license or a parent education license. Students enrolled in the program may be undergraduate or graduate level students.

(b) The program must be administered by an approved early childhood and parent education studies program. The grant recipient shall establish an advisory council composed of representatives of communities of color, family educators, and family service agencies.

(c) The program, with the assistance of the advisory council, must recruit students, support them through the application and admission process, advise them while enrolled and link them with support resources in the college or university and the community. The program must provide support in linking program participants with jobs.

(d) Each grant recipient shall award stipends to students enrolled in the program to cover the cost of tuition, student fees, health insurance, supplies, books, and part of the cost of living expenses. Stipend awards must be based on a student's financial need. No more than 25 percent of the grant may be used for costs of administering the program.

(e) The higher education coordinating board shall establish written criteria to award grants, including whether the program:

(1) is likely to increase the recruitment into and the retention of students of color in early childhood and parent education fields;

(2) initiatives reach persons of color while still in high school;

(3) establishes a mentoring program for students of color; and

(4) has or will have a required cultural competency program for current faculty members.

Sec. 10. [PLAN FOR STATE SKILLS EXAM.]

Subdivision 1. [PLAN CONTENT.] The board of teaching shall develop a plan to assure that questions contained in the skills examination in reading, writing, and mathematics, which persons must successfully complete before being admitted to an approved teacher preparation program under Minnesota Statutes, section 125.05, subdivision 1a, clause (b) are bias free. The board shall include in the plan how it proposes to assure that the examination questions are free from cultural bias, evaluate interpersonal skills, and more effectively assess general knowledge and skills. The board shall submit its plan to the education committees of the legislature by February 15, 1994.

Subd. 2. [PROVISIONAL LICENSES.] Persons who have successfully completed an approved teacher preparation program and obtained a provisional license to teach, but have not successfully completed the skills examination required under Minnesota Statutes, section 125.05, subdivision 1a, clause (b), may continue to teach under a provisional license until the plan required under subdivision 1 is implemented.

Sec. 11. Laws 1991, chapter 256, article 8, section 14, as amended by Laws 1992, chapter 499, article 7, section 14, is amended to read:

Sec. 14. [NONOPERATING FUND TRANSFERS.]

By June 30, 1992, and by June 30, 1993, a school district may permanently transfer money from the capital expenditure facilities or equipment accounts and from the debt redemption fund, to the extent the transferred money is not needed for principal and interest payments on bonds outstanding at the time of transfer, to the transportation

fund, capital expenditure fund, or the debt redemption fund. A transfer may not be made from the capital expenditure facilities or equipment accounts that results in a deficit account balance in either account or a deficit in the combined account balance for facilities and equipment as of June 30, 1992, or as of June 30, 1993. No levies and no state aids shall be reduced as a result of a transfer. Each district transferring money from the capital expenditure facilities or equipment accounts shall report to the commissioner of education on each transfer. A district may not transfer money from the debt redemption fund to the capital expenditure fund or to the transportation fund without prior approval from the commissioner of education. The commissioner shall approve a transfer from the debt redemption fund only if: (1) the district retired its bonded indebtedness during fiscal year 1992 or 1993 or an earlier fiscal year and the district's general education levy was not reduced under Minnesota Statutes, section 475.61, subdivision 4, for taxes payable in 1993, or an earlier year, or (2) the district's 1991 payable 1992 or 1992 payable 1993 debt service levy was reduced to zero according to Minnesota Statutes, section 475.61, subdivision 3. The commissioner of education shall report to the chairs of the education funding divisions of the house of representatives and the senate the aggregate transfers, by fund, made by school districts.

Sec. 12. [FUND TRANSFERS.]

Subdivision 1. [SPRINGFIELD.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121 or other law, independent school district No. 85, Springfield, may permanently transfer a total of up to \$600,000, as necessary, from its general fund to its capital expenditure fund before July 1, 1995.

Subd. 2. [REMER-LONGVILLE.] Notwithstanding Minnesota Statutes, section 121.912, subdivision 1, or any other law to the contrary, independent school district No. 118, Remer-Longville, may permanently transfer \$125,000 in fiscal year 1993 from the bus purchase account to the capital expenditure fund without making a levy reduction.

Subd. 3. [HOLDINGFORD.] Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, and 475.61, subdivision 4, or any other law, on June 30, 1993, independent school district No. 738, Holdingford, may permanently transfer up to \$51,000 from its debt redemption fund to its general fund.

Subd. 4. [MANKATO.] Notwithstanding Minnesota Statutes, section 124.2713, subdivision 8, or any other law to the contrary, independent school district No. 77, Mankato, may expend up to \$250,000 from the community service fund for the purpose of removing architectural barriers from the Lincoln community center to provide access to persons with disabilities.

Subd. 5. [ST. MICHAEL-ALBERTVILLE.] Notwithstanding Minnesota Statutes, section 121.912, subdivision 1, or any other law to the contrary, independent school district No. 885, St. Michael-Albertville, may permanently transfer up to \$105,000 in fiscal year 1993 from its debt redemption fund to the capital expenditure equipment fund.

Subd. 6. [SARTELL.] Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, and 475.61, subdivision 4, or any other law, on June 30, 1993, independent school district No. 748, Sartell, may permanently transfer any amount not currently needed from its debt redemption fund to the building construction fund.

Subd. 7. [GLENCOE.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121 or other law, independent school district No. 422, Glencoe, may permanently transfer a total of up to \$100,000, as necessary, from its early childhood family education fund to its capital expenditure facilities fund before July 1, 1994.

Subd. 8. [COLD SPRING.] Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, and 475.61, subdivision 4, or any other law, on June 30, 1993 independent school district No. 750, Cold Spring, may permanently transfer an amount not to exceed \$66,000 from its debt redemption fund to the transportation fund.

Subd. 9. [GRYGLA.] Notwithstanding Minnesota Statutes 1992, section 121.912, subdivision 1, or any other law to the contrary, on June 30, 1993, independent school district No. 447, Grygla, may permanently transfer an amount not to exceed \$100,000 from its debt redemption fund to the capital expenditure fund.

Sec. 13. [HECB APPROPRIATIONS.]

Subdivision 1. [HECB.] The sums in this section are appropriated from the general fund to the higher education coordinating board for the fiscal years indicated.

Subd. 2. [MINORITY TEACHER EDUCATION ACCOUNT.] For the program in Minnesota Statutes 124C.43:

<u>\$300,000</u>	<u>.....</u>	<u>1994</u>
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The appropriation is available until June 30, 1995.

Subd. 3. [ECFE EDUCATORS OF COLOR.] For the grant program established in section ..

<u>\$100,000</u>	<u>.....</u>	<u>1994</u>
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The appropriation is available until June 30, 1995.

Sec. 14. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums in this section are appropriated, unless otherwise indicated, from the general fund to the department of education for the fiscal years designated.

Subd. 2. [ABATEMENT AID.] For abatement aid according to Minnesota Statutes, section 124.214:

<u>\$7,334,000</u>	<u>.....</u>	<u>1994</u>
<u>\$7,567,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$902,000 for 1993 and \$6,432,000 for 1994.

The 1995 appropriation includes \$1,135,000 for 1994 and \$6,432,000 for 1995.

Subd. 3. [INTEGRATION GRANTS.] (a) For grants to districts implementing desegregation plans mandated by the state board:

<u>\$18,844,000</u>	<u>.....</u>	<u>1994</u>
<u>\$18,844,000</u>	<u>.....</u>	<u>1995</u>

(b) \$1,385,000 each year must be allocated to independent school district No. 709, Duluth; \$9,368,300 each year must be allocated to special school district No. 1, Minneapolis; and \$8,090,500 each year must be allocated to independent school district No. 625, St. Paul. As a condition of receiving a grant, each district must deposit any increase in state aid over the fiscal year 1993 amount in a separate account. Each district must continue to report its costs according to the uniform financial accounting and reporting system. Each district must use the increase in aid to provide educational programs including assurance of mastery under Minnesota Statutes, section 124.311, English as a second language, individualized learning and development under Minnesota Statutes, sections 124.331 to 124.333, and reading recovery. Each district must submit a report to the chairs of the education committees of the legislature about the actual expenditures it made to integrate schools using the grant money. The report must indicate changes in student performance as a result of the expenditure of these grants. These grants may be used to transport students attending a nonresident district under Minnesota Statutes, section 120.062, to the border of the resident district. A district may allocate a part of the grant to the transportation fund for this purpose.

Subd. 4. [GRANTS FOR COOPERATIVE DESEGREGATION.] (a) For grants to develop interdistrict school desegregation programs:

<u>\$300,000</u>	<u>.....</u>	<u>1994</u>
<u>\$300,000</u>	<u>.....</u>	<u>1995</u>

(b) The commissioner of the department of education shall award grants to school districts to develop pilot interdistrict cooperative programs to reduce segregation, as defined in Minnesota Rules, part 3535.0200, subpart 4, in school buildings.

(c) To obtain a grant, a district that is required to submit a plan under Minnesota Rules, part 3535.0600, with the assistance of at least one adjacent district that is not required to submit a plan, shall submit an application to the commissioner.

(d) The application shall contain a plan for:

(1) activities such as staff development, curriculum development, student leadership, student services, teacher and student exchanges, interdistrict meetings, and orientation for school boards, parents, and the community;

(2) implementation of the activities in clause (1) before possible student transfers occur; and

(3) possible voluntary transfer of students between districts beginning with the 1993-1994 school year.

(e) A grant recipient shall submit a report about its activities.

Subd. 5. [NONPUBLIC PUPIL AID.] For nonpublic pupil education aid according to Minnesota Statutes, sections 123.931 to 123.947:

\$9,043,000	.....	1994
\$9,618,000	.....	1995

The 1994 appropriation includes \$1,333,000 for 1993 and \$7,710,000 for 1994.

The 1995 appropriation includes \$1,361,000 for 1994 and \$8,257,000 for 1995.

Subd. 6. [SCHOOL LUNCH AND FOOD STORAGE AID.] (a) For school lunch aid according to Minnesota Statutes, section 124.646, and Code of Federal Regulations, title 7, section 210.17, and for food storage and transportation costs for United States Department of Agriculture donated commodities; and for a temporary transfer to the commodity processing revolving fund to provide cash flow to permit schools and other recipients of donated commodities to take advantage of volume processing rates and for school milk aid according to Minnesota Statutes, section 124.648:

\$6,425,000	.....	1994
\$6,425,000	.....	1995

(b) Any unexpended balance remaining from the appropriations in this subdivision shall be prorated among participating schools based on the number of free, reduced, and fully paid federally reimbursable student lunches served during that school year.

(c) If the appropriation amount attributable to either year is insufficient, the rate of payment for each student lunch shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year.

(d) Any temporary transfer processed in accordance with this subdivision to the commodity processing fund will be returned by June 30 in each year so that school lunch aid and food storage costs can be fully paid as scheduled.

(e) Not more than \$800,000 of the amount appropriated each year may be used for school milk aid.

Subd. 7. [SCHOOL BREAKFAST.] To operate the school breakfast program:

\$700,000	.....	1994
\$700,000	.....	1995

If the appropriation amount attributable to either year is insufficient, the rate of payment for each student breakfast shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year. Any unexpected balance remaining shall be used to subsidize the payments made for school lunch aid per Minnesota Statutes, section 124.646.

Subd. 8. [MINORITY TEACHER INCENTIVES.] For minority teacher incentives according to Minnesota Statutes, section 124.278:

\$600,000	1994
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Any unexpended balance remaining in 1994 does not cancel but is available in 1995.

Subd. 9. [TEACHER MENTORSHIP.] For grants to develop mentoring programs in school districts according to Minnesota Statutes, section 125.231:

<u>\$340,000</u>	<u>.....</u>	<u>1994</u>
<u>\$340,000</u>	<u>.....</u>	<u>1995</u>

Any balance in the first year does not cancel and is available for the second year.

Subd. 10. [CROSS-CULTURAL INITIATIVES.] For cross-cultural initiatives:

<u>\$135,000</u>	<u>.....</u>	<u>1994</u>
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(a) \$10,000 is for the State Multicultural Education Advisory Council established in section ...

(b) \$125,000 is for four groups of grants, each group in the total amount of \$31,250. The grants shall be awarded by the department of education to community groups representing persons of the following racial-ethnic heritages:

(1) African-American;

(2) American Indian;

(3) Asian-Pacific; and

(4) Hispanic.

At least one grant shall be awarded on behalf of persons in each racial-ethnic group in clauses (1) to (4).

The grants shall be used to enhance cross-cultural understanding among K-12 students and staff. The community groups that receive grants shall work with school districts to present or develop programs for students or staff.

The department shall develop criteria in consultation with the State Multicultural Education Advisory Council for awarding grants to community groups to develop cross-cultural understanding. Community groups must meet the criteria developed by the department and the committee in order to receive a grant.

(c) Any balance from the 1994 appropriation does not cancel but is available for fiscal year 1995.

Subd. 11. [NETT LAKE UNEMPLOYMENT COMPENSATION.] For grants to independent school district No. 707, Nett Lake, for the payment of obligations of the school district for unemployment compensation:

<u>\$20,000</u>	<u>.....</u>	<u>1994</u>
<u>\$20,000</u>	<u>.....</u>	<u>1995</u>

The appropriation must be paid to the appropriate state agency for such purposes in the name of the school district.

Subd. 12. [SUMMER FOOD SERVICE INCENTIVES.] For an increase of up to 30 in the number of department approved summer food service programs:

<u>\$30,000</u>	<u>.....</u>	<u>1994</u>
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The appropriation is available until June 30, 1995.

Each new program sponsor is eligible for a \$1,000 grant.

Sec. 15. [BOARD OF TEACHING APPROPRIATION.]

Subdivision 1. [BOARD OF TEACHING.] The sums indicated in this section are appropriated from the general fund to the board of teaching in the fiscal year indicated.

Subd. 2. [FELLOWSHIP GRANTS.] (a) For fellowship grants to highly qualified minorities seeking alternative preparation for licensure:

<u>\$100,000</u>	<u>.....</u>	<u>1994</u>
<u>\$100,000</u>	<u>.....</u>	<u>1995</u>

(b) A grant must not exceed \$5,000 with one-half paid each year for two years. Grants must be awarded on a competitive basis by the board. Grant recipients must agree to remain as teachers in the district for two years if they satisfactorily complete the alternative preparation program and if their contracts as probationary teachers are renewed.

Sec. 16. [EFFECTIVE DATE.]

Sections (Laws 1991, chapter 265 and fund transfer) are effective the day following final enactment.

Section (plan for state skills exam) is effective the day after final enactment.

ARTICLE 9

CHOICE PROGRAMS

Section 1. Minnesota Statutes 1992, section 120.062, subdivision 5, is amended to read:

Subd. 5. [DESEGREGATION DISTRICT TRANSFERS.] (a) This subdivision applies to a transfer into or out of a district that has a desegregation plan approved by the state board of education.

(b) An application to transfer may be submitted at any time for enrollment beginning at any time.

(c) The parent or guardian of a pupil who is a resident of a district that has a desegregation plan must submit an application to the resident district. If the district accepts the application, it must forward the application to the nonresident district.

(d) The parent or guardian of a pupil who applies for enrollment in a nonresident district that has a desegregation plan must submit an application to the nonresident district.

(e) Each district must accept or reject an application it receives and notify the parent or guardian in writing within 30 calendar days of receiving the application. A notification of acceptance must include the date enrollment can begin.

(f) If an application is rejected, the district must state the reason for rejection in the notification. If a district that has a desegregation plan rejects an application for a reason related to the desegregation plan, the district must state with specificity how acceptance of the application would result in noncompliance with state board rules with respect to the school or program for which application was made.

(g) If an application is accepted, the parent or guardian must notify the nonresident district in writing within 15 calendar days of receiving the acceptance whether the pupil intends to enroll in the nonresident district. Notice of intention to enroll obligates the pupil to enroll in the nonresident district, unless the school boards of the resident and nonresident districts agree otherwise. If a parent or guardian does not notify the nonresident district, the pupil may not enroll in that nonresident district at that time, unless the school boards of the resident and nonresident district agree otherwise.

(h) Within 15 calendar days of receiving the notice from the parent or guardian, the nonresident district shall notify the resident district in writing of the pupil's intention to enroll in the nonresident district.

(i) A pupil enrolled in a nonresident district under this subdivision is not required to make annual or periodic application for enrollment but may remain enrolled in the same district. A pupil may transfer to the resident district at any time.

(j) A pupil enrolled in a nonresident district and applying to transfer into or out of a district that has a desegregation plan must follow the procedures of this subdivision. For the purposes of this type of transfer, "resident district" means the nonresident district in which the pupil is enrolled at the time of application.

(k) A district that has a desegregation plan approved by the state board of education must accept or reject each individual application in a manner that will enable compliance with its desegregation plan.

(l) Notwithstanding paragraphs (f) and (k) of this section, a district that has a desegregation plan must accept the application of a resident pupil who applies to enroll in a nonresident district that has a desegregation plan. A district that has a desegregation plan may reject the application for enrollment of a nonresident pupil who resides in a district with a desegregation plan only under subdivision 3.

Sec. 2. Minnesota Statutes 1992, section 120.062, is amended by adding a subdivision to read:

Subd. 13. [ATHLETIC PARTICIPATION.] (a) If a pupil enrolls in a nonresident district under this section, the pupil is ineligible to participate in the extracurricular varsity or junior varsity athletic activities of the nonresident district for one school year. During the year of ineligibility in the nonresident district, the pupil remains eligible to participate in the extracurricular varsity or junior varsity athletic activities of the pupil's resident district or of the nonpublic school the pupil attended before enrolling in a public school under this section. After the year of ineligibility expires, the pupil is eligible to participate in the extracurricular varsity or junior varsity athletic activities in the nonresident district or in the resident district or nonpublic school the pupil attended before enrolling in public school under this section. The pupil must not participate in extracurricular varsity or junior varsity activities in both the resident district and the nonresident district. The same restrictions apply to a pupil who transfers from one participating nonresident district to another participating nonresident district.

(b) A pupil may submit a request, in writing, to the school board of the resident district for permission to participate in the extracurricular varsity or junior varsity athletic activities of the nonresident district during the year of ineligibility. The board must grant permission if it determines that any of the following conditions apply:

(1) the extracurricular varsity or junior varsity athletic activity is not offered by the pupil's resident district or by the nonresident district from which the pupil is transferring;

(2) the pupil was denied equal opportunity to participate in extracurricular varsity or junior varsity athletic activities in the resident district or nonresident district from which the pupil is transferring because of inequity in access as described under section 126.21;

(3) the extracurricular varsity or junior varsity athletic activities of the resident district are not accessible, in terms of transportation, to the pupil;

(4) the pupil is eligible for the high school graduation incentives program under section 126.22, subdivision 2.

(c) If the resident district determines that a pupil may not participate in the nonresident district, the pupil may appeal the decision to the commissioner of education. The commissioner must consider only the criteria in paragraph (b) when acting on the appeal. The nonresident district may submit information to the commissioner for the appeal.

A school board meeting that includes consideration of pupil appeals under this subdivision must comply with the provisions of section 471.705, subdivision 1d.

Sec. 3. Minnesota Statutes 1992, section 120.0621, is amended to read:

120.0621 [ENROLLMENT OPTIONS PROGRAMS IN BORDER STATES.]

Subdivision 1. [OPTIONS FOR ENROLLMENT IN ADJOINING STATES.] Minnesota pupils and pupils residing in adjoining states may enroll in school districts in the other state according to:

(1) section 120.08, subdivision 2; or

(2) this section.

Subd. 2. [PUPILS IN MINNESOTA.] A Minnesota resident pupil may enroll in a school district in an adjoining state if the district is ~~located in a county that to be attended~~ borders Minnesota.

Subd. 3. [PUPILS IN BORDERING STATES.] A non-Minnesota pupil who resides in an adjoining state in a ~~county~~ school district that borders Minnesota may enroll in a Minnesota school district if either the school board of the

district in which the pupil resides or state in which the pupil resides pays tuition to the school district in which the pupil is enrolled. ~~The tuition must be an amount that is at least comparable to the tuition specified in section 120.08, subdivision 1.~~

Subd. 4. [PROCEDURAL REQUIREMENTS.] Except as otherwise provided in this section, the rights and duties set forth in section 120.062 apply to Minnesota pupils, parents, and school districts if a pupil enrolls in a nonresident district according to this section.

Subd. 5. [AID ADJUSTMENTS.] ~~The state of Minnesota shall make adjustments to general education aid, capital expenditure facilities aid, and capital expenditure equipment aid according to sections 124A.036, subdivision 5, and 124.245, subdivision 6, respectively, for the resident district of a Minnesota pupil enrolled in another state according to this section. The state of Minnesota shall reimburse the nonresident district, according to section 120.08, subdivision 1, in which a Minnesota pupil is enrolled according to this section.~~

Subd. 5a. [TUITION PAYMENTS.] In each odd-numbered year, before March 1, the state board of education shall agree to rates of tuition for Minnesota elementary and secondary pupils attending in other states for the next two fiscal years. The board shall negotiate equal, reciprocal rates with the designated authority in each state for pupils who reside in an adjoining state and enroll in a Minnesota school district. The rates must be at least equal to the tuition specified in section 120.08, subdivision 1. The tuition rate for a pupil with a disability must be equal to the actual cost of instruction and services provided. The resident district of a Minnesota pupil attending in another state under this section must pay the amount of tuition agreed upon in this section to the district of attendance, prorated on the basis of the proportion of the school year attended.

Subd. 5b. [TRANSPORTATION OF STUDENTS.] (a) The agreement under subdivision 5a with each state must specify that the attending district in each state transport a pupil from the district boundary to the school of attendance.

(b) Notwithstanding paragraph (a), the districts of residence and attendance may agree that either district may provide transportation from a pupil's home or agreed upon location to school. Transportation aid for Minnesota students eligible for aid shall be paid only for transportation within the resident district.

Subd. 6. [EFFECTIVE IF RECIPROCAL.] This section is effective with respect to South Dakota upon enactment of provisions by South Dakota that are essentially similar to the ~~rights and duties of provisions for Minnesota pupils residing in districts located in all South Dakota counties that border Minnesota in this section.~~ After July 1, 1993, this section is effective with respect to any other bordering state upon enactment of provisions by the bordering state that are essentially similar to the ~~rights and duties of pupils residing in and districts located in all counties that border provisions for Minnesota pupils in this section.~~

Sec. 4. Minnesota Statutes 1992, section 120.064, subdivision 3, is amended to read:

Subd. 3. [SPONSOR.] (a) A school board may sponsor an outcome-based school.

(b) A school board may authorize a maximum of two outcome-based schools. No more than a total of ~~eight~~ 16 outcome-based schools may be authorized. The state board of education shall advise potential sponsors when the maximum number of outcome-based schools has been authorized.

Sec. 5. Minnesota Statutes 1992, section 120.064, subdivision 4, is amended to read:

Subd. 4. [FORMATION OF SCHOOL.] (a) A sponsor may authorize one or more licensed teachers under section 125.05, subdivision 1, to form and operate an outcome-based school subject to approval by the state board of education. The teachers shall organize and operate a school as a cooperative under chapter 308A or nonprofit corporation under chapter 317A.

(b) Before a teacher may begin to form and operate a school, the sponsor must file an affidavit with the state board of education stating its intent to authorize an outcome-based school. The affidavit must state the terms and conditions under which the sponsor would authorize an outcome-based school. The state board must approve or disapprove the sponsor's proposed authorization within 30 days of receipt of the affidavit. In approving or disapproving an affidavit, the state board must consider the number of approved outcome-based schools already located in a district. Failure to obtain state board approval precludes a sponsor from authorizing the outcome-based school that was the subject of the affidavit.

(c) The teachers authorized to organize and operate a school shall hold an election for members of the school's board of directors. All staff members employed at the school and all parents of children enrolled in the school may participate in the election. Licensed teachers employed at the school must be a majority of the members of the board of directors.

(d) The sponsor's authorization for an outcome-based school shall be in the form of a written contract signed by the sponsor and the board of directors of the outcome-based school.

Sec. 6. Minnesota Statutes 1992, section 120.101, subdivision 5, is amended to read:

Subd. 5. [AGES AND TERMS.] For the 1988-1989 school year and the school years thereafter, every child between seven and 16 years of age shall receive instruction for at least ~~170~~ the number of days each year required under subdivision 5b. For the 2000-2001 school year and later school years, every child between seven and 18 years of age shall receive instruction for at least ~~170~~ the number of days each year required under subdivision 5b. Every child under the age of seven who is enrolled in a half-day kindergarten, or a full-day kindergarten program on alternate days, or other kindergarten programs shall receive instruction at least equivalent to ~~170 half-days~~ half of each day for the number of days each year set out in subdivision 5b. Except as provided in subdivision 5a, a parent may withdraw a child under the age of seven from enrollment at any time.

Sec. 7. Minnesota Statutes 1992, section 120.101, subdivision 5b, is amended to read:

Subd. 5b. [INSTRUCTIONAL DAYS.] Every child required to receive instruction according to subdivision 5 shall receive instruction for at least ~~the number of 170 days through the 1994-1995 school year, and for later years, at least the number of days per school year required~~ in the following schedule:

- (1) 1995-1996, 172;
- (2) 1996-1997, 174;
- (3) 1997-1998, 176;
- (4) 1998-1999, 178;
- (5) 1999-2000, 180;
- (6) 2000-2001, 182;
- (7) 2001-2002, 184;
- (8) 2002-2003, 186;
- (9) 2003-2004, 188; and
- (10) 2004-2005, and later school years, 190.

Sec. 8. Minnesota Statutes 1992, section 120.102, subdivision 1, is amended to read:

Subdivision 1. [REPORTS TO SUPERINTENDENT.] The person in charge of providing instruction to a child shall submit the following information to the superintendent of the district in which the child resides:

- (1) by October 1 of each school year, the name, age, and address of each child receiving instruction;
- (2) the name of each instructor and evidence of compliance with one of the requirements specified in section 120.101, subdivision 7;
- (3) an annual instructional calendar showing that instruction will occur on at least ~~170~~ the number of days required under section 120.101, subdivision 5b; and

(4) for each child instructed by a parent who meets only the requirement of section 120.101, subdivision 7, clause (6), a quarterly report card on the achievement of the child in each subject area required in section 120.101, subdivision 6.

Sec. 9. Minnesota Statutes 1992, section 120.73, subdivision 1, is amended to read:

Subdivision 1. A school board is authorized to require payment of fees in the following areas:

(a) in any program where the resultant product, in excess of minimum requirements and at the pupil's option, becomes the personal property of the pupil;

(b) admission fees or charges for extra curricular activities, where attendance is optional;

(c) a security deposit for the return of materials, supplies, or equipment;

(d) personal physical education and athletic equipment and apparel, although any pupil may personally provide it if it meets reasonable requirements and standards relating to health and safety established by the school board;

(e) items of personal use or products which a student has an option to purchase such as student publications, class rings, annuals, and graduation announcements;

(f) fees specifically permitted by any other statute, including but not limited to section 171.04, subdivision 1, clause (1);

(g) field trips considered supplementary to a district educational program;

(h) any authorized voluntary student health and accident benefit plan;

(i) for the use of musical instruments owned or rented by the district, a reasonable rental fee not to exceed either the rental cost to the district or the annual depreciation plus the actual annual maintenance cost for each instrument;

(j) transportation of pupils to and from extra curricular activities conducted at locations other than school, where attendance is optional;

(k) transportation of pupils to and from school for which aid is not authorized under section 124.223, subdivision 1, and for which levy is not authorized under section 124.226, subdivision 5, if a district charging fees for transportation of pupils establishes guidelines for that transportation to ensure that no pupil is denied transportation solely because of inability to pay;

(l) motorcycle classroom education courses conducted outside of regular school hours; provided the charge shall not exceed the actual cost of these courses to the school district;

(m) transportation to and from post-secondary institutions for pupils enrolled under the post-secondary enrollment options program. Transportation shall be provided on existing routes on a space available basis. The routes cannot be designed or expanded to accommodate these pupils. Fees collected for this service must be reasonable and shall be used to reduce the cost of operating the route. Families who qualify for mileage reimbursement under section 123.3514, subdivision 8, may use their state mileage reimbursement to pay this fee. If no fee is charged, districts shall allocate costs based on the number of pupils riding the route.

Sec. 10. Minnesota Statutes 1992, section 121.16, subdivision 1, is amended to read:

Subdivision 1. The department shall be under the administrative control of the commissioner of education which office is established. The commissioner shall be the secretary of the state board. The governor shall appoint the commissioner ~~shall be appointed by the state board with the approval of the governor~~ under the provisions of section 15.06. ~~For purposes of section 15.06, the state board is the appointing authority.~~

The commissioner shall be a person who possesses educational attainment and breadth of experience in the administration of public education and of the finances pertaining thereto commensurate with the spirit and intent of this code. Notwithstanding any other law to the contrary, the commissioner may appoint two deputy commissioners who shall serve in the unclassified service. The commissioner shall also appoint other employees as may be necessary.

for the organization of the department. The commissioner shall perform such duties as the law and the rules of the state board may provide and be held responsible for the efficient administration and discipline of the department. The commissioner shall make recommendations to the board and be charged with the execution of powers and duties which the state board may prescribe, from time to time, to promote public education in the state, to safeguard the finances pertaining thereto, and to enable the state board to carry out its duties.

Sec. 11. Minnesota Statutes 1992, section 121.901, subdivision 2, is amended to read:

Subd. 2. The council shall expire ~~and on June 30, 1997~~. The terms and removal of members shall be as provided in section 15.059. The state board shall determine the length of terms of the initial members consistent with section 15.059.

Sec. 12. Minnesota Statutes 1992, section 121.934, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] An advisory council to the state board appointed by the governor is established. Section 15.059, subdivisions 2, ~~and 4, and 5~~, shall govern membership terms, removal of members, ~~expiration~~, and filling of membership vacancies. The council shall expire on June 30, 1997.

Sec. 13. Minnesota Statutes 1992, section 123.3514, subdivision 5, is amended to read:

Subd. 5. [CREDITS.] A pupil may enroll in a course under this section for either secondary credit or post-secondary credit. At the time a pupil enrolls in a course, the pupil shall designate whether the course is for secondary or post-secondary credit. A pupil taking several courses may designate some for secondary credit and some for post-secondary credit. A pupil must not audit a course under this section.

A school district shall grant academic credit to a pupil enrolled in a course for secondary credit if the pupil successfully completes the course. ~~Nine Seven~~ quarter or ~~six~~ four semester college credits equal at least one full year of high school credit. Fewer college credits may be prorated. A school district shall also grant academic credit to a pupil enrolled in a course for post-secondary credit if secondary credit is requested by a pupil. If no comparable course is offered by the district, the district shall, as soon as possible, notify the state board of education, which shall determine the number of credits that shall be granted to a pupil who successfully completes a course. If a comparable course is offered by the district, the school board shall grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the school board's decision to the state board of education. The state board's decision regarding the number of credits shall be final.

The secondary credits granted to a pupil shall be counted toward the graduation requirements and subject area requirements of the school district. Evidence of successful completion of each course and secondary credits granted shall be included in the pupil's secondary school record. A pupil must provide the school with a copy of the pupil's grade in each course taken for secondary credit under this section. Upon the request of a pupil, the pupil's secondary school record shall also include evidence of successful completion and credits granted for a course taken for post-secondary credit. In either case, the record shall indicate that the credits were earned at a post-secondary institution.

If a pupil enrolls in a post-secondary institution after leaving secondary school, the post-secondary institution shall award post-secondary credit for any course successfully completed for secondary credit at that institution. Other post-secondary institutions may award, after a pupil leaves secondary school, post-secondary credit for any courses successfully completed under this section. An institution may not charge a pupil for the award of credit.

Sec. 14. Minnesota Statutes 1992, section 123.3514, subdivision 6, is amended to read:

Subd. 6. [FINANCIAL ARRANGEMENTS.] For a pupil enrolled in a course under this section, the department of education shall make payments according to this subdivision for courses that were taken for secondary credit.

The department shall not make payments to a school district or post-secondary institution for a course taken for post-secondary credit only.

A ~~public post-secondary system or private post-secondary~~ institution shall receive the following:

(1) for an institution granting quarter credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the formula allowance, multiplied by 1.3, and divided by 45; or

(2) for an institution granting semester credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the general revenue formula allowance, multiplied by 1.3, and divided by 30.

The department of education shall pay to each ~~public post-secondary system and to each private~~ institution 100 percent of the amount in clause (1) or (2) within 30 days of receiving initial enrollment information each quarter or semester. If changes in enrollment occur during a quarter or semester, the change shall be reported by the ~~post-secondary system or~~ institution at the time the enrollment information for the succeeding quarter or semester is submitted. At any time the department of education notifies a post-secondary ~~system or~~ institution that an overpayment has been made, the ~~system or~~ institution shall promptly remit the amount due.

A school district shall receive:

(1) for a pupil who is not enrolled in classes at a secondary school, 12 percent of the formula allowance, according to section 124A.22, subdivision 2, times 1.3; or

(2) for a pupil who attends a secondary school part time, the formula allowance, according to section 124A.22, subdivision 2, times 1.3, times the ratio of the total number of hours the pupil is in membership for courses taken by the pupil for credit, to 1020 hours.

Sec. 15. Minnesota Statutes 1992, section 123.3514, subdivision 6b, is amended to read:

Subd. 6b. [FINANCIAL ARRANGEMENTS, PUPILS AGE 21 OR OVER.] For a pupil enrolled in a course according to this section, the department of education shall make payments according to this subdivision for courses taken to fulfill high school graduation requirements by pupils eligible for adult high school graduation aid.

The department must not make payments to a school district or post-secondary institution for a course taken for post-secondary credit only.

A ~~public post-secondary system or private~~ post-secondary institution shall receive the following:

(1) for an institution granting quarter credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the formula allowance, multiplied by 1.3, and divided by 45; or

(2) for an institution granting semester credit, the reimbursement per credit hour shall be an amount equal to 88 percent of the product of the general revenue formula allowance multiplied by 1.3, and divided by 30.

The department of education shall pay to each ~~public post-secondary system and to each private~~ institution 100 percent of the amount in clause (1) or (2) within 30 days of receiving initial enrollment information each quarter or semester. If changes in enrollment occur during a quarter or semester, the change shall be reported by the ~~post-secondary system or~~ institution at the time the enrollment information for the succeeding quarter or semester is submitted. At any time the department of education notifies a post-secondary ~~system or~~ institution that an overpayment has been made, the ~~system or~~ institution shall promptly remit the amount due.

A school district shall receive:

(1) for a pupil who is not enrolled in classes at a secondary program, 12 percent of the general education formula allowance times .65, times 1.3; or

(2) for a pupil who attends classes at a secondary program part time, the general education formula allowance times .65, times 1.3, times the ratio of the total number of hours the pupil is in membership for courses taken by the pupil for credit to 1020 hours.

Sec. 16. Minnesota Statutes 1992, section 123.3514, subdivision 6c, is amended to read:

Subd. 6c. [FINANCIAL ARRANGEMENTS FOR COURSES PROVIDED ACCORDING TO AGREEMENTS.] (a) The agreement between a school board and the governing body of a public post-secondary system or private post-secondary institution shall set forth the payment amounts and arrangements, if any, from the school board to the post-secondary institution. No payments shall be made by the department of education according to subdivision 6 or 6b. For the purpose of computing state aids for a school district, a pupil enrolled according to subdivision 4e shall be counted in the average daily membership of the school district as though the pupil were enrolled in a secondary course that is not offered in connection with an agreement. Nothing in this subdivision shall be construed to prohibit a public post-secondary system or private post-secondary institution from receiving additional state funding that may be available under any other law.

(b) If a course is provided under subdivision 4e, offered at a secondary school, and taught by a secondary teacher, the post-secondary system or institution must not require a payment from the school board that exceeds the cost to the post-secondary institution that is directly attributable to providing that course.

Sec. 17. Minnesota Statutes 1992, section 123.935, subdivision 7, is amended to read:

Subd. 7. [NONPUBLIC EDUCATION COUNCIL.] The commissioner shall appoint a 15-member council on nonpublic education. The 15 members shall represent various areas of the state, represent various methods of providing nonpublic education, and shall be knowledgeable about nonpublic education. The compensation, removal of members, filling of vacancies, and terms are governed by section 15.0575. The council ~~expires as provided in section 15.059, subdivision 5 shall not expire.~~ The council shall advise the commissioner and the state board on nonpublic school matters under this section. The council may recognize educational accrediting agencies, for the sole purpose of sections 120.101, 120.102, and 120.103. When requested by the commissioner or the state board, the council may submit its advice about other nonpublic school matters.

Sec. 18. Minnesota Statutes 1992, section 124.17, subdivision 1, is amended to read:

Subdivision 1. [PUPIL UNIT.] Pupil units for each resident pupil in average daily membership shall be counted according to this subdivision.

(a) A prekindergarten pupil with a disability who is enrolled for the entire fiscal year in a program approved by the commissioner and has an individual education plan that requires up to 437 hours of assessment and education services in the fiscal year is counted as one-half of a pupil unit. If the plan requires more than 437 hours of assessment and education services, the pupil is counted as the ratio of the number of hours of assessment and education service to 875, but not more than one.

(b) A prekindergarten pupil with a disability who is enrolled for less than the entire fiscal year in a program approved by the commissioner is counted as the greater of:

(1) one-half times the ratio of the number of instructional days from the date the pupil is enrolled to the date the pupil withdraws to the number of instructional days in the school year; or

(2) the ratio of the number of hours of assessment and education service required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(c) A prekindergarten pupil who is assessed but determined not to be handicapped is counted as the ratio of the number of hours of assessment service to 875.

(d) A kindergarten pupil with a disability who is enrolled in a program approved by the commissioner is counted as the ratio of the number of hours of assessment and education services required in the fiscal year by the pupil's individual education program plan to 875, but not more than one.

(e) A kindergarten pupil who is not included in paragraph (d) is counted as one-half of a pupil unit.

(f) A pupil who is in any of grades 1 to 6 is counted as one pupil unit.

(g) A pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units.

(h) A pupil who is in the post-secondary enrollment options program is counted as 1.3 pupil units.

Sec. 19. Minnesota Statutes 1992, section 124.17, is amended by adding a subdivision to read:

Subd. 2f. [PSEO PUPILS.] The average daily membership for a student participating in the post-secondary enrollment options program equals the lesser of

(1) 1.00, or

(2) the greater of

(i) .12, or

(ii) the ratio of the number of hours the student is enrolled in the secondary school to the product of the number of days required in section 120.101, subdivision 5b, times the minimum length of day required in Minnesota Rules, part 3500.1500, subpart 1.

Sec. 20. Minnesota Statutes 1992, section 124.19, subdivision 1, is amended to read:

Subdivision 1. [INSTRUCTIONAL TIME.] Every district shall maintain school in session or provide instruction in other districts for at least ~~170~~ 175 days through the 1994-1995 school year and the number of days required in ~~section 120.101, subdivision 5b~~ 1b thereafter, not including summer school, or the equivalent in a district operating a flexible school year program. A district that holds school for the required minimum number of days and is otherwise qualified is entitled to state aid as provided by law. If school is not held for the required minimum number of days, state aid shall be reduced by the ratio that the difference between the required number of days and the number of days school is held bears to the required number of days, multiplied by 60 percent of the basic revenue, as defined in section 124A.22, subdivision 2, of the district for that year. However, districts maintaining school for fewer than the required minimum number of days do not lose state aid (1) if the circumstances causing loss of school days below the required minimum number of days are beyond the control of the board, (2) if proper evidence is submitted, and (3) if a good faith attempt is made to make up time lost due to these circumstances. The loss of school days resulting from a lawful employee strike shall not be considered a circumstance beyond the control of the board. Days devoted to meetings authorized or called by the commissioner may not be included as part of the required minimum number of days of school. For grades 1 to 12, days devoted to parent-teacher conferences, teachers' workshops, or other staff development opportunities as part of the required minimum number of days must not exceed five days through the 1994-1995 school year and for subsequent school years the difference between the number of days required in subdivision 1b and the number of instructional days required in subdivision 5b. For kindergarten, days devoted to parent-teacher conferences, teachers' workshops, or other staff development opportunities as part of the required minimum number of days must not exceed twice the number of days for grades 1 to 12.

Sec. 21. Minnesota Statutes 1992, section 124.248, subdivision 4, is amended to read:

Subd. 4. [OTHER AID, GRANTS, REVENUE.] (a) An outcome-based school is eligible to receive other aids, grants, and revenue according to chapters 120 to 129, as though it were a school district. However, it may not receive aid, a grant, or revenue if a levy is required to obtain the money, except as otherwise provided in this section. Federal aid received by the state must be paid to the school, if it qualifies for the aid as though it were a school district.

(b) Any state nongeneral fund revenue received from any public source, other than revenue that is specifically allowed for operational, maintenance, and capital expenditure equipment costs under this section, may be used only for the planning and operational start-up costs of an outcome-based school. Any unexpended nongeneral fund revenue from any source must be returned to that revenue source or conveyed to the school district, at the discretion of the revenue source.

Sec. 22. Minnesota Statutes 1992, section 124.48, subdivision 3, is amended to read:

Subd. 3. [INDIAN SCHOLARSHIP COMMITTEE.] The Minnesota Indian scholarship committee is established. Members shall be appointed by the state board with the assistance of the Indian affairs council as provided in section 3.922, subdivision 6. Members shall be reimbursed for expenses as provided in section 15.059, subdivision 6. The state board shall determine the membership terms and duration of the committee, which expires no later than ~~the date provided in section 15.059, subdivision 5~~ June 30, 1997. The committee shall provide advice to the state board in

awarding scholarships to eligible American Indian students and in administering the state board's duties regarding awarding of American Indian post-secondary preparation grants to school districts.

Sec. 23. Minnesota Statutes 1992, section 125.1885, subdivision 3, is amended to read:

Subd. 3. [PROGRAM APPROVAL.] ~~(a) The state board of education shall approve alternative preparation programs based on criteria adopted by the board, after receiving recommendations from an advisory task force appointed by the board.~~

(b) An alternative preparation program at a school district, group of schools, or an education district must be affiliated with a post-secondary institution that has a graduate program in educational administration for public school administrators.

Sec. 24. Minnesota Statutes 1992, section 126.665, is amended to read:

126.665 [STATE CURRICULUM ADVISORY COMMITTEE.]

The commissioner shall appoint a state curriculum advisory committee of 11 members to advise the state board and the department on the PER process. Nine members shall be from each of the educational cooperative service units and two members shall be at-large. The committee shall include representatives from the state board of education, parents, teachers, administrators, and school board members. Each member shall be a present or past member of a district curriculum advisory committee. The state committee shall provide information and recommendations about at least the following:

- (1) department procedures for reviewing and approving reports and disseminating information;
- (2) exemplary PER processes;
- (3) recommendations for improving the PER process and reports; and
- (4) developing a continuous process for identifying and attaining essential learner outcomes.

The committee expires ~~as provided in section 15.059, subdivision 5~~ on June 30, 1997.

Sec. 25. [126.80] [SECONDARY CREDIT FOR EIGHTH GRADE STUDENTS.]

A student in eighth grade who satisfactorily completes at least 120 hours of instruction in a high school course is eligible to receive secondary course credit and the credit shall count toward the student's graduation requirements.

Sec. 26. Minnesota Statutes 1992, section 127.15, is amended to read:

127.15 [DEALING IN SCHOOL SUPPLIES.]

Except as provided for in sections 471.87 and 471.88, no teacher in the public schools, nor any state, county, town, city, or district school officer, including any superintendent of schools, or any member of any school board, nor any person connected with the public school system in any capacity, shall be interested directly or indirectly in the sale, proceeds, or profits of any book, apparatus, or furniture used, or to be used, in any school with which the person is connected in any official capacity. Any person violating any of the provisions of this section shall forfeit not less than \$50, nor more than \$200 for each such offense. This section shall not apply to a person who may have an interest in the sale of any book of which that person is the author. Nothing in this section shall prohibit the spouse of an employee or officer covered by this section from contracting with the school district for the sale or lease of books, apparatus, furniture, or other supplies to be used in a school with which the employee or officer is connected in any official capacity, as long as the employee's or officer's position does not involve approving contracts for supplies and the school board unanimously approves the transaction.

Sec. 27. Minnesota Statutes 1992, section 127.455, is amended to read:

127.455 [MODEL POLICY.]

The commissioner of education shall maintain and make available to school boards a model sexual, religious, and racial harassment and violence policy. The model policy shall address the requirements of section 127.46.

Each school board shall submit to the commissioner of education a copy of the sexual, religious, and racial harassment and sexual, religious, and racial violence policy the board has adopted.

Sec. 28. Minnesota Statutes 1992, section 127.46, is amended to read:

127.46 [SEXUAL, RELIGIOUS, AND RACIAL HARASSMENT AND VIOLENCE POLICY.]

Each school board shall adopt a written sexual, religious, and racial harassment and sexual, religious, and racial violence policy that conforms with sections 363.01 to 363.15. The policy shall apply to pupils, teachers, administrators, and other school personnel, include reporting procedures, and set forth disciplinary actions that will be taken for violation of the policy. Disciplinary actions must conform with collective bargaining agreements and sections 127.27 to 127.39. The policy must be conspicuously posted throughout each school building and included in each school's student handbook on school policies. Each school must develop a process for discussing the school's sexual, religious, and racial harassment and violence policy with students and school employees.

Sec. 29. Minnesota Statutes 1992, section 128A.03, subdivision 2, is amended to read:

Subd. 2. [TERMS, PAY, REMOVAL, EXPIRATION.] The terms, pay, and provisions for removal of members, ~~and for the expiration of the council~~ are in section 15.059, subdivisions 2, 3, and 4, and 5. The council shall expire on June 30, 1997.

Sec. 30. Minnesota Statutes 1992, section 134.31, subdivision 5, is amended to read:

Subd. 5. [ADVISORY COMMITTEE.] The commissioner shall appoint an advisory committee of five members to advise the staff of the Minnesota library for the blind and physically handicapped on long-range plans and library services. Members shall be people who use the library. Section 15.059 governs this committee except that the committee shall expire on June 30, 1997.

Sec. 31. Laws 1992, chapter 499, article 8, section 33, is amended to read:

Sec. 33. [STATE BOARD GRADUATION RULE.]

The state board of education shall submit a progress report to the education committees of the legislature a progress report about on the proposed high school graduation rule by February 1, 1993, and a final report about the proposed rule by January 1, 1994. Representatives of the state board of education and the state department of education shall meet with interested members of the education committees of the legislature to discuss the specific progress being made in developing an amended high school graduation rule. At least 30 days before the rule is finally adopted, the chairs of the education committees and other interested committee members shall meet with representatives of the state board to review all the materials that are part of the official rulemaking record for the amended graduation rule. Notwithstanding Minnesota Statutes, section 121.11, subdivision 12, the state board of education may continue its proceedings to adopt a high school graduation rule but must not take final action under Minnesota Statutes, sections 14.131 to 14.20 to adopt the rule before July 1, 1994. The 180-day time limit in Minnesota Statutes, section 14.19, does not apply to the rule.

Sec. 32. [MINNESOTA RULES, CHAPTER 3535.]

(a) Notwithstanding Minnesota Statutes, section 121.11, subdivision 12, or any other law to the contrary, and before amending any existing rule under Minnesota Rules, chapter 3535, the state board of education shall engage representatives of the metropolitan area school districts and independent school district No. 709, Duluth, and other affected or interested school districts and members of the public in public discussions concerning the amendments the board is proposing to chapter 3535. The discussions shall include, but are not limited to:

(1) what concrete steps local school districts must take to eliminate and avoid racial and ethnic segregation in their schools;

(2) how the enrollment options program under Minnesota Statutes, section 120.062, can be used to achieve school desegregation and integration;

(3) how all students enrolled in a school district with a school desegregation/integration plan may fully participate in the open enrollment options program under Minnesota Statutes, section 120.062, without the district violating the desegregation/integration plan;

(4) how the state will hold local school districts accountable for proposed actions that may have an impact on the racial composition of a school;

(5) what state conduct is being proposed to discourage school or residential segregation; and

(6) what review of demographic and other conditions within affected school districts will take place before an amended rule is formally adopted.

(b) The state board shall include as part of the official rulemaking record all comments made and all documents submitted to the board during the public discussions under paragraph (a).

Sec. 33. [1992 PSEO PART-TIME SECONDARY PUPILS.]

For fiscal year 1992, for a pupil who attended a post-secondary institution under Minnesota Statutes, section 123.3514, and attended a secondary school part time, a district shall receive revenue on behalf of the pupil under Minnesota Statutes, sections 124.12, subdivision 1, and 124.17, subdivision 2f, plus 12 percent of the formula allowance according to Minnesota Statutes 1992, section 124A.22, subdivision 2, times 1.3.

Sec. 34. [EDUCATION APPROPRIATION ACCOUNTS.]

Notwithstanding any law to the contrary, the education aid appropriation accounts relating to fiscal year 1992 shall remain open on the statewide accounting system, and the commissioner of finance shall transfer amounts among accounts and make transactions as requested by the commissioner of education as necessary to accomplish the retroactive provisions of (sections 123.3514, subd. 6; and 124.17, subds. 1 and 2), and the provisions of section 124.14, subdivision 7, for fiscal year 1992.

Sec. 35. [CHANGE-ORIENTED SCHOOLS.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] (a) A five-year pilot project is established to permit up to three project participants selected by the commissioner of education to develop and implement substantive changes in a school's educational program and operational structure. A project may be extended one time for up to an additional five years at the commissioner's discretion.

(b) The purpose of the pilot project is to identify innovative educational strategies that effectively improve public education by:

(1) increasing students' academic and vocational abilities and educational opportunities through relevant, readily measurable, and clearly defined interdisciplinary subject matter and skills-oriented outcomes and performance standards;

(2) promoting innovative approaches to teaching through meaningful, site-based decision making; and

(3) developing a service-oriented management and operational structure that allows school staff at the school site to identify students' educational needs and effectively allocate resources to meet those needs.

Subd. 2. [ELIGIBILITY; APPLICATIONS.] The commissioner shall make application forms available to schools interested in developing and implementing the substantive changes described in this section. A school may apply to participate in the project after receiving approval to apply from the school board of the school district in which the school is located. The commissioner may approve a maximum of three applications before July 1, 1993. To the extent possible, the approved applications must reflect innovative educational strategies that improve public education and are geographically distributed throughout the state.

Subd. 3. [CRITERIA FOR SELECTION.] At a minimum, applicants must express commitment to:

(1) creating a site-based management team, composed of the school principal, teachers, other school employees, parents of students enrolled in the school, and other determined by the team to be appropriate team members, that are responsible for managing the school's educational program and operational structure;

(2) developing a relevant, appropriately rigorous, interdisciplinary curriculum;

(3) periodically assessing the knowledge and skills of students, and the efficacy of teachers and administrators according to clearly defined substantive outcomes and measurable performance standards;

(4) providing in-service training to implement innovative educational strategies;

(5) using available public and private educational and financial resources at the local, state, and national levels; and

(6) sharing educational findings, materials, and techniques with other school districts.

Subd. 4. [EXEMPTIONS; REQUIREMENTS.] (a) Except as otherwise provided in this section, a school participating in the pilot project is exempt from all state statutes and rules applicable to a school board or school district, although it may elect to comply with one or more state statutes and rules.

(b) Applicants selected to participate in the project must:

(1) meet the health and safety requirements applicable to other school districts;

(2) ensure that all facets of the program are nonsectarian;

(3) provide a comprehensive education program for all enrolled students;

(4) comply with Minnesota Statutes, section 126.21, and chapter 363;

(5) comply with the pupil fair dismissal law, Minnesota Statutes, sections 127.26 to 127.39, and the Minnesota public school fee law, Minnesota Statutes, sections 120.71 to 120.76;

(6) be subject to the same audit requirements as other school districts;

(7) function as other school districts for the purposes of tort liability under Minnesota Statutes, chapter 466;

(8) design and implement measurable education program outcomes at least equivalent to the entrance requirements of the University of Minnesota if the participating school is a high school;

(9) comply with Minnesota Statutes, sections 120.03 and 120.17, and rules governing the education of disabled children;

(10) provide instruction each year for at least the minimum number of days required by Minnesota Statutes, section 120.101, subdivisions 5 and 5b, or according to Minnesota Statutes, sections 120.59 to 120.67 or 121.585;

(11) provide transportation to students enrolled at a school located within the district according to Minnesota Statutes, sections 120.062, subdivision 9, and 123.39, subdivision 6;

(12) permit teachers employed by the district to teach at another site within the district;

(13) function as other school districts for purposes of suing and being sued;

(14) comply with election laws applicable to school district elections under Minnesota Statutes, section 123.11 and chapter 205A;

(15) comply with all teacher licensure requirements in statute and rule; and

(16) comply with all employment laws applicable to school district employees.

Subd. 5. [REPORTS.] Pilot project participants must provide a clear and concise report at least annually by October 1 to the commissioner discussing:

- (1) the state statutes and rules with which the project participant is not complying, as permitted in subdivision 4;
- (2) how not complying with state statutes and rules improves learning and educational effectiveness;
- (3) the financial impact of not complying with state statutes and rules;
- (4) the educational progress the project participant made during the previous school year;
- (5) the education goals of the project participant for the current school year; and
- (6) any other information the commissioner requests.

Sec. 36. [REPEALER.]

Minnesota Statutes 1992, sections 120.0621, subdivision 5, and 121.87, are repealed.

Sec. 37. [EFFECTIVE DATES.]

Section (120.062, subdivision 13) is effective the day following its final enactment and applies to pupils attending a nonresident district under Minnesota Statutes, section 120.062, in 1993-1994 and later school years. Notwithstanding Minnesota Statutes 1992, section 120.062, subdivision 6, a pupil who has notified a nonresident district of the pupil's intent to enroll under Minnesota Statutes, section 120.062, for the 1993-1994 school year as of the effective date of section (120.062, subdivision 13) and who does not want to attend the nonresident district because of the requirements in section (120.062, subdivision 13), may attend school in the resident district for the 1993-1994 school year if the pupil notifies the school boards of the nonresident and resident districts in writing by August 1, 1993, of the pupil's intent to attend the resident district for the 1993-1994 school year.

Section (121.16, subdivision 1) is effective when the term of the office of governor ends on the first Monday in January 1995.

Sections (123.3514, subdivision 6; 124.17, subdivision 1; and 124.17, subdivision 2f) are effective retroactive to July 1, 1991, and apply for fiscal years 1992 and thereafter.

Section (Laws 1992, chapter 499, article 8, section 33) is effective the day after final enactment.

Section (change oriented schools) is effective the day after its final enactment.

ARTICLE 10

LIBRARIES

Section 1. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF EDUCATION.] The sums indicated in this section are appropriated from the general fund to the department of education for the fiscal years designated.

Subd. 2. [BASIC SUPPORT GRANTS.] For basic support grants according to Minnesota Statutes, sections 134.32 to 134.35:

<u>\$7,819,000</u>	<u>.....</u>	<u>1994</u>
<u>\$7,819,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$1,172,000 for 1993 and \$6,647,000 for 1994.

The 1995 appropriation includes \$1,172,000 for 1994 and \$6,647,000 for 1995.

Subd. 3. [MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS.] For grants according to Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

<u>\$527,000</u>	<u>.....</u>	<u>1994</u>
<u>\$527,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$79,000 for 1993 and \$448,000 for 1994.

The 1995 appropriation includes \$79,000 for 1994 and \$448,000 for 1995.

Subd. 4. [STATE AGENCY LIBRARIES.] For maintaining and upgrading the online computer-based library catalog system in state agency libraries:

<u>\$30,000</u>	<u>.....</u>	<u>1994</u>
<u>\$30,000</u>	<u>.....</u>	<u>1995</u>

Any balance in the first year does not cancel and is available in the second year. These amounts are added to amounts included in the appropriation for the department of education budget that are for the same purpose.

ARTICLE 11

STATE AGENCIES

Section 1. [121.163] [FEDERAL AID TO EDUCATION.]

Subdivision 1. [ACCEPTANCE.] The commissioner may accept and administer federal funds when such funds become available that further public education and are consistent with state policy and the mission of the department. Acceptance of the money is subject to department of finance policy and procedure regarding federal funds.

Subd. 2. [STATE PLANS.] If the granting federal agency requires a state plan addressing policy for expenditure, the state board shall adopt a state plan in conformity with state and federal regulations and guidelines prior to commissioner acceptance.

Subd. 3. [DEPOSITORY.] The state treasurer is the custodian of all money received from the United States on account of the acceptance and shall disburse the money on requisitioning of the commissioner through the state payment system for purposes consistent with the respective acts of congress and federal grant.

Sec. 2. [128A.11] [STUDENT ACTIVITIES ACCOUNT.]

Subdivision 1. [STUDENT ACTIVITIES; RECEIPTS; APPROPRIATION.] All receipts of any kind generated to operate student activities, including student fees, donations and contributions, and gate receipts must be deposited in the state treasury. The receipts are appropriated annually to the residential academies for student activities purposes. They are not subject to budgetary control by the commissioner of finance.

Subd. 2. [TO STUDENT ACTIVITIES ACCOUNT.] The money appropriated in subdivision 1 to the residential academies for student activities must be credited to a Faribault academies' student activities account and may be spent only for Faribault academies' student activities purposes.

Subd. 3. [CARRYOVER.] An unexpended balance in the Faribault academies' student activities account may be carried over from the first fiscal year of the biennium into the second fiscal year of the biennium and from one biennium to the next. The amount carried over must not be taken into account in determining state appropriations and must not be deducted from a later appropriation.

Subd. 4. [SPECIFICALLY INCLUDED AMONG RECEIPTS.] Any money generated by a Faribault academies' student activity that involves:

- (1) state employees who are receiving compensation for their involvement with the activity;
- (2) the use of state facilities; or

(3) money raised for student activities in the name of the residential academies is specifically included among the kinds of receipts that are described in subdivision 1.

Sec. 3. Minnesota Statutes 1992, section 129C.10, subdivision 1, is amended to read:

Subdivision 1. [GOVERNANCE.] The board of the Minnesota center for arts education shall consist of 15 persons, one of whom shall be knowledgeable in the field of special education. The members of the board shall be appointed by the governor with the advice and consent of the senate. At least one member must be appointed from each congressional district.

Sec. 4. Minnesota Statutes 1992, section 129C.10, is amended by adding a subdivision to read:

Subd. 3b. [APPEAL.] A parent who disagrees with a board action that adversely affects the academic program of an enrolled pupil may appeal the board's action to the state board of education within 30 days of the board's action. The decision of the state board of education shall be binding on the board. The board shall inform each pupil and parent at the time of enrolling of a parent's right to appeal a board action affecting the pupil's academic program.

Sec. 5. [APPLICABILITY.]

The requirement under Minnesota Statutes, section 129C.10, subdivision 1, that a board member be knowledgeable in the field of special education shall apply to appointments to the board made after the effective date of this act.

Sec. 6. [MINNESOTA CENTER FOR ARTS EDUCATION APPROPRIATIONS.]

The sums indicated in this section are appropriated from the general fund to the Minnesota center for arts education for the fiscal years indicated:

\$4,895,000	.....	1994
\$4,895,000	.....	1995

Any balance in the first year does not cancel but is available in the second year.

The Minnesota center for arts education may establish full-time, part-time, or seasonal positions as necessary to carry out assigned responsibilities and missions. Notwithstanding other law to the contrary, actual employment levels are limited by the availability of state funds appropriated for salaries, benefits and agency operations or funds available from other sources for such purposes.

In the next biennial budget, the Minnesota center for arts education must assess its progress in meeting its established performance measures and inform the legislature on the content of that assessment. The information must include an assessment of its progress by consumers and employees.

Sec. 7. [FARIBAULT ACADEMIES APPROPRIATION.]

The sums indicated in this section are appropriated from the general fund to the department of education for the Faribault Academies:

\$7,844,000	.....	1994
\$8,113,000	.....	1995

Any balance in the first year does not cancel and is available for the second year.

The state board of education may establish full-time, part-time, or seasonal positions as necessary to carry out assigned responsibilities and missions of the Faribault academies. Notwithstanding other law to the contrary, actual employment levels are limited by the availability of state funds appropriated for salaries, benefits and agency operations or funds available from other sources for such purposes.

In the next biennial budget, the state board of education must assess its progress in meeting its established performance measures for the Faribault academies and inform the legislature on the content of that assessment. The information must include an assessment of its progress by consumers and employees.

Sec. 8. [DEPARTMENT OF EDUCATION APPROPRIATIONS.]

The sums indicated in this section are appropriated from the general fund, unless otherwise indicated, to the department of education for the fiscal years designated.

\$14,639,000	....	1994
\$14,662,000	....	1995

Any balance in the first year does not cancel but is available in the second year.

\$21,000 each year is from the trunk highway fund.

\$75,000 each year is from the alcohol-impaired driver education account in the special revenue fund.

\$104,000 each year is for the academic excellence foundation.

\$219,000 each year is for the state board of education.

\$200,000 each year is for contracting with the state fire marshal to provide the services required according to Minnesota Statutes, section 121.1502.

\$244,000 each year is for providing financial management assistance to school districts.

The expenditures of federal grants and aids as shown in the biennial budget document are approved and shall be spent as indicated.

The department of education may establish full-time, part-time, or seasonal positions as necessary to carry out assigned responsibilities and missions. Notwithstanding other law to the contrary, actual employment levels are limited by the availability of state funds appropriated for salaries, benefits, and agency operations or funds available from other sources for such purposes.

In the next biennial budget, the department of education must assess its progress in meeting its established performance measures and inform the legislature on the content of that assessment. The information must include an assessment of its progress by consumers and employees.

Sec. 9. [REPEALER.]

Minnesota Statutes 1992, sections 124.615 and 124.62, are repealed.

ARTICLE 12

REALIGNMENT OF RESPONSIBILITIES

Section 1. Minnesota Statutes 1992, section 120.0751, subdivision 1, is amended to read:

Subdivision 1. The state board of education commissioner may permit a pupil to enroll in a school district of which the pupil is not a resident under this section.

Sec. 2. Minnesota Statutes 1992, section 120.0751, subdivision 2, is amended to read:

Subd. 2. The pupil or the pupil's parent or guardian shall make application to the state board commissioner, explaining the particular circumstances which make the nonresident district the appropriate district of attendance for the pupil. The application must be signed by the pupil's parent or guardian and the superintendent of the nonresident district.

Sec. 3. Minnesota Statutes 1992, section 120.0751, subdivision 3, is amended to read:

Subd. 3. [CRITERIA FOR APPROVAL.] In approving or disapproving the application the state board commissioner shall consider the following:

(a) if the circumstances of the pupil are similar or analogous to the exceptions permitted by section 120.075, whether attending school in the district of residence creates a particular hardship for the pupil; or

(b) if the pupil has been continuously enrolled for at least two years in a district of which the pupil was not a resident because of an error made in good faith about the actual district of residence, whether attending school in the district of residence creates a particular hardship for the pupil. If the board commissioner finds that a good faith error was made and that attending school in the district of residence would create a particular hardship for the siblings of that pupil or foster children of that pupil's parents, ~~it~~ the commissioner may separately approve an application for any or all of the siblings of the pupil who are related by blood, adoption, or marriage and for foster children of the pupil's parents.

Sec. 4. Minnesota Statutes 1992, section 120.0751, subdivision 4, is amended to read:

Subd. 4. The ~~state board of education~~ commissioner shall render its a decision in each case within 60 days of receiving the application in subdivision 2.

Sec. 5. Minnesota Statutes 1992, section 120.75, is amended to read:

120.75 [HEARING.]

Subdivision 1. Prior to the initiation of any fee not authorized or prohibited by sections 120.73 and 120.74, the local school board shall hold a public hearing within the district upon three weeks published notice in the district's official newspaper. The local school board shall notify the ~~state board~~ commissioner of any fee it proposes to initiate under this section. If within 45 days of this notification, the ~~state board~~ commissioner does not disapprove the proposed fee, the local school board may initiate the proposed fee.

Subd. 2. The ~~state board~~ commissioner pursuant to the administrative procedure act, sections 14.001 to 14.69, and consistent with the general policy of section 120.72 shall have the power to specify further authorized and prohibited fees and to adopt rules for the purposes of sections 120.71 to 120.76.

Sec. 6. Minnesota Statutes 1992, section 121.15, subdivision 4, is amended to read:

Subd. 4. [CONDEMNATION OF SCHOOL BUILDINGS.] The commissioner may condemn school buildings and sites ~~that the state board of education determines are~~ determined to be unfit or unsafe for that use.

Sec. 7. Minnesota Statutes 1992, section 121.201, subdivision 1, is amended to read:

Subdivision 1. [RESPONSIBILITY OF BOARD COMMISSIONER.] The ~~state board of education~~ commissioner shall coordinate and may pay for support services for hearing impaired persons to assure access to educational opportunities. Services may be provided to adult students who are hearing impaired and (a) have been denied access to educational opportunities because of the lack of support services or (b) are presently enrolled or (c) are contemplating enrollment in an educational program and would benefit from support services. The ~~state board~~ commissioner shall also be responsible for conducting in-service training for public and private agencies regarding the needs of hearing impaired persons in the adult education system.

Sec. 8. Minnesota Statutes 1992, section 121.585, subdivision 8, is amended to read:

Subd. 8. [EXEMPTION.] To operate the pilot program, the ~~state board of education~~ commissioner may exempt the district from specific rules relating to student and financial accounting, reporting, and revenue computation.

Sec. 9. Minnesota Statutes 1992, section 121.901, subdivision 1, is amended to read:

Subdivision 1. There is created an advisory council on uniform financial accounting and reporting standards, composed of 13 members appointed as follows:

- (1) two employees of the state department of education appointed by the commissioner of education;
- (2) an employee of the office of state auditor appointed by the state auditor;
- (3) one licensed certified public accountant appointed by the ~~state board of education~~ commissioner;
- (4) eight persons who are representative of the various size school districts in the state and who are public school employees whose positions involve activities related to school financing and accounting, appointed by the ~~state board commissioner~~; and
- (5) one person appointed by the chancellor of vocational technical education.

Professional associations composed of persons eligible to be appointed under clauses (3) and (4) may recommend nominees from their associations to the ~~state board~~ commissioner.

Sec. 10. Minnesota Statutes 1992, section 121.901, subdivision 2, is amended to read:

Subd. 2. The council shall expire, and the terms and removal of members shall be as provided in section 15.059. The ~~state board commissioner~~ shall determine the length of terms of the initial members consistent with section 15.059.

Sec. 11. Minnesota Statutes 1992, section 121.902, is amended to read:

121.902 [COUNCIL RECOMMENDATIONS.]

Subdivision 1. The council shall recommend ~~to the state board~~ uniform financial accounting and reporting standards for school districts ~~to the commissioner~~. The ~~state board commissioner~~ shall adopt and maintain uniform financial accounting and reporting standards which are consistent with sections 121.90 to 121.917 and with generally accepted accounting principles and practices. The standards so adopted shall be known as the uniform financial accounting and reporting standards for Minnesota school districts.

Sec. 12. Minnesota Statutes 1992, section 121.904, subdivision 14, is amended to read:

Subd. 14. The ~~state board commissioner~~ shall specify the fiscal year or years to which the revenue from any aid or tax levy is applicable if Minnesota Statutes do not so specify.

Sec. 13. Minnesota Statutes 1992, section 121.9121, is amended to read:

121.9121 [EXCEPTIONS FOR PERMANENT FUND TRANSFERS.]

Subdivision 1. ~~[STATE BOARD COMMISSIONER'S AUTHORIZATION.]~~ The ~~state board commissioner~~ may authorize a board to transfer money from any fund or account other than the debt redemption fund to another fund or account according to this section.

Subd. 2. [APPLICATION.] A board requesting authority to transfer money shall apply to the ~~state board commissioner~~ and provide information requested. The application shall indicate the law or rule prohibiting the desired transfer. It shall be signed by the superintendent and approved by the school board.

Subd. 3. [ADVISORY COUNCIL.] The ~~state board commissioner~~ shall submit each application to the advisory council on uniform financial accounting and reporting standards for its recommendations. The advisory council shall develop and maintain guidelines for reviewing and approving requests.

Subd. 4. [APPROVAL STANDARD.] The ~~state board commissioner~~ may approve a request only when an event has occurred in a district that could not have been foreseen by the district. The event shall relate directly to the fund or account involved and to the amount to be transferred.

Subd. 5. [APPROVAL.] The ~~state-board~~ commissioner shall use the advisory council guidelines and recommendation when it approves, disapproves, or modifies a request. It shall take action on a request within 75 days of receiving the request. If the ~~state-board~~ commissioner's action is different from the action recommended by the advisory council, the ~~state-board~~ commissioner shall provide written reasons for the difference.

Sec. 14. Minnesota Statutes 1992, section 121.914, subdivision 3, is amended to read:

Subd. 3. The commissioner shall establish a uniform auditing or other verification procedure for school districts to determine whether a statutory operating debt exists in any Minnesota school district as of June 30, 1977. This procedure shall also identify all interfund transfers made during fiscal year 1977 from a fund included in computing statutory operating debt to a fund not included in computing statutory operating debt. The standards for this uniform auditing or verification procedure shall be promulgated by the ~~state-board~~ commissioner pursuant to chapter 14. If a school district applies to the commissioner for a statutory operating debt verification or if the unaudited financial statement for the school year ending June 30, 1977 reveals that a statutory operating debt might exist, the commissioner shall require a verification of the amount of the statutory operating debt which actually does exist.

Sec. 15. Minnesota Statutes 1992, section 121.935, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] Every regional management information center shall:

(a) assist its affiliated districts in complying with the reporting requirements of the annual data acquisition calendar and the rules of the state board of education;

(b) respond within 15 calendar days to requests from the department for district information provided to the region for state reporting of information, based on the data elements in the data element dictionary;

(c) operate financial management information systems consistent with the uniform financial accounting and reporting standards adopted by the ~~state-board~~ commissioner pursuant to sections 121.90 to 121.917;

(d) make available to districts the opportunity to participate fully in all the subsystems of ESV-IS;

(e) develop and maintain a plan to provide services during a system failure or a disaster;

(f) comply with the requirement in section 121.908, subdivision 2, on behalf of districts affiliated with it; and

(g) operate fixed assets property management information systems consistent with the uniform property accounting and reporting standards adopted by the ~~state-board~~ commissioner.

Sec. 16. Minnesota Statutes 1992, section 121.935, subdivision 5, is amended to read:

Subd. 5. [REGIONAL SUBSIDIES.] In any year when a regional management information center's annual plan and budget are approved pursuant to subdivision 3, the center shall receive a regional reporting subsidy grant from the department of education. The subsidy grant shall be in the amount allocated by the ~~state-board~~ commissioner in the process of approving the annual budgets of the regional management information centers pursuant to subdivision 3. The amounts of the subsidy grants and an explanation of the allocation decisions shall be filed by the ~~state-board~~ commissioner with the education committees of the legislature.

When determining the amount of a subsidy grant, the ~~state-board~~ commissioner shall consider the following factors:

(a) the number of students in districts affiliated with the center;

(b) the number of districts affiliated with the center;

(c) fixed and overhead costs to be incurred in operating the regional center, the finance subsystem, the payroll/personnel subsystem, and the student support subsystem;

(d) variable costs to be incurred that differ in proportion to the number of districts served and the number of subsystems implemented for those districts;

(e) services provided to districts that enable the districts to meet state reporting requirements;

(f) the cost of meeting the reporting requirements of subdivision 2 for districts using approved alternative management information systems; and

(g) the number of districts affiliated with a regional management information center in relation to the geographic area occupied by those districts.

Sec. 17. Minnesota Statutes 1992, section 121.936, is amended to read:

121.936 [SCHOOL DISTRICT MANAGEMENT INFORMATION SYSTEMS.]

Subdivision 1. [MANDATORY PARTICIPATION.] (a) Every district shall perform financial accounting and reporting operations on a financial management accounting and reporting system utilizing multidimensional accounts and records defined in accordance with the uniform financial accounting and reporting standards adopted by the ~~state board~~ commissioner pursuant to sections 121.90 to 121.917.

(b) Every school district shall be affiliated with one and only one regional management information center. This affiliation shall include at least the following components:

(1) the center shall provide financial management accounting reports to the ~~department of education~~ commissioner for the district to the extent required by the data acquisition calendar;

(2) the district shall process every detailed financial transaction using, at the district's option, either the ESV-IS finance subsystem through the center or an alternative system approved by the ~~state board~~ commissioner.

Notwithstanding the foregoing, a district may process and submit its financial data to a region or the state in summary form if it operates an approved alternative system or participates in a state approved pilot test of an alternative system and is reporting directly to the state as of January 1, 1987. A joint vocational technical district shall process and submit its financial data to a region or directly to the state board of technical colleges.

(c) The provisions of this subdivision shall not be construed to prohibit a district from purchasing services other than those described in clause (b) from a center other than the center with which it is affiliated pursuant to clause (b).

Districts operating an approved alternative system may transfer their affiliation from one regional management information center to another. At least one year prior to July 1 of the year in which the transfer is to occur, the district shall give written notice to its current region of affiliation of its intent to transfer to another region. The one year notice requirement may be waived if the two regions mutually agree to the transfer.

Subd. 2. [ALTERNATIVE MANAGEMENT INFORMATION SYSTEMS.] A district may be exempted from the requirement in subdivision 1, clause (b)(2), if it uses another financial management information system approved by the ~~state board~~ commissioner. A district permitted before July 1, 1980, to submit its financial transactions in summary form to a regional management information center pursuant to subdivision 1 may continue to submit transactions in the approved form without obtaining the approval of the ~~state board~~ commissioner pursuant to this subdivision. Any district desiring to use another management information system not previously approved by the ~~state board~~ commissioner shall submit a detailed proposal to the ~~state board~~ commissioner and the ESV computer council. The detailed proposal shall include a statement of all costs to the district, regional management information center or state for software development or operational services needed to provide data to the regional management information center pursuant to the data acquisition calendar.

Subd. 3. [ALTERNATIVE MANAGEMENT INFORMATION SYSTEMS; EVALUATION.] The ESV computer council shall evaluate the district proposal according to the approval criteria in section 121.937, subdivision 1, clauses (a), (b), and (d). Upon completion of the evaluation, the ESV computer council shall recommend to the ~~state board~~ commissioner that it (a) approve the proposal, (b) disapprove the proposal, or (c) approve the proposal if it is modified by the district in ways that are specified by the council.

Subd. 4. [ALTERNATIVE SYSTEMS; STATE BOARD COMMISSIONER.] Upon approval of the proposal by the ~~state board~~ commissioner the district may proceed in accordance with its approved proposal. Except as provided in section 121.931, subdivision 5, an alternative system approved pursuant to this subdivision shall be developed and purchased at the expense of the district. Notwithstanding any law to the contrary, when an alternative system has been approved by the ~~state board~~ commissioner, another district may use the system without ~~state board~~ approval.

of the commissioner. A district which has submitted a proposal for an alternative system which has been disapproved may not submit another proposal for that fiscal year, but it may submit a proposal for the subsequent fiscal year.

Subd. 4a. ~~The department of education commissioner~~ shall develop and implement an alternative reporting system for submission of financial data in summary form. This system shall accommodate the use of a microcomputer finance system to be developed and maintained by the ~~department of education commissioner.~~ The alternative reporting system must comply with sections 121.90 to 121.917. The provisions of this subdivision shall not be construed to require the department to purchase computer hardware nor to prohibit the department from purchasing services from any regional management information center ~~or the Minnesota educational computing consortium.~~

Sec. 18. Minnesota Statutes 1992, section 123.35, subdivision 17, is amended to read:

Subd. 17. [SCHOOL HEALTH SERVICES.] (a) Every school board must provide services to promote the health of its pupils.

(b) The board of a district with 1,000 pupils or more in average daily membership in early childhood family education, preschool handicapped, elementary, and secondary programs must comply with the requirements of this paragraph. It may use one or a combination of the following methods:

(1) employ personnel, including at least one full-time equivalent licensed school nurse or continue to employ a registered nurse not yet certified as a public health nurse as defined in section 145A.02, subdivision 18, who is enrolled in a program that would lead to certification within four years of August 1, 1988;

(2) contract with a public or private health organization or another public agency for personnel during the regular school year, determined appropriate by the board, who are currently licensed under chapter 148 and who are certified public health nurses; or

(3) enter into another arrangement approved by the ~~state board of education~~ commissioner.

Sec. 19. Minnesota Statutes 1992, section 123.351, subdivision 6, is amended to read:

Subd. 6. [~~STATE BOARD COMMISSIONER APPROVAL.~~] Prior to the commencement of the operation of any center the agreement entered into by participating districts shall be approved by the ~~state board of education commissioner.~~

Sec. 20. Minnesota Statutes 1992, section 123.351, subdivision 8, is amended to read:

Subd. 8. [ADDITION AND WITHDRAWAL OF DISTRICTS.] Upon approval by majority vote of a school board, of the center board, and of the ~~state board of education commissioner,~~ an adjoining school district may become a member in the center and be governed by the provisions of this section and the agreement in effect.

Any participating district may withdraw from the center and from the agreement in effect by a majority vote of the full board membership of the participating school district desiring withdrawal and upon compliance with provisions in the agreement establishing the center. Upon receipt of the withdrawal resolution reciting the necessary facts, the center board shall file a certified copy with the county auditors of the counties affected. The withdrawal shall become effective at the end of the next following school year but the withdrawal shall not affect the continued liability of the withdrawing district for bonded indebtedness it incurred prior to the effective withdrawal date.

Sec. 21. Minnesota Statutes 1992, section 123.351, subdivision 9, is amended to read:

Subd. 9. [EXISTING CENTERS.] Centers operating pursuant to section 471.59 which have been approved by the state board of education prior to August 1, 1974 shall be subject to its provisions except subdivision 1. Any changes in center agreements necessary to comply with this section shall be completed within 12 months after August 1, 1974 and filed with the ~~state board commissioner~~ by the administrator of each center. Centers operating pursuant to Laws 1967, chapter 822, as amended; Laws 1969, chapter 775, as amended, and Laws 1969, chapter 1060, as amended shall not be subject to the provisions of this section.

Sec. 22. Minnesota Statutes 1992, section 123.3513, is amended to read:

123.3513 [ADVANCED ACADEMIC CREDIT.]

A school district shall grant academic credit to a pupil attending an accelerated or advanced academic course offered by a higher education institution or a nonprofit public agency other than the district, if the pupil successfully completes the course attended and passes an examination approved by the district. If no comparable course is offered by the district, the ~~state board of education~~ commissioner shall determine the number of credits which shall be granted to a pupil who successfully completes and passes the course. If a comparable course is offered by the district, the school board shall grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the school board's decision to the ~~state board of education~~ commissioner. The ~~state board's~~ commissioner's decision regarding the number of credits shall be final.

The credits granted to a pupil shall be counted toward the graduation requirements and subject area requirements of the school district. Evidence of successful completion of each class and credits granted shall be included in the pupil's secondary school record.

Sec. 23. Minnesota Statutes 1992, section 123.3514, subdivision 5, is amended to read:

Subd. 5. [CREDITS.] A pupil may enroll in a course under this section for either secondary credit or post-secondary credit. At the time a pupil enrolls in a course, the pupil shall designate whether the course is for secondary or post-secondary credit. A pupil taking several courses may designate some for secondary credit and some for post-secondary credit. A pupil must not audit a course under this section.

A school district shall grant academic credit to a pupil enrolled in a course for secondary credit if the pupil successfully completes the course. Nine quarter or six semester college credits equal at least one full year of high school credit. Fewer college credits may be prorated. A school district shall also grant academic credit to a pupil enrolled in a course for post-secondary credit if secondary credit is requested by a pupil. If no comparable course is offered by the district, the district shall, as soon as possible, notify the ~~state board of education~~ commissioner, which shall determine the number of credits that shall be granted to a pupil who successfully completes a course. If a comparable course is offered by the district, the school board shall grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the school board's decision to the ~~state board of education~~ commissioner. The ~~state board's~~ commissioner's decision regarding the number of credits shall be final.

The secondary credits granted to a pupil shall be counted toward the graduation requirements and subject area requirements of the school district. Evidence of successful completion of each course and secondary credits granted shall be included in the pupil's secondary school record. A pupil must provide the school with a copy of the pupil's grade in each course taken for secondary credit under this section. Upon the request of a pupil, the pupil's secondary school record shall also include evidence of successful completion and credits granted for a course taken for post-secondary credit. In either case, the record shall indicate that the credits were earned at a post-secondary institution.

If a pupil enrolls in a post-secondary institution after leaving secondary school, the post-secondary institution shall award post-secondary credit for any course successfully completed for secondary credit at that institution. Other post-secondary institutions may award, after a pupil leaves secondary school, post-secondary credit for any courses successfully completed under this section. An institution may not charge a pupil for the award of credit.

Sec. 24. Minnesota Statutes 1992, section 123.3514, subdivision 8, is amended to read:

Subd. 8. [TRANSPORTATION.] A parent or guardian of a pupil enrolled in a course for secondary credit may apply to the pupil's district of residence for reimbursement for transporting the pupil between the secondary school in which the pupil is enrolled and the post-secondary institution that the pupil attends. The ~~state board of education~~ commissioner shall establish guidelines for providing state aid to districts to reimburse the parent or guardian for the necessary transportation costs, which shall be based on financial need. The reimbursement may not exceed the pupil's actual cost of transportation or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for more than 250 miles per week. However, if the nearest post-secondary institution is more than 25 miles from the pupil's resident secondary school, the weekly reimbursement may not exceed the reimbursement rate per mile times the actual distance between the secondary school and the nearest post-secondary institution times ten. The state shall pay aid to the district according to the guidelines established under this subdivision. Chapter 14 does not apply to the guidelines.

Sec. 25. Minnesota Statutes 1992, section 123.58, subdivision 6, is amended to read:

Subd. 6. [DUTIES AND POWERS OF ECSU BOARD OF DIRECTORS.] The board of directors shall have authority to maintain and operate an ECSU. Subject to the availability of necessary resources, the powers and duties of this board shall include the following:

(a) The board of directors shall submit within 90 days after the filing of the initial petition with the state board of education and by June 1 of each year thereafter to the ~~state board of education~~ commissioner and to each participating school district an annual plan which describes the objectives and procedures to be implemented in assisting in resolution of the educational needs of the ECSU. In formulating the plan the board is encouraged to consider: (1) the number of dropouts of school age in the ECSU area and the reasons for the dropouts; (2) existing programs within participating districts for dropouts and potential dropouts; (3) existing programs of the ECSU for dropouts and potential dropouts and (4) program needs of dropouts and potential dropouts in the area served by the ECSU.

(b) The ECSU board of directors may provide adequate office, service center, and administrative facilities by lease, purchase, gift, or otherwise, subject to the review of the ~~state board of education~~ commissioner as to the adequacy of the facilities proposed.

(c) The ECSU board of directors may employ a central administrative staff and other personnel as necessary to provide and support the agreed upon programs and services. The board may discharge staff and personnel pursuant to provisions of law applicable to independent school districts. ECSU staff and personnel may participate in retirement programs and any other programs available to public school staff and personnel.

(d) The ECSU board of directors may appoint special advisory committees composed of superintendents, central office personnel, building principals, teachers, parents and lay persons.

(e) The ECSU board of directors may employ service area personnel pursuant to licensure standards developed by the ~~state board of education~~ and the board of teaching.

(f) The ECSU board of directors may enter into contracts with school boards of local districts including school districts outside the ECSU area.

(g) The ECSU board of directors may enter into contracts with other public and private agencies and institutions which may include, but are not limited to, contracts with Minnesota institutions of higher education to provide administrative staff and other personnel as necessary to furnish and support the agreed upon programs and services.

(h) The ECSU board of directors shall exercise all powers and carry out all duties delegated to it by participating local school districts under provisions of the ECSU bylaws. The ECSU board of directors shall be governed, when not otherwise provided, by the provisions of law applicable to independent school districts of the state.

(i) The ECSU board of directors shall submit an annual evaluation report of the effectiveness of programs and services to the school districts and nonpublic school administrative units within the ECSU and the ~~state board of education~~ commissioner by September 1 of each year following the school year in which the program and services were provided.

(j) The ECSU board is encouraged to establish cooperative, working relationships with post-secondary educational institutions in the state.

Sec. 26. Minnesota Statutes 1992, section 123.58, subdivision 7, is amended to read:

Subd. 7. [APPOINTMENT OF AN ADVISORY COUNCIL.] There shall be an advisory council selected to give advice and counsel to the ECSU board of directors. This council shall be composed of superintendents, central office personnel, principals, teachers, parents, and lay persons. Nonpublic school administrative units are encouraged to participate on the council to the extent allowed by law. A plan detailing procedures for selection of membership in this council shall be submitted by the ECSU board of directors to the ~~state board of education~~ commissioner.

Sec. 27. Minnesota Statutes 1992, section 123.58, subdivision 8, is amended to read:

Subd. 8. [EDUCATIONAL PROGRAMS AND SERVICES.] Pursuant to subdivision 6, and rules of the state board of education, the board of directors of each operational ECSU shall submit annually a plan to the public school

districts within the ECSU, the nonpublic school administrative units, and the ~~state board of education commissioner~~. The plan shall identify the programs and services which are suggested for implementation by the ECSU during the following school year and shall contain components of long range planning determined by the ECSU in cooperation with the ~~state board of education commissioner~~ and other appropriate agencies. The ~~state board of education commissioner~~ may review and recommend modification of the proposed plan and conduct ongoing program reviews. These programs and services may include, but are not limited to, the following areas:

- (a) Administrative services and purchasing
- (b) Curriculum development
- (c) Data processing
- (d) Educational television
- (e) Evaluation and research
- (f) In-service training
- (g) Media centers
- (h) Publication and dissemination of materials
- (i) Pupil personnel services
- (j) Regional planning, joint use of facilities, and flexible and year-round school scheduling
- (k) Secondary, post-secondary, community, adult, and adult vocational education
- (l) Individualized instruction and services, including services for students with special talents and special needs
- (m) Teacher personnel services
- (n) Vocational rehabilitation
- (o) Health, diagnostic, and child development services and centers
- (p) Leadership or direction in early childhood and family education
- (q) Community services
- (r) Shared time programs.

Sec. 28. Minnesota Statutes 1992, section 123.58, subdivision 9, is amended to read:

Subd. 9. [FINANCIAL SUPPORT FOR THE EDUCATIONAL COOPERATIVE SERVICE UNITS.] (a) Financial support for ECSU programs and services shall be provided by participating local school districts and nonpublic school administrative units with private, state and federal financial support supplementing as available. The ECSU board of directors may, in each year, for the purpose of paying any administrative, planning, operating, or capital expenses incurred or to be incurred, assess and certify to each participating school district and nonpublic school administrative unit its proportionate share of any and all expenses. This share shall be based upon the extent of participation by each district or nonpublic school administrative unit and shall be in the form of a service fee. Each participating district and nonpublic school administrative unit shall remit its assessment to the ECSU board as provided in the ECSU bylaws. The assessments shall be paid within the maximum levy limitations of each participating district. No participating school district or nonpublic school administrative unit shall have any additional liability for the debts or obligations of the ECSU except that assessment which has been certified as its proportionate share or any other liability the school district or nonpublic school administrative unit agrees to assume.

(b) Any property acquired by the ECSU board is public property to be used for essential public and governmental purposes which shall be exempt from all taxes and special assessments levied by a city, county, state or political

subdivision thereof. If the ECSU is dissolved, its property must be distributed to the member public school districts at the time of the dissolution.

(c) A school district or nonpublic school administrative unit may elect to withdraw from participation in the ECSU by a majority vote of its full board membership and upon compliance with the applicable withdrawal provisions of the ECSU organizational agreement. Upon receipt of the withdrawal resolution reciting the necessary facts, the ECSU board shall file a certified copy with the ~~state board of education~~ commissioner. The withdrawal shall be effective on the June 30 following receipt by the board of directors of written notification of the withdrawal at least six months prior to June 30. Notwithstanding the withdrawal, the proportionate share of any expenses already certified to the withdrawing school district or nonpublic school administrative unit for the ECSU shall be paid to the ECSU board.

(d) Notwithstanding paragraph (c), if a member school district of an education district withdraws from an ECSU to comply with subdivision 4, the school district's withdrawal is effective on June 30, following receipt by the board of directors of the district's written notification.

(e) The ECSU is a public corporation and agency and its board of directors may make application for, accept and expend private, state and federal funds that are available for programs of educational benefit approved by the ~~state board of education~~ commissioner in accordance with rules adopted by the state board of education pursuant to chapter 14. The ~~state board of education~~ commissioner shall not distribute special state aid or federal aid directly to an ECSU in lieu of distribution to a school district within the ECSU which would otherwise qualify for and be entitled to this aid without the consent of the school board of that district.

(f) The ECSU is a public corporation and agency and as such, no earnings or interests of the ECSU may inure to the benefit of an individual or private entity.

Sec. 29. Minnesota Statutes 1992, section 123.71, subdivision 1, is amended to read:

Subdivision 1. Every school board shall, no later than October 1, publish the revenue and expenditure budgets submitted to the ~~commissioner of education~~ in accordance with section 121.908, subdivision 4, for the current year and the actual revenues, expenditures, fund balances for the prior year and projected fund balances for the current year in a form prescribed by the ~~state board of education~~ commissioner after consultation with the advisory council on uniform financial accounting and reporting standards. The forms prescribed shall be designed so that year to year comparisons of revenue, expenditures and fund balances can be made. These budgets, reports of revenue, expenditures and fund balances shall be published in a qualified newspaper of general circulation in the district.

Sec. 30. Minnesota Statutes 1992, section 123.932, subdivision 7, is amended to read:

Subd. 7. "Intermediary service area" means a school administrative unit approved by the ~~state board of education~~ commissioner, other than a single school district, including but not limited to the following: (a) an educational cooperative service unit; (b) a cooperative of two or more school districts; (c) learning centers; or (d) an association of schools or school districts.

Sec. 31. Minnesota Statutes 1992, section 123.947, is amended to read:

123.947 [USE OF INDIVIDUALIZED INSTRUCTIONAL MATERIALS.]

(a) The ~~department of education~~ commissioner shall assure that textbooks and individualized instructional materials loaned to nonpublic school pupils are secular, neutral, nonideological and that they are incapable of diversion for religious use.

(b) Textbooks and individualized instructional materials shall not be used in religious courses, devotional exercises, religious training or any other religious activity.

(c) Textbooks and individualized instructional materials shall be loaned only to individual pupils upon the request of a parent or guardian or the pupil on a form designated for this use by the ~~department of education~~ commissioner. The request forms shall provide for verification by the parent or guardian or pupil that the requested textbooks and individualized instructional materials are for the use of the individual pupil in connection with a program of instruction in the pupil's elementary or secondary school.

(d) The servicing school district or the intermediary service area shall take adequate measures to ensure an accurate and periodic inventory of all textbooks and individualized instructional materials loaned to elementary and secondary school pupils attending nonpublic schools. The state board of education shall promulgate rules under the provisions of chapter 14 to terminate the eligibility of any nonpublic school pupil if the ~~department of education~~ commissioner determines, after notice and opportunity for hearing, that the textbooks or individualized instructional materials have been used in a manner contrary to the provisions of section 123.932, subdivision 1e, 123.933 or this section or any rules promulgated by the state board of education.

(e) Nothing contained in section 123.932, subdivision 1e, 123.933 or this section shall be construed to authorize the making of any payments to a nonpublic school or its faculty, staff or administrators for religious worship or instruction or for any other purpose.

Sec. 32. Minnesota Statutes 1992, section 124.09, is amended to read:

124.09 [SCHOOL ENDOWMENT FUND, APPORTIONMENT.]

The school endowment fund shall be apportioned semiannually by the ~~state board~~ commissioner, on the first Monday in March and October in each year, to districts whose schools have been in session at least nine months. The apportionment shall be in proportion to the number of pupils in average daily membership during the preceding year; provided, that apportionment shall not be paid to a district for pupils for whom tuition is received by the district.

Sec. 33. Minnesota Statutes 1992, section 124.10, subdivision 1, is amended to read:

Subdivision 1. A copy of the apportionment of the school endowment fund shall be furnished by the ~~state board~~ commissioner to the commissioner of finance, who thereupon shall draw warrants on the state treasury, payable to the several districts, for the amount due each district. There is hereby annually appropriated from the school endowment fund the amount of such apportionments.

Sec. 34. Minnesota Statutes 1992, section 124.14, subdivision 1, is amended to read:

Subdivision 1. The ~~state board~~ commissioner shall supervise distribution of school aids and grants in accordance with law. It may make rules consistent with law for the distribution to enable districts to perform efficiently the services required by law and further education in the state, including reasonable requirements for the reports and accounts to it as will assure accurate and lawful apportionment of aids. State and federal aids and discretionary or entitlement grants distributed by the ~~state board~~ commissioner shall not be subject to the contract approval procedures of the commissioner of administration or to chapter 16A or 16B. The ~~commissioner of education~~ shall adopt internal procedures for administration and monitoring of aids and grants.

Sec. 35. Minnesota Statutes 1992, section 124.14, subdivision 4, is amended to read:

Subd. 4. [FINAL DECISION AND RECORDS.] A reduction of aid under this section may be appealed to the state board of education and its decision shall be final. Public schools shall at all times be open to the inspection of the ~~state board~~ commissioner, and the accounts and records of any district shall be open to inspection by the state auditor, the state board, or the commissioner for the purpose of audits conducted under this section. Each district shall keep for a minimum of three years at least the following: (1) identification of the annual session days held, together with a record of the length of each session day, (2) a record of each pupil's daily attendance, with entrance and withdrawal dates, and (3) identification of the pupils transported who are reported for transportation aid.

Sec. 36. Minnesota Statutes 1992, section 124.17, subdivision 2c, is amended to read:

Subd. 2c. Notwithstanding subdivision 2, in cases when school is in session but pupils are prevented from attending for more than 15 consecutive school days during the regular school year or five consecutive school days during summer school or intersession classes of flexible school year programs, because of epidemic, calamity, weather, fuel shortage, or other justifiable cause, the ~~state board~~ commissioner, upon application, may allow the district to continue to count these pupils in average daily membership. A lawful employees' strike is not a justifiable cause for purposes of this subdivision.

Sec. 37. Minnesota Statutes 1992, section 124.223, subdivision 3, is amended to read:

Subd. 3. [SECONDARY VOCATIONAL CENTERS.] State transportation aid is authorized for transportation to and from a state-board commissioner approved secondary vocational center for secondary vocational classes for resident pupils of any of the districts who are members of or participating in programs at that center.

Sec. 38. Minnesota Statutes 1992, section 124.276, subdivision 3, is amended to read:

Subd. 3. [STATE BOARD COMMISSIONER APPROVAL.] The state-board commissioner may approve plans and applications for districts throughout the state for career teacher aid. Application procedures and deadlines shall be established by the state-board commissioner.

Sec. 39. Minnesota Statutes 1992, section 124.48, subdivision 1, is amended to read:

Subdivision 1. [AWARDS.] The state-board commissioner, with the advice and counsel of the Minnesota Indian scholarship committee, may award scholarships to any Minnesota resident student who is of one-fourth or more Indian ancestry, who has applied for other existing state and federal scholarship and grant programs, and who, in the opinion of the board commissioner, has the capabilities to benefit from further education. Scholarships shall be for advanced or specialized education in accredited or approved colleges or in business, technical or vocational schools. Scholarships shall be used to defray the total cost of education including tuition, incidental fees, books, supplies, transportation, other related school costs and the cost of board and room and shall be paid directly to the college or school concerned. The total cost of education includes all tuition and fees for each student enrolling in a public institution and the portion of tuition and fees for each student enrolling in a private institution that does not exceed the tuition and fees at a comparable public institution. Each student shall be awarded a scholarship based on the total cost of the student's education and a standardized need analysis. The amount and type of each scholarship shall be determined through the advice and counsel of the Minnesota Indian scholarship committee.

When an Indian student satisfactorily completes the work required by a certain college or school in a school year the student is eligible for additional scholarships, if additional training is necessary to reach the student's educational and vocational objective. Scholarships may not be given to any Indian student for more than five years of study without special approval of the Minnesota Indian scholarship committee.

Sec. 40. Minnesota Statutes 1992, section 124.573, subdivision 3, is amended to read:

Subd. 3. [COMPLIANCE WITH RULES.] Aid shall be paid under this section only for services rendered or for costs incurred in secondary vocational education programs approved by the state department of education commissioner and operated in accordance with rules promulgated by the state board of education. These rules shall provide minimum student-staff ratios required for a secondary vocational education program in a cooperative center to qualify for this aid. The rules shall not require any minimum number of administrative staff, any minimum period of coordination time or extended employment for secondary vocational education personnel, or the availability of vocational student activities or organizations for a secondary vocational education program to qualify for this aid. The requirement in these rules that program components be available for a minimum number of hours shall not be construed to prevent pupils from enrolling in secondary vocational education courses on an exploratory basis for less than a full school year. The state board of education shall not require a school district to offer more than four credits or 560 hours of vocational education course offerings in any school year. Rules relating to secondary vocational education programs shall not incorporate the provisions of the state plan for vocational education by reference. This aid shall be paid only for services rendered and for costs incurred by essential, licensed personnel who meet the work experience requirements for licensure pursuant to the rules of the state board of education. Licensed personnel means persons holding a valid secondary vocational license issued by the department of education commissioner, except that when an average of five or fewer secondary full-time equivalent students are enrolled per teacher in an approved post-secondary program at intermediate district No. 287, 916, or 917, licensed personnel means persons holding a valid vocational license issued by the department of education commissioner or the state board for vocational technical education. Notwithstanding section 124.15, the commissioner may modify or withdraw the program or aid approval and withhold aid under this section without proceeding under section 124.15 at any time. To do so, the commissioner must determine that the program does not comply with rules of the state board or that any facts concerning the program or its budget differ from the facts in the district's approved application.

Sec. 41. Minnesota Statutes 1992, section 124.625, is amended to read:

124.625 [VETERANS TRAINING.]

The state-board of education commissioner shall continue the veterans training program. All receipts to the veterans training revolving fund for the veterans training program are appropriated to the state-board commissioner.

to pay the necessary expenses of operation of the program. The ~~state board~~ department of education shall act as the state agency for approving educational institutions for purposes of United States Code, title 38, chapter 36, relating to educational benefits for veterans and other persons. The state board may adopt rules to fulfill its obligations as the state approving agency. All federal money received for purposes of the veterans training program shall be deposited in the veterans training revolving fund and is appropriated to the ~~state board~~ department for those purposes.

Sec. 42. Minnesota Statutes 1992, section 124.64, is amended to read:

124.64 [FEDERAL AID TO INDIANS, POWER OF STATE BOARD.]

The ~~state board~~ commissioner is hereby authorized to enter into contracts with the United States for the education of Indians in Minnesota, to receive grants of money from the United States and to disburse the same in accordance with the terms of the contract and such rules and standards as the ~~state board~~ commissioner may establish.

Sec. 43. Minnesota Statutes 1992, section 124.645, subdivision 1, is amended to read:

Subdivision 1. [ACCEPTANCE.] The ~~Minnesota state board of education~~ commissioner is authorized to accept the provisions of Public Law Number 90-302, section 13 of the National School Lunch Act (United States Code, title 42, section 1761) so that it may administer federal funds designed to provide nonprofit food service programs for children in service institutions.

Sec. 44. Minnesota Statutes 1992, section 124.645, subdivision 2, is amended to read:

Subd. 2. [CONTRACT.] The ~~Minnesota state board of education~~ commissioner may enter into a contract with the United States Department of Agriculture so that the available federal funds may be used to the fullest extent possible by the state of Minnesota.

Sec. 45. Minnesota Statutes 1992, section 124.69, subdivision 1, is amended to read:

Subdivision 1. The ~~state board of education of the state of Minnesota~~ commissioner is authorized to (a) enter into such agreements as may be necessary with agencies of the federal government as provided by such public laws as may be passed by the 87th Congress of the United States relating to area redevelopment, and providing for vocational training and retraining, subsistence payments during retraining, and placement after retraining; and (b) to cooperate with such federal agencies to the end that residents of this state shall obtain all benefits and advantages available to them and intended by such act of Congress to be so available.

Sec. 46. Minnesota Statutes 1992, section 124.79, is amended to read:

124.79 [ELEMENTARY AND SECONDARY EDUCATION, ACCEPTANCE OF FEDERAL FUNDS.]

The ~~state board~~ department of education is designated as the state agency to apply for, receive, accept, and administer federal funds which are made available under Public Law Number 89-10, an act of the 89th Congress entitled "An Act to strengthen and improve educational quality and educational opportunities in the nation's elementary and secondary schools," cited as the "Elementary and Secondary Education Act of 1965," and it shall comply with all requirements of such federal law or regulations to enable it to apply for, receive, and accept such funds.

The state board shall prescribe rules under which contracts, agreements, or arrangements may be made with agencies of the federal government for funds, services, commodities, or equipment to be made available to the schools, school systems, and educational institutions under the supervision or control of the ~~state board~~ commissioner, and such contracts, agreements, or arrangements shall be entered into in no other manner.

All arrangements under the Elementary and Secondary Education Act of 1965, and amendments thereto, for assignment of officers and employees of the state of Minnesota to the office of education of the federal government shall be made in accordance with the rules of the state board.

Sec. 47. Minnesota Statutes 1992, section 124A.27, subdivision 2, is amended to read:

Subd. 2.. [STATE ASSISTANCE.] ~~The state board of education and the commissioner of education~~ shall provide assistance to school boards offering the programs enumerated in this section. ~~The state board or commissioner~~ may establish an advisory committee for any program area. Technical assistance shall be provided commensurate with school board and district needs. ~~State board of education rules~~ apply to all programs or portions of programs offered.

Sec. 48. Minnesota Statutes 1992, section 125.185, subdivision 6, is amended to read:

Subd. 6. ~~The state board of education commissioner~~ shall provide all necessary materials and assistance for the transaction of the business of the board of teaching and all moneys received by the board of teaching shall be paid into the state treasury as provided by law. The expenses of administering sections 125.01 to 125.187 which are incurred by the board of teaching shall be paid for from appropriations made to the board of teaching.

Sec. 49. Minnesota Statutes 1992, section 126.151, subdivision 2, is amended to read:

Subd. 2. [ACCOUNTS OF THE ORGANIZATION.] ~~The commissioner and the state boards of education and board of technical colleges~~ may retain dues and other money collected on behalf of students participating in approved vocational student organizations and may deposit the money in separate accounts. The money in these accounts shall be available for expenditures for state and national activities related to specific organizations. Administration of money collected under this section is not subject to the provisions of chapters 15, 16A, and 16B, and may be deposited outside the state treasury. Money shall be administered under the policies of the applicable state board or agency relating to post-secondary and secondary vocational student organizations and is subject to audit by the legislative auditor. Any unexpended money shall not cancel but may be carried forward to the next fiscal year.

Sec. 50. Minnesota Statutes 1992, section 126.239, subdivision 3, is amended to read:

Subd. 3. [SUBSIDY FOR EXAMINATION FEES.] The state may pay all or part of the fee for advanced placement or international baccalaureate examinations for pupils in public and nonpublic schools whose circumstances make state payment advisable. ~~The state board of education commissioner~~ shall adopt a schedule for fee subsidies that may allow payment of the entire fee for low-income families, as defined by the ~~state board commissioner~~. ~~The state board commissioner~~ may also determine the circumstances under which the fee is subsidized; in whole or in part. ~~The state board commissioner~~ shall determine procedures for state payments of fees.

Sec. 51. Minnesota Statutes 1992, section 126.267, is amended to read:

126.267 [TECHNICAL ASSISTANCE.]

~~The state board of education commissioner~~ shall provide technical assistance to school districts receiving aid pursuant to section 124.273 and to post-secondary institutions for preservice and in-service training for bilingual education teachers and English as a second language teachers employed in educational programs for limited English proficient students, teaching methods, curriculum development, testing and testing mechanisms, and the development of instructional materials for these educational programs.

Sec. 52. Minnesota Statutes 1992, section 126.268, subdivision 2, is amended to read:

Subd. 2. ~~The state board of education commissioner~~ may apply for moneys which are or may become available under federal refugee assistance and other programs for administration, demonstration projects, training, technical assistance, planning, and evaluation of programs for limited English proficient students.

Sec. 53. Minnesota Statutes 1992, section 126.52, subdivision 8, is amended to read:

Subd. 8. [TECHNICAL ASSISTANCE.] ~~The state board commissioner~~ shall provide technical assistance to school districts, schools and post-secondary institutions for preservice and in-service training for American Indian education teachers and teacher's aides, teaching methods, curriculum development, testing and testing mechanisms, and the development of materials for American Indian education programs.

Sec. 54. Minnesota Statutes 1992, section 126.52, subdivision 9, is amended to read:

Subd. 9. [APPLICATION FOR FUNDS.] The ~~state board~~ commissioner shall apply for money which may be available under federal programs for American Indian education, including funds for administration, demonstration projects, training, technical assistance, planning and evaluation.

Sec. 55. Minnesota Statutes 1992, section 126.54, subdivision 1, is amended to read:

Subdivision 1. [GRANTS; PROCEDURES.] Each fiscal year the state board of education shall make grants to no fewer than six American Indian language and culture education programs. At least three programs shall be in urban areas and at least three shall be on or near reservations. The board of a local district, a participating school or a group of boards may develop a proposal for grants in support of American Indian language and culture education programs. Proposals may provide for contracts for the provision of program components by nonsectarian nonpublic, community, tribal, or alternative schools. The ~~state board~~ commissioner shall prescribe the form and manner of application for grants, and no grant shall be made for a proposal not complying with the requirements of sections 126.45 to 126.55. The state board shall submit all proposals to the state advisory task force on American Indian language and culture education programs for its recommendations concerning approval, modification, or disapproval and the amounts of grants to approved programs.

Sec. 56. Minnesota Statutes 1992, section 126.56, subdivision 4a, is amended to read:

Subd. 4a. [ELIGIBLE PROGRAMS.] A scholarship may be used only for an eligible program. To be eligible, a program must:

(1) provide, as its primary purpose, academic instruction for student enrichment in curricular areas including, but not limited to, communications, humanities, social studies, social science, science, mathematics, art, or foreign languages;

(2) not be offered for credit to post-secondary students;

(3) not provide remedial instruction;

(4) meet any other program requirements established by the state board of education and the higher education coordinating board; and

(5) be approved by the ~~state board of education~~ commissioner.

Sec. 57. Minnesota Statutes 1992, section 126.56, subdivision 7, is amended to read:

Subd. 7. [ADMINISTRATION.] The ~~state board of education and the higher education coordinating board~~ and commissioner shall determine the time and manner for scholarship applications, awards, and program approval.

Sec. 58. Minnesota Statutes 1992, section 126.665, is amended to read:

126.665 [STATE CURRICULUM ADVISORY COMMITTEE.]

The ~~commissioner~~ state board shall appoint a state curriculum advisory committee of 11 members to advise ~~the state board~~ it and the department on the PER process. Nine members shall be from each of the educational cooperative service units and two members shall be at-large. The committee shall include representatives from the state board of education, higher education, parents, teachers, administrators, business, and school board members. ~~Each member shall be a present or past member of a district curriculum advisory committee.~~ The state committee shall provide information and recommendations about at least the following:

(1) department procedures for reviewing and approving reports and disseminating information;

(2) exemplary PER processes;

(3) recommendations for improving the PER process and reports; and

(4) developing a continuous process for identifying and attaining essential learner outcomes.

The committee expires as provided in section 15.059, subdivision 5.

Sec. 59. Minnesota Statutes 1992, section 126A.07, subdivision 1, is amended to read:

Subdivision 1. [COOPERATION AND SUPPORT.] The director shall cooperate with and support the environmental education program developed by the state board of education and the department of education commissioner.

Sec. 60. Minnesota Statutes 1992, section 128A.024, subdivision 2, is amended to read:

Subd. 2. [VARIOUS LEVELS OF SERVICE.] The academies must provide their pupils with the levels of service defined in ~~state board rules of the state board~~.

Sec. 61. [REPEALER.]

Minnesota Statutes 1992, section 125.703, is repealed.

ARTICLE 13

CONFORMING CHANGES

Section 1. Minnesota Statutes 1992, section 120.17, subdivision 7a, is amended to read:

Subd. 7a. [ATTENDANCE AT SCHOOL FOR THE DISABLED.] Responsibility for special instruction and services for a visually disabled or hearing impaired child attending the Minnesota state academy for the deaf or the Minnesota state academy for the blind shall be determined in the following manner:

(a) The legal residence of the child shall be the school district in which the child's parent or guardian resides.

(b) When it is determined pursuant to section 128A.05, subdivision 1 or 2, that the child is entitled to attend either school, the state board shall provide the appropriate educational program for the child. The state board shall make a tuition charge to the child's district of residence for the cost of providing the program. The amount of tuition charged shall not exceed the basic revenue of the district for that child, for the amount of time the child is in the program. For purposes of this subdivision, "basic revenue" has the meaning given it in section 124A.22, subdivision 2. The district of the child's residence shall pay the tuition and may claim general education aid for the child. ~~The district of the child's residence shall not receive aid pursuant to section 124.32, subdivision 5, for tuition paid pursuant to this subdivision.~~ Tuition received by the state board, except for tuition received under clause (c), shall be deposited in the state treasury as provided in clause (g).

(c) In addition to the tuition charge allowed in clause (b), the academies may charge the child's district of residence for the academy's unreimbursed cost of providing an instructional aide assigned to that child, if that aide is required by the child's individual education plan. Tuition received under this clause must be used by the academies to provide the required service.

(d) When it is determined that the child can benefit from public school enrollment but that the child should also remain in attendance at the applicable school, the school district where the institution is located shall provide an appropriate educational program for the child and shall make a tuition charge to the state board for the actual cost of providing the program, less any amount of aid received pursuant to section 124.32. The state board shall pay the tuition and other program costs including the unreimbursed transportation costs. Aids for children with a disability shall be paid to the district providing the special instruction and services. Special transportation shall be provided by the district providing the educational program and the state shall reimburse such district within the limits provided by law.

(e) Notwithstanding the provisions of clauses (b) and (d), the state board may agree to make a tuition charge for less than the amount specified in clause (b) for pupils attending the applicable school who are residents of the district where the institution is located and who do not board at the institution, if that district agrees to make a tuition charge to the state board for less than the amount specified in clause (d) for providing appropriate educational programs to pupils attending the applicable school.

(f) Notwithstanding the provisions of clauses (b) and (d), the state board may agree to supply staff from the Minnesota state academy for the deaf and the Minnesota state academy for the blind to participate in the programs

provided by the district where the institutions are located when the programs are provided to students in attendance at the state schools.

(g) On May 1 of each year, the state board shall count the actual number of Minnesota resident kindergarten and elementary students and the actual number of Minnesota resident secondary students enrolled and receiving education services at the Minnesota state academy for the deaf and the Minnesota state academy for the blind. The state board shall deposit in the state treasury an amount equal to all tuition received less:

(1) the total number of students on May 1 less 175, times the ratio of the number of kindergarten and elementary students to the total number of students on May 1, times the general education formula allowance; plus

(2) the total number of students on May 1 less 175, times the ratio of the number of secondary students on May 1 to the total number of students on May 1, times 1.3, times the general education formula allowance.

(h) The sum provided by the calculation in clause (g), subclauses (1) and (2), must be deposited in the state treasury and credited to the general operation account of the academy for the deaf and the academy for the blind.

(i) There is annually appropriated to the department of education for the Faribault academies the tuition amounts received and credited to the general operation account of the academies under this section. A balance in an appropriation under this paragraph does not cancel but is available in successive fiscal years.

Sec. 2. Minnesota Statutes 1992, section 121.88, subdivision 8, is amended to read:

Subd. 8. [YOUTH DEVELOPMENT PLANS.] A district advisory council may prepare a youth development plan. ~~The council is encouraged to use the state model plan developed under section 121.87, subdivision 1a, when developing the local plan.~~ The school board may approve the youth development plan.

Sec. 3. Minnesota Statutes 1992, section 124.195, subdivision 8, is amended to read:

Subd. 8. [PAYMENT PERCENTAGE FOR REIMBURSEMENT AIDS.] One hundred percent of the aid for the last fiscal year must be paid for the following aids: ~~special education residential aid according to section 124.32, subdivision 5;~~ special education pupil aid according to section 124.32, subdivision 6; special education summer school aid, according to section 124.32, subdivision 10; and planning, evaluating, and reporting process aid according to section 124.274.

Sec. 4. Minnesota Statutes 1992, section 124.322, subdivision 2, is amended to read:

Subd. 2. [AMOUNT OF ALTERNATIVE DELIVERY REVENUE.] For the first fiscal year after approval of an application, a district shall receive the sum of the revenue it received for the preceding fiscal year for its special education program under section 124.32, subdivisions 1b, 2, 5, and 10, and Minnesota Statutes 1990, section 275.125, subdivision 8c, or section 124.321, subdivisions 1 and 2, as applicable, multiplied by 1.03. For each of the next two fiscal years, the district shall receive the amount it received for the previous fiscal year multiplied by 1.03.

Sec. 5. Minnesota Statutes 1992, section 124.322, subdivision 3, is amended to read:

Subd. 3. [ALTERNATIVE DELIVERY AID.] For the first fiscal year after approval of an application, a district shall receive the sum of the aid it received for the preceding fiscal year under section 124.32, subdivisions 1b, 2, 5, and 10, multiplied by 1.03. The aid for the first year of revenue shall not be prorated. For each of the next two fiscal years, the district shall receive the amount of aid it received for the previous fiscal year multiplied by 1.03. A district that receives aid under this subdivision shall not receive aid under section 124.32, subdivisions 1b, 2, 5, and 10, for the same fiscal year."

Delete the title and insert:

"A bill for an act relating to education; prekindergarten through grade 12; providing for general education; transportation; special programs; early childhood, community, and adult education; facilities; organization and cooperation; access to excellence; miscellaneous programs and provisions; choice programs; libraries; state agencies; and realignment of responsibilities; appropriating money; amending Minnesota Statutes 1992, sections 3.873, subdivisions 4, 5, 6, 7, and 9; 120.06, subdivision 3; 120.062, subdivision 5, and by adding a subdivision; 120.0621;

120.064, subdivisions 3 and 4; 120.0751, subdivisions 1, 2, 3, and 4; 120.101, subdivisions 5 and 5b; 120.102, subdivision 1; 120.17, subdivision 7a; 120.73, subdivision 1; 120.75; 121.15, subdivision 4; 121.16, subdivision 1; 121.201, subdivision 1; 121.585, subdivision 8; 121.612, subdivisions 2 and 4; 121.831; 121.88, subdivision 8; 121.882, subdivision 2b; 121.901, subdivisions 1 and 2; 121.902; 121.904, subdivisions 4a, 4e, and 14; 121.912, subdivision 6, and by adding a subdivision; 121.9121; 121.914, subdivision 3; 121.934, subdivision 1; 121.935, subdivisions 2 and 5; 121.936; 122.22, by adding a subdivision; 122.242, subdivision 9; 122.531, subdivision 4a; 122.895, subdivision 2, and by adding subdivisions; 123.34, subdivision 9; 123.35, subdivision 17; 123.351, subdivisions 6, 8, and 9; 123.3513; 123.3514, subdivisions 5, 6, 6b, 6c, and 8; 123.36, by adding a subdivision; 123.39, by adding a subdivision; 123.58, subdivisions 6, 7, 8, and 9; 123.702, subdivisions 1, 1a, 1b, 3, and 4; 123.7045; 123.71, subdivision 1; 123.932, subdivision 7; 123.935, subdivision 7; 123.947; 124.09; 124.10, subdivision 1; 124.14, subdivisions 1 and 4; 124.17, subdivisions 1, 2c, and by adding a subdivision; 124.19, subdivisions 1 and 4; 124.195, subdivisions 8 and 9; 124.223, subdivision 3; 124.225, subdivisions 1, 3a, 7b, 7d, and 7e; 124.226, subdivisions 1, 3, 9, and by adding a subdivision; 124.243, subdivisions 1, 2, 2a, 6, and 8; 124.248, subdivision 4; 124.26, subdivision 2; 124.2601, subdivisions 4 and 6; 124.261, subdivision 1; 124.2615, subdivisions 2 and 3; 124.2711, subdivision 1; 124.2714; 124.2721, subdivisions 1 and 3; 124.2725, subdivisions 2, 4, 5, 6, 10, and 13; 124.273, by adding a subdivision; 124.276, subdivision 3; 124.32, subdivision 1d; 124.322, subdivisions 2, 3, 4, and by adding a subdivision; 124.332, subdivision 2; 124.37; 124.38, by adding a subdivision; 124.431, subdivisions 1, 1a, 2, and 14; 124.48, subdivisions 1 and 3; 124.494, subdivisions 1, 2, and by adding a subdivision; 124.573, subdivision 3; 124.574, by adding a subdivision; 124.625; 124.64; 124.645, subdivisions 1 and 2; 124.69, subdivision 1; 124.73, subdivision 1; 124.79; 124.83, subdivisions 1, 2, 4, 6, and by adding a subdivision; 124.91, subdivision 3; 124.912, subdivisions 2 and 3; 124.95, subdivisions 1, 2, 2a, and 3; 124.961; 124A.03, subdivision 1c, and by adding a subdivision; 124A.22, subdivisions 2, 4, 5, 6, 8, and 9; 124A.23, subdivision 1; 124A.26, subdivision 1, and by adding a subdivision; 124A.27, subdivision 2; 124A.29, subdivision 1; 124A.70; 124A.72; 124C.08, subdivision 1; 125.05, subdivision 1a; 125.185, subdivisions 4 and 6; 125.1885, subdivision 3; 125.189; 126.151, subdivision 2; 126.22, subdivisions 2, 3, 3a, and 4; 126.239, subdivision 3; 126.267; 126.268, subdivision 2; 126.52, subdivisions 8 and 9; 126.54, subdivision 1; 126.56, subdivisions 4a and 7; 126.665; 126.67, subdivision 8; 126.70, subdivision 2a; 126A.07, subdivision 1; 127.15; 127.455; 127.46; 128A.024, subdivision 2; 128A.03, subdivision 2; 129C.10, subdivision 1, and by adding a subdivision; 134.31, subdivisions 1, 2, and 5; 134.32, subdivision 8; 145A.10, subdivision 5; 256E.03, by adding subdivisions; 256E.08, subdivision 1; 256E.09, subdivision 2, and by adding a subdivision; 473F.02, by adding a subdivision; and 475.61, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 4; 121; 124; 124A; 124C; 125; 126; 128A; Laws 1991, chapters 256, article 8, section 14, as amended; 265, articles 1, section 30; and 2, section 19, subdivision 2; and Laws 1992, chapters 499, article 8, section 33; 571, article 10, section 29; repealing Minnesota Statutes 1992, sections 120.0621, subdivision 5; 121.87; 124.197; 124.2721, subdivisions 2 and 4; 124.32, subdivision 5; 124.615; 124.62; 125.703; 126.22, subdivision 2a; and Laws 1988, chapter 486, section 59."

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

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 378, A bill for an act relating to the state board of investment; management of funds under board control; amending Minnesota Statutes 1992, sections 11A.08, subdivision 4; 11A.14, subdivisions 1, 2, 4, and 5; 11A.24, subdivisions 1 and 4; 69.77, subdivision 2g; 69.775; 116P.11; 352.96, subdivision 3; 356.24, subdivision 1; and 424A.06, subdivision 4.

Reported the same back with the following amendments:

Page 1, line 24, after the period insert "The assets of participating nonretirement funds may not be commingled with the assets of participating public retirement plans."

Page 8, line 18, after the period insert "The periodic review must occur at least every two years."

Page 11, after line 10, insert:

"Sec. 14. [EFFECTIVE DATE.]

Sections 1 to 13 are effective on the day following final enactment."

With the recommendation that when so amended the bill pass.

The report was adopted.

Brown, C., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 467, A bill for an act relating to local government; establishing a county option for sales of tax-forfeited lands; requiring reimbursement to county for administrative expenses of special assessments; modifying date for submission of rental statements by housing and redevelopment authority; amending Minnesota Statutes 1992, sections 282.01, subdivision 7; 429.061, by adding a subdivision; and 469.040, subdivision 3.

Reported the same back with the following amendments:

Page 1, delete section 1

Page 3, delete line 34

Page 3, line 35, delete "2" and insert "1"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon

Page 1, line 3, delete everything before "requiring"

Page 1, line 8, delete everything before "429.061"

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

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 490, A bill for an act relating to retirement; removing the requirement for periodic review of the rule of 90; repealing Minnesota Statutes 1992, section 356.85.

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

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 570, A bill for an act relating to retirement; the public employees retirement association; increasing the pension benefit multiplier for the public employees police and fire fund; amending Minnesota Statutes 1992, sections 353.651, subdivision 3; and 353.656, subdivision 1.

Reported the same back with the following amendments:

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 1992, section 353.65, is amended by adding a subdivision to read:

Subd. 3a. [INCREASE IN EMPLOYEE AND EMPLOYER CONTRIBUTIONS IN CERTAIN INSTANCES.] (a) In addition to the contribution rates in effect under subdivisions 2 and 3, if the most recent regular actuarial valuation of the public employees police and fire fund under section 356.215 indicates that the fund has an unfunded actuarial accrued liability and that there is a deficiency when the total actuarial funding requirements of the fund are compared to the total support, expressed as a percentage of covered payroll, the employee and employer contribution rates must be increased.

(b) The increase in the employee contribution rate is 40 percent of the deficiency in total support indicated under paragraph (a), expressed as a percentage of covered payroll. The increase in the employer contribution rate is the balance of that percentage rate deficiency.

(c) The contribution rate increase must be determined by the executive director of the public employees retirement association.

(d) The contribution rate increase is effective on the January 1 next following the actuarial valuation disclosing the deficiency specified in paragraph (a). The increased contribution rate continues until the regular actuarial valuations of the public employees police and fire fund under section 356.215 no longer indicates that there is a deficiency when the total actuarial funding requirements of the fund are compared to the total support."

Page 2, after line 11, insert:

"Sec. 4. [PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN: ELECTION OF COVERAGE IN CERTAIN INSTANCES.]

(a) Notwithstanding any provision to the contrary of Minnesota Statutes, chapter 353 or 353D, a person described in paragraph (b) is eligible to elect contributions for prior service under paragraph (c) and coverage for future public employment under paragraph (d).

(b) A person eligible to make the elections provided for in this section is a person who:

(1) was born on March 3, 1939;

(2) was an elected official of Blackberry township during the period March 1972 through March 1990;

(3) became an employee of the city of Deer River in March 1987; and

(4) is a member of the coordinated program of the public employees retirement association under Minnesota Statutes, chapter 353, on the effective date of this section.

(c) An eligible person may elect to make member contributions for prior service as an elected official of Blackberry township to the public employees defined contribution plan under Minnesota Statutes, chapter 353D. The election must be made on a form prescribed by the executive director of the public employees retirement association. The election form must be accompanied with a lump sum payment of prior member contributions of \$1,937.93, plus interest on that amount at an annual compound rate of six percent from July 1, 1993, to the date payment is made, if payment is made after July 1, 1993. If the person pays the prior member contributions and if the subdivision agrees to make the employer contribution payment, the employing governmental subdivision for the March 1972 through March 1990 period shall pay, in a lump sum, \$2,447.69 plus interest on that amount at an annual compound rate of six percent from July 1, 1993, to the date payment is made, and shall make that payment within 60 days of the payment of the prior member contribution amount and receipt of a notice from the executive director of the public employees retirement association. If the employing governmental subdivision for the March 1972 through March 1990 period does not agree to make the employer contribution payment, the eligible person shall make the same contribution payment that the employing governmental subdivision would have made on the date of payment. The amounts under this paragraph must be deposited in the Minnesota supplemental investment fund to the credit of the person making the member contribution amount as provided in Minnesota Statutes, section 353D.05. Authority to make the prior service member contributions under this paragraph expires on July 1, 1994.

(d) An eligible person may elect to participate in the public employees defined contribution plan governed by Minnesota Statutes, chapter 353D, rather than the coordinated program of the public employees retirement association

governed by Minnesota Statutes, chapter 353, for future service as an employee of the city of Deer River after June 30, 1993. The election under this paragraph must be made by July 1, 1993. No refund under Minnesota Statutes, section 353.34, is payable unless the person terminates public employment qualifying for coverage under Minnesota Statutes, chapter 353 or 353D."

Page 2, line 13, delete "and 2" and insert ", 2, and 3"

Page 2, line 14, after the period insert "Section 4 is effective on the day following final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after "sections" insert "353.65, by adding a subdivision;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 611, A bill for an act relating to health care; creating the children's mental health integrated fund; establishing an integrated service system for delivering mental health services to children; creating local children's mental health collaboratives; extending the statewide task force; appropriating money; amending Minnesota Statutes 1992, sections 245.4873, subdivision 2; and 256B.0625, by adding subdivisions; Laws 1991, chapter 292, article 6, section 57, subdivisions 1 and 3; proposing coding for new law in Minnesota Statutes, chapter 245.

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

The report was adopted.

Jacobs from the Committee on Regulated Industries and Energy to which was referred:

H. F. No. 771, A bill for an act relating to the city of Minneapolis; permitting the city to license certain liquor sales.

Reported the same back with the following amendments:

Page 1, line 5, before "SALE" insert "MINNEAPOLIS;"

Page 1, line 10, delete "396, section 1" and insert "400, section 44" and after the second comma, insert "except east of the Mississippi River,"

Page 2, after line 14, insert:

"Sec. 2. [BLOOMINGTON; SALES DURING LATE HOURS.]

Subdivision 1. [LICENSES AUTHORIZED.] The city of Bloomington may by ordinance, after a public hearing, issue to a holder of an on-sale alcoholic beverage license, for an establishment the main entrance of which is located within one mile on either side of the boundaries of marked Interstate Highway No. 494 within the city, an additional license authorizing the licensee to make on-sales between the hours of 1:00 a.m. and 2:00 a.m. and to permit the consumption of alcoholic beverages until at least 3:00 a.m. The license is in addition to the number of licenses authorized by Minnesota Statutes, section 340A.413.

Subd. 2. [ORDINANCES.] An ordinance under subdivision 1 must contain at a minimum the requirements in paragraphs (a) and (b) for holders of licenses under this section.

(a) The licensee must have on duty at all times during the hours when making sales or permitting consumption under the license issued under this section at least one employee, serving or supervising, whom the city or county has certified as having successfully completed a server training program which has been certified by the city or county as providing adequate training for servers in:

- (1) recognizing the signs of intoxication;
- (2) skills in intervention to prevent intoxication;
- (3) knowledge of state laws governing licensee responsibilities;
- (4) knowledge of alcohol affects; and
- (5) methods of avoiding making illegal sales.

(b) The licensee must adopt and maintain in continuous effect during the hours when making sales or permitting consumption under the license authorized under this section a policy, approved by the city or county, of promoting the sale of consumption of food and nonalcoholic beverages at least to the same extent that the licensee promotes the sale or consumption of alcoholic beverages."

Page 2, line 15, delete "2" and insert "3"

Page 2, delete lines 16 to 18 and insert:

"Section 1 is effective on approval by the Minneapolis city council and compliance with Minnesota Statutes, section 645.021, subdivision 3. Section 2 is effective on approval by the Bloomington city council and compliance with Minnesota Statutes, section 645.021, subdivision 3."

Delete the title and insert:

"A bill for an act relating to alcoholic beverages; allowing Minneapolis and Bloomington to license on-sales during certain hours."

With the recommendation that when so amended the bill pass.

The report was adopted.

Osthoff from the Committee on Transportation and Transit to which was referred:

H. F. No. 854, A bill for an act relating to drivers' licenses; clarifying requirement of endorsement for special transportation service drivers within the metropolitan area; abolishing examination requirement and certain fees for special transportation service drivers; providing for criminal records checks of special transportation service drivers; amending Minnesota Statutes 1992, sections 171.01, subdivision 24; 171.02, subdivision 2; 171.10, subdivision 2; 171.13, subdivision 5; and 171.323.

Reported the same back with the following amendments:

Page 1, delete section 1

Page 2, lines 9 to 12, delete the new language

Page 3, line 17, delete "(a)"

Page 3, delete lines 25 to 29

Pages 4 and 5, delete section 5

Page 5, after line 23, insert:

"Sec. 4. [REPEALER.]

Minnesota Statutes 1992, sections 171.01, subdivision 24; and 171.323, are repealed."

Renumber the sections in sequence

Delete the title and insert:

"A bill for an act relating to drivers' licenses; eliminating driver's license endorsement requirement for special transportation service drivers; amending Minnesota Statutes 1992, sections 171.02, subdivision 2; 171.10, subdivision 2; and 171.13, subdivision 5; repealing Minnesota Statutes 1992, sections 171.01, subdivision 24; and 171.323."

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

Battaglia from the Committee on Environment and Natural Resources Finance to which was referred:

H. F. No. 859, A bill for an act relating to natural resources; granting power to the commissioner of natural resources to give nominal gifts, acknowledge significant contributions and sell incidental advertising; amending Minnesota Statutes 1992, section 84.027, by adding a subdivision.

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

The report was adopted.

Simoneau from the Committee on Health and Human Services to which was referred:

H. F. No. 867, A bill for an act relating to health; regulating ionization radiation; exempting practitioners of veterinary medicine from certain quality assurance tests; amending Minnesota Statutes 1992, section 144.121, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, after line 14, insert:

"Sec. 2. Minnesota Statutes 1992, section 144.121, is amended by adding a subdivision to read:

Subd. 4. [RADIATION MONITORING.] Whenever involved in radiation procedures, practitioners of veterinary medicine and staff shall wear film based radiation monitoring badges to monitor individual exposure. The badges must be submitted periodically to a dosimetry service for individual exposure determination."

Page 1, line 15, delete "2" and insert "3"

Amend the title as follows:

Page 1, lines 5 and 6, delete "a subdivision" and insert "subdivisions"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 898, A bill for an act relating to natural resources; clarifying, modifying, and expanding rulemaking authority and other powers and duties of the commissioner of natural resources relating to game and fish, wild rice, stromatolites, and cross-country ski passes; clarifying, modifying, and expanding provisions relating to the taking, purchase, sale, possession, and transportation of wild animals; regulating entry and uses on certain public lands and waters; providing for the expiration of certain commissioner's orders; providing an exemption from rulemaking requirements; authorizing emergency rules; providing penalties; appropriating money; amending Minnesota Statutes 1992, sections 84.14, subdivision 3; 84.1525, subdivision 2; 85.41, subdivision 2; 85.45; 97A.045, subdivision 4, and by adding a subdivision; 97A.055, by adding a subdivision; 97A.091, subdivisions 1 and 2; 97A.095, subdivision 2; 97A.105, subdivision 1, and by adding a subdivision; 97A.137; 97A.255, subdivision 2; 97A.401, subdivision 4; 97A.415, subdivision 2; 97A.431, subdivisions 1 and 4; 97A.433, subdivisions 1 and 4; 97A.435, subdivision 4; 97A.441, by adding a subdivision; 97A.475, by adding a subdivision; 97A.485, subdivision 6, and by adding a subdivision; 97A.505, subdivision 5, and by adding a subdivision; 97A.535, subdivision 2; 97A.545, subdivisions 1, 2, 4, and by adding a subdivision; 97A.551, by adding a subdivision; 97B.425; 97B.671, subdivisions 1 and 2; 97B.711, subdivision 2, and by adding a subdivision; 97B.721; 97B.811, by adding a subdivision; 97C.025; 97C.051, subdivision 1; 97C.081, subdivisions 2, 3, and by adding a subdivision; 97C.205; 97C.311; 97C.331; 97C.345, subdivision 4, and by adding a subdivision; 97C.391, subdivision 1; 97C.405; 97C.505, subdivision 1; 97C.601, subdivision 6; 97C.805, subdivisions 1, 2, and 4; and 97C.865; Laws 1991, chapter 259, section 24; proposing coding for new law in Minnesota Statutes, chapters 97A; 97B; and 97C.

Reported the same back with the following amendments:

Page 24, line 3, delete everything before "may" and insert "37, 42, 44, 48, 53, 54, 58, 61, 62, 66, and 67"

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

The report was adopted.

Osthoff from the Committee on Transportation and Transit to which was referred:

H. F. No. 968, A bill for an act relating to public safety; allowing social security numbers of commercial drivers to be provided to the federal commercial driver license information system; allowing person whose vehicle license plates are impounded to designate a licensed driver for the purpose of obtaining special series license plates; prohibiting person whose license plates are impounded from purchasing a motor vehicle under certain conditions; clarifying driver's license classification provisions; imposing fee for duplicate identification card; requiring application for duplicate identification card when certain information changes; including certain traffic offenses as being serious violations when committed by commercial vehicle drivers; providing for driver's license reinstatement fees; amending Minnesota Statutes 1992, sections 13.69, subdivision 1; 168.042, subdivision 12, and by adding a subdivision; 171.02, subdivision 2; 171.06, subdivision 2; 171.11; 171.165, subdivision 4; and 171.29, subdivision 2.

Reported the same back with the following amendments:

Page 2, line 17, strike "valid" and delete "who they" and insert "whom the violator"

Page 3, lines 26 to 30, reinstate the stricken language and delete the new language

Page 3, lines 34 to 36, reinstate the stricken language

Page 5, line 20, after "169.18" insert ", subdivision 8"

Page 5, line 21, after "169.18" insert ", subdivisions 3 and 7" and after "169.19" insert ", subdivision 4"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Economic Development, Infrastructure and Regulation Finance.

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 973, A bill for an act relating to retirement; benefit computation for members of the Bloomington police relief association.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

BLOOMINGTON POLICE BENEFIT COMPUTATION CHANGES

Section 1. [BLOOMINGTON POLICE SERVICE PENSIONS.]

Notwithstanding Minnesota Statutes, section 423.809, subdivision 1, or any other law to the contrary, the Bloomington police relief association shall grant pensions payable from the police pension fund in monthly installments, in the manner and for the following purposes:

(a) Any member of the age of 50 years or older, who has performed duty as a member of the police department of the city for 20 years or more, and who terminated active service as a Bloomington police officer before January 31, 1994, shall be paid monthly during the retiring member's lifetime a service pension equal to 38 units plus an additional one unit for each year of service in excess of 20 years, but not to exceed 45 units, except for those members who retire after January 31, 1994, who shall be paid monthly during the retiring members' lifetime a pension equal to 35 units, plus an additional one unit for each year of service in excess of 20 years, but not to exceed 42 units.

(b) Any member who performed duty as a member of the police department of the city for 20 years or more who retired from duty before attaining the age of 50 years, upon written application after reaching the age of 50 years shall be paid monthly during the retiring member's lifetime a pension equal to 38 units plus an additional one unit for each year of service in excess of 20 years, but not to exceed 45 units, except for those members who retire after January 31, 1994, before attaining the age of 50 years who shall be paid monthly during the retiring members' lifetime a pension equal to 35 units plus an additional one unit for each year of service in excess of 20 years but not to exceed 42 units.

(c) Any member receiving a disability benefit as of January 31, 1994, is entitled to receive a monthly benefit during the disabilitant's lifetime while so disabled equal to 39 units.

Sec. 2. [SURVIVOR BENEFITS.]

Notwithstanding Minnesota Statutes, section 423.810, subdivision 1, or any other law to the contrary, when a service pensioner, disability pensioner, or deferred pensioner, or an active member of a relief association dies, leaving a surviving spouse, one or more surviving children, or both, the surviving spouse and child, or children, shall be entitled to a pension, or pensions, from the relief association as follows:

(a) To the surviving spouse, a monthly pension of 20-1/2 units or one-half of the units per month to which the member was entitled, whichever is greater, for life.

(b) To each surviving child, a monthly pension of six units until the child reaches the age of 18 years or the age of 22 years if the surviving child is a full-time student.

(c) The total pensions for the surviving spouse and children of a deceased member shall not exceed 45 units per month.

"Surviving spouse" means a person who was the member's legally married spouse, residing with the member, and who was married during or prior to the time the member was on the payroll of the police department, and who, in case the deceased member was a service or deferred pensioner, was legally married to the member at least one year before the member's retirement from the police department. "Surviving child" means any child of the deceased member who was living while the deceased member was on the payroll of the police department or was born within ten months after the deceased member was withdrawn from the payroll of the police department and who has not attained the age of 18 years, provided, however, that the fund may continue to pay the benefit up to age 22 if the surviving child is a full-time student.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective upon an affirmative vote by the Bloomington police relief association to consolidate with the public employees retirement association under Minnesota Statutes, section 353A.04, and on approval of sections 1 and 2 by the Bloomington city council and compliance with Minnesota Statutes, section 645.021.

ARTICLE 2

CONFORMING CHANGES

Section 1. Minnesota Statutes 1992, section 353B.07, subdivision 3, is amended to read:

Subd. 3. [FORMULA PERCENTAGE RATE.] (a) The formula percentage rate shall be 2.333 percent per year of allowable service for each of the first 20 years of allowable service, 1.333 percent per year of allowable service for each year of allowable service in excess of 20 years but not in excess of 27 years, and .5 percent for each year of allowable service in excess of 25 years for the former members of the following consolidating relief associations:

- (1) Rochester fire department relief association;
- (2) Rochester police relief association;
- (3) St. Cloud fire department relief association;
- (4) St. Cloud police relief association;
- (5) St. Louis Park police relief association; and
- (6) Winona police relief association.

(b) The formula percentage rate shall be 2.5 percent per year of allowable service for each of the first 20 years of allowable service for the former members of the following consolidating relief associations:

- (1) Albert Lea police relief association;
- (2) Anoka police relief association;
- (3) Faribault fire department relief association;
- (4) Faribault police benefit association;
- (5) Mankato police benefit association;
- (6) Red Wing police relief association; and
- (7) West St. Paul police relief association.

(c) The formula percentage rate shall be 2.5 percent per year of allowable service for each of the first 20 years of allowable service and .5 percent per year of allowable service for each year of service in excess of 25 years of allowable service for the former members of the following consolidating relief associations:

- (1) Austin firefighters relief association;
- (2) Austin police relief association;
- (3) South St. Paul firefighters relief association;
- (4) South St. Paul police relief association; and
- (5) Virginia police relief association.

(d) The formula percentage rate shall be 2.1875 percent per year of allowable service for each of the first 20 years of allowable service and 1.25 percent per year of allowable service for each year of allowable service in excess of 20 years of allowable service but not in excess of 27 years of allowable service for the former members of the ~~following consolidating relief associations:~~

- ~~(1) Bloomington police relief associations; and~~
- (2) Columbia Heights police relief association.

(e) The formula percentage rate shall be 2.65 percent per year of allowable service for each of the first 20 years of allowable service and an additional annual benefit of \$120 per year of allowable service in excess of 20 years of allowable service but not in excess of 25 years of allowable service for the former members of the following consolidating relief associations:

- (1) Hibbing firefighters relief association; and
- (2) Hibbing police relief association.

(f) The formula percentage rate or rates shall be the following for the former members of the consolidating relief associations as indicated:

(1) 2.5 percent per year of allowable service for each of the first 20 years of allowable service, one percent per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, and 1.5 percent per year of allowable service in excess of 25 years of allowable service, Albert Lea firefighters relief association;

(2) 2.5333 percent per year of allowable service for each of the first 20 years of allowable service and 1.3333 percent per year of allowable service in excess of 20 years of allowable service, but not in excess of 27 years of allowable service, if service as an active member terminated before January 31, 1994, and 2.3333 percent per year of allowable service for each of the first 20 years of allowable service and 1.3333 percent per year of allowable service for each year of allowable service in excess of 20 years of allowable service, but not in excess of 27 years of allowable service, if service as an active member terminated on or after January 31, 1994, Bloomington police relief association;

(3) the greater of 2.5 percent per year of allowable service for each of the first 20 years of allowable service applied to the final salary base, or two percent per year of allowable service for each of the first 20 years of allowable service applied to top grade patrol officer's salary base, Brainerd police relief association;

~~(3)~~ (4) 4.25 percent per year of allowable service for each of the first 20 years of allowable service and an additional benefit of \$10 per month per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, Buhl police relief association;

~~(4)~~ (5) 2.5 percent per year of allowable service for each of the first 20 years of allowable service and an additional benefit of \$5 per month per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, Chisholm firefighters relief association;

(5) (6) 2.5 percent per year of allowable service for each of the first 20 years of allowable service and an additional benefit of \$5 per month per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service and .5 percent per year of allowable service in excess of 25 years of allowable service, Chisholm police relief association;

(6) (7) 2.1875 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service and 1.75 percent per year of allowable service in excess of 25 years of allowable service, Columbia Heights fire department relief association, paid division;

(7) (8) 2.5 percent per year of allowable service for each year of the first 20 years of allowable service and 1.5 percent per year of allowable service rendered after attaining the age of 60 years, Crookston fire department relief association;

(8) (9) 2.5 percent per year of allowable service for each year of the first 30 years of allowable service, Crookston police relief association;

(9) (10) 2.25 percent per year of allowable service for each year of the first 20 years of allowable service and 1.25 percent per year of allowable service in excess of 20 years of allowable service, but not more than 27 years of service, Crystal police relief association;

(10) (11) 1.99063 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent for the 21st year of allowable service, and 2.5 percent per year of allowable service in excess of 21 years of allowable service but not more than 25 years of allowable service, Duluth firefighters relief association;

(11) (12) 1.9875 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent for the 21st year of allowable service, and 2.5 percent per year of allowable service in excess of 21 years of allowable service but not more than 25 years of allowable service, Duluth police relief association;

(12) (13) 2.5 percent per year of allowable service for each year of the first 20 years of allowable service, and two percent per year of allowable service in excess of 20 years but not more than 25 years of allowable service and not to include any year of allowable service rendered after attaining the age of 55 years, Fairmont police benefit association;

(13) (14) two percent per year of allowable service for each year of the first ten years of allowable service, 2.67 percent per year of allowable service in excess of ten years of allowable service but not more than 20 years of allowable service and 1.3333 percent per year of allowable service in excess of 20 years of service but not more than 27 years of allowable service, Fridley police pension association;

(14) (15) 2.5 percent per year of allowable service for each year of the first 20 years of allowable service and an additional annual amount of \$30 per year of allowable service in excess of 20 years of allowable service but not more than 30 years of allowable service, Mankato fire department relief association;

(15) (16) 2.0625 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent per year of allowable service in excess of 20 years of allowable service but not more than 24 years of allowable service and five percent for the 25th year of allowable service, Minneapolis fire department relief association;

(16) (17) 2.125 percent per year of allowable service for each year of the first 20 years of allowable service, 1.25 percent per year of allowable service in excess of 20 years of allowable service but not more than 24 years of allowable service, and five percent for the 25th year of allowable service, Minneapolis police relief association;

(17) (18) the greater of 2.5 percent per year of allowable service for each of the first 20 years of allowable service applied to the final salary base, or two percent per year of allowable service for each of the first 20 years of allowable service applied to highest patrol officer's salary base plus .5 percent of the final salary base per year of allowable service for each of the first three years of allowable service in excess of 20 years of allowable service, New Ulm police relief association;

(18) (19) two percent per year of allowable service for each of the first 25 years of allowable service and 1.5 percent per year of allowable service in excess of 25 years of allowable service, Red Wing fire department relief association;

~~(19)~~ (20) 2.55 percent per year of allowable service for each of the first 20 years of allowable service, Richfield fire department relief association;

~~(20)~~ (21) 2.4 percent per year of allowable service for each of the first 20 years of allowable service and 1.3333 percent per year of allowable service in excess of 20 years of allowable service but not more than 27 years of allowable service, Richfield police relief association;

~~(21)~~ (22) for a former member with less than 20 years of allowable service on June 16, 1985, 2.6 percent, and for a former member with 20 or more years of allowable service on June 16, 1985, 2.6175 percent for each of the first 20 years of allowable service and, for each former member, one percent for each year of allowable service in excess of 20 years, but no more than 30 years, St. Louis Park fire department relief association;

~~(22)~~ (23) 1.9375 percent per year of allowable service for each of the first 20 years of allowable service, 2.25 percent per year of allowable service in excess of 20 years of allowable service but not more than 25 years of allowable service, and .5 percent per year of allowable service in excess of 25 years of allowable service, St. Paul fire department relief association;

~~(23)~~ (24) two percent per year of allowable service for each of the first 25 years of allowable service and .5 percent per year of allowable service in excess of 25 years of allowable service, St. Paul police relief association;

~~(24)~~ (25) 2.25 percent per year of allowable service for each of the first 20 years of allowable service and one percent per year of allowable service in excess of 20 years but not more than 25 years of allowable service and .5 percent per year of allowable service in excess of 25 years, Virginia fire department relief association;

~~(25)~~ (26) two percent per year of allowable service for each of the first 20 years of allowable service, one percent per year of allowable service in excess of 20 years but not more than 24 years of allowable service, three percent for the 25th year of allowable service and one percent per year of allowable service in excess of 25 years of allowable service but not more than 30 years of allowable service, West St. Paul firefighters relief association; and

~~(26)~~ (27) 2.333 percent for each of the first 20 years of allowable service, 1.333 percent for each year of allowable service in excess of 20 years but no more than 28 years, and .5 percent for each year of allowable service in excess of 25 years, Winona fire department relief association.

Sec. 2. Minnesota Statutes 1992, section 353B.08, subdivision 6, is amended to read:

Subd. 6. [DUTY DISABILITY BENEFIT AMOUNT.] (a) The duty disability benefit shall be an amount equal to the service pension amount to which the person would have been entitled if the person had credit for the greater of actual years of allowable service or 20 years of allowable service, had attained the minimum age for the receipt of a service pension, and had applied for a service pension rather than a disability benefit for the former members of the following consolidating relief associations:

- (1) Albert Lea firefighters relief association;
- (2) Albert Lea police relief association;
- (3) Anoka police relief association;
- (4) Austin police relief association;
- (5) Buhl police relief association;
- (6) Chisholm police relief association;
- (7) Duluth police relief association;
- (8) Faribault fire department relief association;
- (9) Mankato police benefit association;
- (10) Minneapolis police relief association;

- (11) New Ulm police relief association;
- (12) Red Wing police relief association;
- (13) St. Paul police relief association;
- (14) South St. Paul police relief association; and
- (15) Virginia police relief association.

(b) The duty disability benefit shall be an amount equal to 48 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Fridley police pension association;
- (2) Richfield police relief association;
- (3) Rochester fire department relief association;
- (4) Rochester police relief association;
- (5) St. Cloud fire department relief association;
- (6) St. Cloud police relief association;
- (7) St. Louis Park police relief association; and
- (8) Winona police relief association.

(c) The duty disability benefit shall be an amount equal to 50 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Austin firefighters relief association;
- (2) Crookston fire department relief association;
- (3) Fairmont police benefit association;
- (4) Mankato fire department relief association;
- (5) Richfield fire department relief association;
- (6) South St. Paul firefighters relief association; and
- (7) Virginia fire department relief association.

(d) The duty disability benefit shall be an amount equal to 45 percent of the salary base for the former members of the following consolidating relief associations:

- ~~(1) Bloomington police relief association; and~~
- (2) Crystal police relief association.

(e) The duty disability benefit shall be an amount equal to 40 percent of the salary base for the former members of the following consolidating relief associations:

- (1) West St. Paul firefighters relief association; and
- (2) West St. Paul police relief association.

(f) The duty disability benefit shall be the following for the former members of the consolidating relief associations as indicated:

(1) 52 percent of the salary base for former members who were disabled before January 31, 1994, and 45 percent of the salary base for former members who become disabled after January 30, 1994, Bloomington police relief association;

(2) 40 percent of the top salary for a patrol officer, Brainerd police relief association;

(2) (3) \$100 per month, Chisholm firefighters relief association;

(3) (4) 37.5 percent of the salary base if the person has credit for less than ten years of allowable service, 43.75 percent of the salary base if the person has credit for more than nine years but less than 15 years of allowable service and 50 percent of the salary base if the person has credit for more than 14 years of allowable service credit, Columbia Heights fire department relief association, paid division;

(4) (5) 43.75 percent of the salary base, Columbia Heights police relief association;

(5) (6) 25 percent of the salary base if the person has credit for less than 12 years of allowable service and an additional amount equal to 2.5 percent of the salary base per year if allowable service for each year of allowable service in excess of 11 years of allowable service, not more than 50 percent, Crookston police relief association;

(6) (7) 51.0625 percent of the salary base, Duluth firefighters relief association;

(7) (8) 12.5 percent of the salary base if the person has credit for less than six years of allowable service, 2.5 percent of the salary base per year of allowable service if the person has more than five years of allowable service, but not more than 50 percent of the salary base, Faribault police benefit association;

(8) (9) the dollar amount which equals the benefit which would be payable under chapter 176 for a comparable benefit which qualifies for a workers' compensation benefit for a first class disability, 75 percent of the amount payable in the event of a first class disability for a second class disability and 50 percent of the amount payable in the event of a first class disability for a third class disability, Hibbing firefighters relief association;

(9) (10) \$120 per month, Hibbing police relief association;

(10) (11) 51.25 percent of the salary base for a first class disability, 41.25 percent of the salary base for a second class disability, and 31.25 percent of the salary base for a third class disability, Minneapolis fire department relief association;

(11) (12) 40 percent of the salary base if the person has credit for less than 20 years of allowable service and two percent of the salary base per year of allowable service if the person has more than 19 years of allowable service, but not more than 50 percent, Red Wing fire department relief association;

(12) (13) 50 percent of the salary base if the person has credit for less than 20 years of allowable service and an amount equal to the service pension amount to which the person would have been entitled based on the applicable amount of allowable service if the person had attained the minimum age for the receipt of a service pension and had applied for a service pension rather than a disability benefit and if the person has credit for at least 20 years of allowable service, St. Louis Park fire department relief association;

(13) (14) 50 percent of the salary base if the person is not able to perform the duties of any other gainful employment, 39.375 percent of the salary base if the person is only able to perform the duties of light manual labor or office employment and 33.75 percent of the salary base if the person is able to perform the duties of other manual labor, St. Paul fire department relief association; and

(14) (15) 42.667 percent of the salary base, Winona fire department relief association.

Sec. 3. Minnesota Statutes 1992, section 353B.11, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY; SURVIVING CHILD BENEFIT.] (a) Except as specified in paragraph (b), (c), (d), (e), (f), or (g), the person who survives a deceased active, deferred, or retired member, who is the child of the deceased

member and who is younger than age 18 at the time of the death of the deceased member shall be entitled to receive a surviving child benefit.

(b) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member, and who is younger than age 18 if the person is not a full-time student or age 22 if the person is a full-time student shall be entitled to receive a surviving child benefit in the case of former members of the following consolidating relief associations:

- (1) Bloomington police relief association;
- (2) Buhl police relief association;
- (2) (3) Columbia Heights fire department relief association, paid division;
- (3) (4) Duluth firefighters relief association;
- (4) (5) Duluth police pension association;
- (5) (6) Minneapolis fire department relief association;
- (6) (7) Minneapolis police relief association; and
- (7) (8) St. Paul fire department relief association.

(c) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member and who is younger than age 16 shall be entitled to receive a surviving child benefit in the case of former members of the following consolidating relief associations:

- (1) Chisholm police relief association; and
- (2) Hibbing police relief association.

(d) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member and who is younger than age 19 shall be entitled to receive a surviving child benefit in the case of former members of the Albert Lea firefighters relief association.

(e) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member and who is younger than age 18 if the person is not a full-time student or age 21 if the person is a full-time student shall be entitled to receive a surviving child benefit in the case of former members of the Crookston police relief association.

(f) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member, who was dependent on the deceased member and who is younger than age 18 shall be entitled to receive a surviving child benefit in the case of former members of the Red Wing police relief association.

(g) The person who survives a deceased active, deferred, or retired member, who is the child of the deceased member and who is younger than age 18 if the person is not a full-time student or age 23 if the person is a full-time student shall be entitled to receive a surviving child benefit in the case of former members of the St. Paul police relief association.

Sec. 4. Minnesota Statutes 1992, section 353B.11, subdivision 3, is amended to read:

Subd. 3. [AMOUNT; SURVIVING SPOUSE BENEFIT.] (a) The surviving spouse benefit shall be 30 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Albert Lea firefighters relief association;
- (2) Albert Lea police relief association;
- (3) Anoka police relief association;

- (4) Austin firefighters relief association;
- (5) Austin police relief association;
- (6) Brainerd police benefit association;
- (7) Crookston police relief association;
- (8) Faribault fire department relief association; and
- (9) West St. Paul firefighters relief association.

(b) The surviving spouse benefit shall be 25 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Chisholm police relief association;
- (2) Duluth firefighters relief association;
- (3) Duluth police pension association;
- (4) Fairmont police benefit association;
- (5) Red Wing fire department relief association;
- (6) South St. Paul police relief association; and
- (7) West St. Paul police relief association.

(c) The surviving spouse benefit shall be 24 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Fridley police pension association;
- (2) Richfield police relief association;
- (3) Rochester fire department relief association;
- (4) Rochester police relief association;
- (5) Winona fire department relief association; and
- (6) Winona police relief association.

(d) The surviving spouse benefit shall be 40 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Columbia Heights fire department relief association, paid division;
- (2) New Ulm police relief association; and
- (3) Richfield fire department relief association.

(e) The surviving spouse benefit shall be \$250 per month for the former members of the following consolidating relief associations:

- (1) Hibbing firefighters relief association; and
- (2) Hibbing police relief association.

(f) The surviving spouse benefit shall be 23.75 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Crystal police relief associations; and
- (2) Minneapolis police relief association.

(g) The surviving spouse benefit shall be 32 percent of the salary base for the former members of the following consolidating relief associations:

- (1) St. Cloud fire department relief association; and
- (2) St. Cloud police relief association.

(h) The surviving spouse benefit shall be one-half of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, for the former members of the following consolidating relief associations:

- (1) Virginia fire department relief association; and
- (2) Virginia police relief association.

(i) The surviving spouse benefit shall be the following for the former members of the consolidating relief associations as indicated:

(1) 25.625 27.333 percent of the salary base, or one-half of the service pension payable to or accrued by the deceased former member, whichever is greater, Bloomington police relief association;

(2) 72.25 percent of the salary base, Buhl police relief association;

(3) 50 percent of the service pension which the active member would have received based on allowable service credit to the date of death and prospective service from the date of death until the date on which the person would have attained the normal retirement age, 50 percent of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or \$175 per month if the deceased member was receiving a service pension or disability benefit as of the date of death, Chisholm firefighters relief association;

(4) two-thirds of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, Columbia Heights police relief association;

(5) the greater of \$300 per month or one-half of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Crookston fire department relief association;

(6) \$100 per month, Faribault police benefit association;

(7) 60 percent of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Mankato fire department relief association;

(8) \$175 per month, Mankato police benefit association;

(9) 26.25 percent of the salary base, Minneapolis fire department relief association;

(10) equal to the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Red Wing police relief association;

(11) 40 percent of the salary base for a surviving spouse of a deceased active member, disabled member, or retired or deferred member with at least 20 years of allowable service, or the prorated portion of 40 percent of the salary base that bears the same relationship to 40 percent that the deceased member's years of allowable service bear to 20 years of allowable service for the surviving spouse of a deceased retired or deferred member with at least ten but less than 20 years of allowable service, St. Louis Park fire department relief association;

(12) 26.6667 percent of the salary base, St. Louis Park police relief association;

(13) 27.5 percent of the salary base, St. Paul fire department relief association;

(14) 20 percent of the salary base, St. Paul police relief association; and

(15) 27 percent of the salary base, South St. Paul firefighters relief association.

Sec. 5. Minnesota Statutes 1992, section 353B.11, subdivision 5, is amended to read:

Subd. 5. [SURVIVOR BENEFIT MAXIMUM.] (a) No surviving children or surviving family maximum shall be applicable to former members of the following consolidating relief associations:

(1) Buhl police relief association;

(2) Chisholm firefighters relief association;

(3) Chisholm police relief association;

(4) Hibbing firefighters relief association;

(5) Mankato police benefit association;

(6) New Ulm police relief association;

(7) Red Wing fire department relief association;

(8) Red Wing police relief association;

(9) St. Paul police relief association; and

(10) South St. Paul police relief association.

(b) The surviving children maximum shall be 24 percent of the salary base, if a surviving spouse benefit is also payable or 48 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the following consolidating relief associations:

(1) Fridley police pension association;

(2) Richfield police relief association;

(3) Rochester fire department relief association;

(4) Rochester police relief association;

(5) Winona fire department relief association; and

(6) Winona police relief association.

(c) The surviving family maximum shall be 50 percent of the salary base for the former members of the following consolidating relief associations:

(1) Anoka police relief association;

(2) Austin firefighters relief association;

(3) Austin police relief association;

(4) Duluth firefighters relief association;

(5) Richfield fire department relief association; and

(6) St. Louis Park fire department relief association.

(d) The surviving family maximum shall be an amount equal to the service pension which a retiring member would have received based on 20 years of allowable service credit if the member had attained the age of at least 50 years in the case of an active member, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death in the case of a deferred member, or of the service pension or disability benefit which the deceased member was receiving as of the date of death, for the former members of the following consolidating relief associations:

(1) Columbia Heights police relief association;

(2) Virginia fire department relief association; and

(3) Virginia police relief association.

(e) The surviving children maximum shall be 25 percent of the salary base, if a surviving spouse benefit is also payable or 50 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the following consolidating relief associations:

(1) Duluth police pension association; and

(2) Fairmont police benefit association.

(f) The surviving children maximum shall be 22.5 percent of the salary base, if a surviving spouse benefit is also payable or 45 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the following consolidating relief associations:

~~(1) Bloomington police relief association; and~~

(2) Crystal police relief association.

(g) The surviving children maximum shall be 16 percent of the salary base, if a surviving spouse benefit is also payable or 48 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the following consolidating relief associations:

(1) St. Cloud fire department relief association; and

(2) St. Cloud police relief association.

(h) The surviving children maximum shall be 20 percent of the salary base, if a surviving spouse benefit is also payable or 50 percent of the salary base, if no surviving spouse benefit is also payable, for the former members of the following consolidating relief associations:

- (1) Albert Lea firefighters relief association;
- (2) Albert Lea police relief association; and
- (3) Faribault fire department relief association.

(i) The surviving family maximum shall be the following for the former members of the consolidating relief associations:

- (1) 60 percent of the salary base, Bloomington police relief association;
- (2) \$450 per month, Crookston police relief association;

~~(2)~~ (3) 80 percent of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, Mankato fire department relief association; and

- ~~(3)~~ (4) 57.5 percent of the salary base, St. Paul fire department relief association.

(j) The surviving child maximum shall be the following for the former members of the consolidating relief associations:

- (1) 20 percent of the top salary payable to a patrol officer, Brainerd police benefit association;
- (2) ten percent of the salary base, if a surviving spouse benefit is also payable or 15 percent of the salary base, if no surviving spouse benefit is also payable, Columbia Heights fire department relief association, paid division;
- (3) \$105 per month if a surviving spouse benefit is also payable or \$90 per month if no surviving spouse benefit is also payable, Crookston fire department relief association;
- (4) \$125 per month, Faribault police benefit association;
- (5) \$30 per month if a surviving spouse benefit is also payable or \$180 per month if no surviving spouse benefit is also payable, Hibbing police relief association;
- (6) 25 percent of the salary base, if a surviving spouse benefit is also payable or 51.25 percent of the salary base, if no surviving spouse benefit is also payable, Minneapolis fire department relief association;
- (7) 17.5 percent of the salary base, if a surviving spouse benefit is also payable or 40 percent of the salary base, if no surviving spouse benefit is also payable, Minneapolis police relief association;
- (8) 24 percent of the salary base, St. Louis Park police relief association;
- (9) 23 percent of the salary base, if a surviving spouse benefit is also payable or 50 percent of the salary base, if no surviving spouse benefit is also payable, South St. Paul firefighters relief association;
- (10) ten percent of the salary base, West St. Paul firefighters relief association; and
- (11) \$30 per month if a surviving spouse benefit is also payable or \$75 per month if no surviving spouse benefit is also payable, West St. Paul police relief association.

Sec. 6. Minnesota Statutes 1992, section 353B.11, subdivision 6, is amended to read:

Subd. 6. [DISCONTINUATION; SURVIVING SPOUSE BENEFIT.] (a) Except as specified in paragraph (b) or (c), a surviving spouse benefit shall terminate upon the death or the subsequent marriage of the person entitled to receive or receiving a surviving spouse benefit.

(b) A surviving spouse benefit shall terminate upon the subsequent marriage of the person entitled to receive or receiving a surviving spouse benefit but shall recommence at the appropriate amount without any retroactive payments in the event of the termination of the subsequent marriage for any reason for the former members of the following consolidating relief associations:

- (1) Albert Lea firefighters relief association;
- (2) Albert Lea police relief association;
- (3) Duluth firefighters relief association;
- (4) Minneapolis fire department relief association;
- (5) St. Paul fire department relief association; and
- (6) St. Paul police relief association.

(c) A surviving spouse benefit shall terminate only upon the death of the person entitled to receive or receiving a surviving spouse benefit for the former members of the following consolidating relief associations:

- (1) Anoka police relief association;
- (2) Bloomington police relief association;
- (3) Buhl police relief association;
- (3) (4) Chisholm fire department relief association;
- (4) (5) Chisholm police relief association;
- (5) (6) Crookston fire department relief association;
- (6) (7) Duluth police relief association;
- (7) (8) Faribault fire department relief association;
- (8) (9) Hibbing firefighters relief association;
- (9) (10) Hibbing police relief association;
- (10) (11) Mankato fire department relief association;
- (11) (12) Red Wing fire department relief association;
- (12) (13) Red Wing police relief association;
- (13) (14) Rochester fire department relief association;
- (14) (15) Rochester police relief association;
- (15) (16) St. Cloud fire department relief association;
- (16) (17) St. Louis Park fire department relief association;

- ~~(17)~~ (18) St. Louis Park police relief association;
~~(18)~~ (19) South St. Paul firefighters relief association;
~~(19)~~ (20) South St. Paul police relief association;
~~(20)~~ (21) West St. Paul firefighters relief association;
~~(21)~~ (22) Winona fire department relief association; and
~~(22)~~ (23) Winona police relief association.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective upon the effective date of article 1, section 3."

Delete the title and insert:

"A bill for an act relating to retirement; benefit computation for members of the Bloomington police relief association; amending Minnesota Statutes 1992, sections 353B.07, subdivision 3; 353B.08, subdivision 6; and 353B.11, subdivisions 2, 3, 5, and 6."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 974, A bill for an act relating to the capitol area architectural and planning board; clarifying certain duties and powers of the board; amending Minnesota Statutes 1992, section 15.50, subdivision 2, and by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 15.50, is amended by adding a subdivision to read:

Subd. 1a. [CAPITOL AREA DEFINITION.] "Capitol area" means the portion of the city of Saint Paul within the following boundaries: beginning at the point of intersection of the centerline of the Arch-Pennsylvania freeway and the centerline of Marion Street, thence southerly along the centerline of Marion Street extended to a point 50 feet south of the south line of Concordia Avenue, thence southeasterly along a line extending 50 feet from the south line of Concordia Avenue to a point 125 feet from the west line of John Ireland Boulevard, thence southwesterly along a line extending 125 feet from the west line of John Ireland Boulevard to the south line of Dayton Avenue, thence northeasterly from the south line of Dayton Avenue to the west line of John Ireland Boulevard, thence northeasterly to the centerline of the intersection of Old Kellogg Boulevard and Summit Avenue, thence northeasterly along the centerline of Summit Avenue to the south line of the right-of-way of the Fifth Street ramp, thence southeasterly along the right-of-way of the Fifth Street ramp to the east line of the right-of-way of Interstate Highway 35-E, thence northeasterly along the east line of the right-of-way of Interstate Highway 35-E to the south line of the right-of-way of Interstate Highway 94, thence easterly along the south line of the right-of-way of Interstate Highway 94 to the west line of St. Peter Street, thence southerly to the south line of Eleventh Street, thence easterly along the south line of Eleventh Street to the west line of Cedar Street, thence southeasterly along the west line of Cedar Street to the centerline of Tenth Street, thence northeasterly along the centerline of Tenth Street to the centerline of Minnesota Street, thence northwesterly along the centerline of Minnesota Street to the centerline of Eleventh Street, thence northeasterly along the centerline of Eleventh Street to the centerline of Jackson Street, thence northwesterly along

the centerline of Jackson Street to the centerline of the Arch-Pennsylvania freeway extended, thence westerly along the centerline of the Arch-Pennsylvania freeway extended and Marion Street to the point of origin.

Sec. 2. Minnesota Statutes 1992, section 15.50, subdivision 2, is amended to read:

Subd. 2. [CAPITOL AREA PLAN.] (a) The board shall prepare, prescribe, and from time to time amend a comprehensive use plan for the capitol area, ~~herein called the area which shall initially consist of that portion of the city of Saint Paul comprehended within the following boundaries: Beginning at the point of intersection of the centerline of the Arch-Pennsylvania freeway and the centerline of Marion Street, thence southerly along the centerline of Marion Street extended to a point 50 feet south of the south line of Concordia Avenue, thence southeasterly along a line extending 50 feet from the south line of Concordia Avenue to a point 125 feet from the west line of John Ireland Boulevard, thence southwesterly along a line extending 125 feet from the west line of John Ireland Boulevard to the south line of Dayton Avenue, thence northeasterly from the south line of Dayton Avenue to the west line of John Ireland Boulevard, thence northeasterly to the centerline of the intersection of Old Kellogg Boulevard and Summit Avenue, thence northeasterly along the centerline of Summit Avenue to the south line of the right-of-way of the Fifth Street ramp, thence southeasterly along the right-of-way of the Fifth Street ramp to the east line of the right-of-way of Interstate Highway 35 E, thence northeasterly along the east line of the right-of-way of Interstate Highway 35 E to the south line of the right-of-way of Interstate Highway 94, thence easterly along the south line of the right-of-way of Interstate Highway 94 to the west line of St. Peter Street, thence southerly to the south line of Eleventh Street, thence easterly along the south line of Eleventh Street to the west line of Cedar Street, thence southeasterly along the west line of Cedar Street to the centerline of Tenth Street, thence northeasterly along the centerline of Tenth Street to the centerline of Minnesota Street, thence northwesterly along the centerline of Minnesota Street to the centerline of Eleventh Street, thence northeasterly along the centerline of Eleventh Street to the centerline of Jackson Street, thence northwesterly along the centerline of Jackson Street to the centerline of the Arch-Pennsylvania freeway extended, thence westerly along the centerline of the Arch-Pennsylvania freeway extended and Marion Street to the point of origin.~~

Pursuant to the comprehensive plan, or any portion thereof, the board may regulate, by means of zoning rules adopted pursuant to the administrative procedure act, the kind, character, height, and location, of buildings and other structures constructed or used, the size of yards and open spaces, the percentage of lots that may be occupied, and the uses of land, buildings and other structures, within the area. To protect and enhance the dignity, beauty, and architectural integrity of the capitol area, the board is further empowered to include in its zoning rules design review procedures and standards with respect to any proposed construction activities in the capitol area significantly affecting the dignity, beauty, and architectural integrity of the area. No person shall undertake these construction activities as defined in the board's rules in the capitol area without first submitting construction plans to the board, obtaining a zoning permit from the board and receiving a written certification from the board specifying that the person has complied with all design review procedures and standards. Violation of the zoning rules is a misdemeanor. The board may, at its option, proceed to abate any violation by injunction. The board and the city of St. Paul shall cooperate in assuring that the area adjacent to the capitol area is developed in a manner that is in keeping with the purpose of the board and the provisions of the comprehensive plan.

(b) The commissioner of administration shall act as a consultant to the board with regard to the physical structural needs of the state. The commissioner shall make studies and report the results to the board when they request reports for their planning purpose.

(c) No public building, street, parking lot, or monument, or other construction shall be built or altered on any public lands within the area unless the plans for the same conforms to the comprehensive use plan as specified in clause (d) and to the requirement for competitive plans as specified in clause (e). No alteration substantially changing the external appearance of any existing public building approved in the comprehensive plan or the exterior or interior design of any proposed new public building the plans for which were secured by competition under clause (e), may be made without the prior consent of the board. The commissioner of administration shall consult with the board regarding internal changes having the effect of substantially altering the architecture of the interior of any proposed building.

(d) The comprehensive plan shall show the existing land uses and recommend future uses including: areas for public taking and use; zoning for private land and criteria for development of public land, including building areas ~~and~~, open spaces, monuments, and other memorials; vehicular and pedestrian circulation; utilities systems; vehicular storage; elements of landscape architecture. No substantial alteration or improvement shall be made to public lands or buildings in the area ~~save with~~ without the written approval of the board.

(e) The board shall secure by competitions, plans for any new public building. Plans for any comprehensive plan, landscaping scheme, street plan, or property acquisition, which may be proposed, or for any proposed alteration of any existing public building, landscaping scheme or street plan may be secured by a similar competition. Such competition shall be conducted under rules prescribed by the board and may be of any type which meets the competition standards of the American Institute of Architects. Designs selected shall become the property of the state of Minnesota and the board may award one or more premiums in each such competition and may pay such costs and fees as may be required for the conduct thereof. At the option of the board, plans for projects estimated to cost less than \$1,000,000 may be approved without competition provided such plans have been considered by the advisory committee described in clause (f). Plans for projects estimated to cost less than \$400,000 and for construction of streets need not be considered by the advisory committee if in conformity with the comprehensive plan.

(f) The board shall not adopt any plan under clause (e) unless it first receives the comments and criticism of an advisory committee of three persons, each of whom is either an architect or a planner, who have been selected and appointed as follows: one by the board of the arts, one by the board, and one by the Minnesota Society of the American Institute of Architects. Members of the committee shall not be contestants under clause (e). The comments and criticism shall be a matter of public information. The committee shall advise the board on all architectural and planning matters. For that purpose:

(1) the committee shall be kept currently informed concerning, and have access to, all data, including all plans, studies, reports and proposals, relating to the area as the same are developed or in the process of preparation whether by the commissioner of administration, the commissioner of trade and economic development, the metropolitan council, the city of Saint Paul, or by any architect, planner, agency or organization, public or private, retained by the board or not retained and engaged in any work or planning relating to the area. A copy of any such data prepared by any public employee or agency shall be filed with the board promptly upon completion;

(2) the board may employ such stenographic or technical help as may be reasonable to assist the committee to perform its duties;

(3) when so directed by the board, the committee may serve as, and any member or members thereof may serve on, the jury or as professional advisor for any architectural competition. The board shall select the architectural advisor and jurors for any competition with the advice of the committee; and

(4) the city of Saint Paul shall advise the board.

(g) The comprehensive plan for the area shall be developed and maintained in close cooperation with the commissioner of trade and economic development and the planning department and the council for the city of Saint Paul and the board of the arts, and no such plan or amendment thereof shall be effective without 90 days' notice to the planning department of the city of Saint Paul and the board of the arts.

(h) The board and the commissioner of administration jointly, shall prepare, prescribe, and from time to time revise standards and policies governing the repair, alteration, furnishing, appearance and cleanliness of the public and ceremonial areas of the state capitol building. Pursuant to this power, the board shall consult with and receive advice from the director of the Minnesota state historical society regarding the historic fidelity of plans for the capitol building. The standards and policies developed as herein provided shall be binding upon the commissioner of administration. The provisions of sections 14.02, 14.04 to 14.36, 14.38, and 14.44 to 14.45 shall not apply to this clause.

(i) The board in consultation with the commissioner of administration shall prepare and submit to the legislature and the governor no later than October 1 of each even-numbered year a report on the status of implementation of the comprehensive plan together with a program for capital improvements and site development, and the commissioner of administration shall provide the necessary cost estimates for the program. The board shall also provide testimony to the legislature on proposals for capital improvements and memorials in the capitol area as to their compatibility with the standards, policies, and objectives of the comprehensive plan.

(j) The state shall, by the attorney general upon the recommendation of the board and within appropriations available for that purpose, acquire by gift, purchase or eminent domain proceedings any real property situated in the area described in this section and it shall also have the power to acquire an interest less than a fee simple interest in the property, if it finds that it is needed for future expansion or beautification of the area.

(k) The board is the successor of the state veterans' service building commission, and as such may adopt rules and may reenact the rules adopted by its predecessor under Laws 1945, chapter 315, and acts amendatory thereof.

(l) The board shall meet at the call of the chair and at such other times as it may prescribe.

(m) The commissioner of administration shall assign quarters in the state veterans service building to (1) the department of veterans affairs of which such part as the commissioner of administration and commissioner of veterans affairs may mutually determine shall be on the first floor above the ground and (2) the American Legion, Veterans of Foreign Wars, Disabled American Veterans, Military Order of the Purple Heart, United Spanish War Veterans, and Veterans of World War I, and their auxiliaries, incorporated, or when incorporated, under the laws of the state, and (3) as space becomes available to such other state departments and agencies as the commissioner may deem desirable.

Sec. 3. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

Sparby from the Committee on General Legislation, Veterans Affairs and Elections to which was referred:

H. F. No. 993, A bill for an act relating to Black Minnesotans; providing for a study of the immigration status of persons of African descent; appropriating money.

Reported the same back with the following amendments:

Page 1, lines 9 and 15, delete "1994" and insert "1995"

Page 1, line 14, delete "for the biennium ending" and insert "until"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Economic Development, Infrastructure and Regulation Finance.

The report was adopted.

Rice from the Committee on Economic Development, Infrastructure and Regulation Finance to which was referred:

H. F. No. 998, A bill for an act relating to occupations and professions; requiring crane operators to be licensed by the state; requiring rulemaking; establishing a crane operators examining board; providing penalties; amending Minnesota Statutes 1992, section 214.01, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 326.

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

The report was adopted.

Battaglia from the Committee on Environment and Natural Resources Finance to which was referred:

H. F. No. 1021, A bill for an act relating to state lands; exempting certain lakeshore lots from sale requirements; authorizing the commissioner of natural resources to acquire personal property; amending Minnesota Statutes 1992, section 92.67, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, delete lines 10 to 19 and insert:

"Subd. 1a. [HORSESHOE BAY LAND SALE POSTPONED UNTIL JULY 1, 1998.] The sale date of December 31, 1993, listed in subdivision 1 shall be postponed until July 1, 1998, for all state lands located in section 16, township 62N, range 4E, Cook county. The commissioner shall continue the existing leases until that time. The commissioner, in conjunction with the Cook county board of commissioners shall prepare an integrated resource management plan and make recommendations to the legislature on the future use of the lands in section 16, township 62N, range 4E, Cook county, by July 1, 1997."

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

The report was adopted.

Simoneau from the Committee on Health and Human Services to which was referred:

H. F. No. 1036, A bill for an act relating to human services; granting authority to make interpretive guidelines; defining interpretive guidelines; providing for a vulnerable adult study; establishing a data practices task force; amending Minnesota Statutes 1992, sections 14.03, subdivision 3; 245A.02, subdivision 14; 245A.04, subdivisions 3 and 3b; 245A.06, subdivision 2; 245A.09, subdivision 7, and by adding subdivisions; and 245A.16, subdivision 6; repealing Minnesota Statutes 1992, sections 245A.04, subdivision 3c.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 245A.02, subdivision 6a, is amended to read:

Subd. 6a. [DROP-IN CHILD CARE PROGRAM.] "Drop-in child care program" means a nonresidential program of child care in which children participate on a one-time only or occasional basis up to a maximum of 45 90 hours per child, per month. A drop-in child care program must be licensed under Minnesota Rules governing child care centers. A drop-in child care program must meet one of the following requirements to qualify for the rule exemptions specified in section 245A.14, subdivision 6:

(1) the drop-in child care program operates in a child care center which houses no child care program except the drop-in child care program;

(2) the drop-in child care program operates in the same child care center but not during the same hours as a regularly scheduled ongoing child care program with a stable enrollment; or

(3) the drop-in child care program operates in a child care center at the same time as a regularly scheduled ongoing child care program with a stable enrollment but the program's activities, except for bathroom use and outdoor play, are conducted separately from each other.

Sec. 2. Minnesota Statutes 1992, section 245A.02, subdivision 14, is amended to read:

Subd. 14. [RESIDENTIAL PROGRAM.] "Residential program" means a program that provides 24-hour-a-day care, supervision, food, lodging, rehabilitation, training, education, habilitation, or treatment outside a person's own home, including a nursing home or hospital that receives public funds, administered by the commissioner, to provide services for five or more persons whose primary diagnosis is mental retardation or a related condition or mental illness and who do not have a significant physical or medical problem that necessitates nursing home care; a program in an intermediate care facility for four or more persons with mental retardation or a related condition; a nursing home or hospital that was licensed by the commissioner on July 1, 1987, to provide a program for persons with a physical handicap that is not the result of the normal aging process and considered to be a chronic condition; and chemical dependency or chemical abuse programs that are located in a hospital or nursing home and receive public funds for providing chemical abuse or chemical dependency treatment services under chapter 254B. Residential programs include home and community-based services and semi-independent living services for persons with mental retardation or a related condition that are provided in or outside of a person's own home.

Sec. 3. Minnesota Statutes 1992, section 245A.03, subdivision 2, is amended to read:

Subd. 2. [EXCLUSION FROM LICENSURE.] Sections 245A.01 to 245A.16 do not apply to:

- (1) residential or nonresidential programs that are provided to a person by an individual who is related, except as provided in subdivision 2a;
- (2) nonresidential programs that are provided by an unrelated individual to persons from a single related family;
- (3) residential or nonresidential programs that are provided to adults who do not abuse chemicals or who do not have a chemical dependency, a mental illness, mental retardation or a related condition, a functional impairment, or a physical handicap;
- (4) sheltered workshops or work activity programs that are certified by the commissioner of jobs and training;
- (5) programs for children enrolled in kindergarten to the 12th grade and prekindergarten special education in a school as defined in section 120.101, subdivision 4, and programs serving children in combined special education and regular prekindergarten programs that are operated or assisted by the commissioner of education;
- (6) nonresidential programs primarily for children that provide care or supervision, without charge for ten or fewer days a year, and for periods of less than three hours a day while the child's parent or legal guardian is in the same building as the nonresidential program or present on property within another building that is directly contiguous with the physical facility where to the building in which the nonresidential program is provided located;
- (7) nursing homes or hospitals licensed by the commissioner of health except as specified under section 245A.02;
- (8) board and lodge facilities licensed by the commissioner of health that provide services for five or more persons whose primary diagnosis is mental illness who have refused an appropriate residential program offered by a county agency. This exclusion expires on July 1, 1990;
- (9) homes providing programs for persons placed there by a licensed agency for legal adoption, unless the adoption is not completed within two years;
- (10) programs licensed by the commissioner of corrections;
- (11) recreation programs for children or adults that operate for fewer than 40 calendar days in a calendar year;
- (12) programs whose primary purpose is to provide, for adults or school-age children, including children who will be eligible to enter kindergarten within not more than four months, social and recreational activities, such as scouting, boys clubs, girls clubs, sports, or the arts; except that a program operating in a school building is not excluded unless it is approved by the district's school board;
- (13) head start nonresidential programs which operate for less than 31 days in each calendar year;
- (14) noncertified boarding care homes unless they provide services for five or more persons whose primary diagnosis is mental illness or mental retardation;
- (15) nonresidential programs for nonhandicapped children provided for a cumulative total of less than 30 days in any 12-month period;
- (16) residential programs for persons with mental illness, that are located in hospitals, until the commissioner adopts appropriate rules;
- (17) the religious instruction of school-age children; Sabbath or Sunday schools; or the congregate care of children by a church, congregation, or religious society during the period used by the church, congregation, or religious society for its regular worship;
- (18) camps licensed by the commissioner of health under Minnesota Rules, chapter 4630;
- (19) mental health outpatient services for adults with mental illness or children with emotional disturbance;

(20) residential programs serving school-age children whose sole purpose is cultural or educational exchange, until the commissioner adopts appropriate rules;

(21) unrelated individuals who provide out-of-home respite care services to persons with mental retardation or related conditions from a single related family for no more than 30 days in a 12-month period and the respite care services are for the temporary relief of the person's family or legal representative;

(22) respite care services provided as a home- and community-based service to a person with mental retardation or a related condition, in the person's primary residence; or

(23) community support services programs as defined in section 245.462, subdivision 6, and family community support services as defined in section 245.4871, subdivision 17.

For purposes of clause (6), a building is directly contiguous to a building in which a nonresidential program is located if it shares a common wall with the building in which the nonresidential program is located or is attached to that building by skyway, tunnel, atrium, or common roof.

Sec. 4. Minnesota Statutes 1992, section 245A.03, is amended by adding a subdivision to read:

Subd. 2a. [LICENSING OF AN INDIVIDUAL RELATED TO A QUALIFYING CHILD.] Notwithstanding subdivision 2, clause (1), the commissioner may license an individual who is related to a qualifying child, as defined in title IV-E of the Social Security Act, to provide foster care for that qualifying child. The commissioner may issue such a license retroactive to the date the qualifying child was placed in the applicant's home, so long as no more than 90 days have elapsed since the placement. If more than 90 days have elapsed since the placement, the commissioner may issue the license retroactive 90 days.

Sec. 5. Minnesota Statutes 1992, section 245A.04, subdivision 3, is amended to read:

Subd. 3. [STUDY OF THE APPLICANT.] (a) Before the commissioner issues a license, the commissioner shall conduct a study of the individuals specified in clauses (1) to (4) according to rules of the commissioner. The applicant, license holder, the bureau of criminal apprehension, and county agencies, after written notice to the individual who is the subject of the study, shall help with the study by giving the commissioner criminal conviction data and reports about abuse or neglect of adults in licensed programs substantiated under section 626.557 and the maltreatment of minors in licensed programs substantiated under section 626.556. The individuals to be studied shall include:

- (1) the applicant;
- (2) persons over the age of 13 living in the household where the licensed program will be provided;
- (3) current employees or contractors of the applicant who will have direct contact with persons served by the program; and
- (4) volunteers who have direct contact with persons served by the program to provide program services, if the contact is not directly supervised by the individuals listed in clause (1) or (3).

The juvenile courts shall also help with the study by giving the commissioner existing juvenile court records on individuals described in clause (2) relating to delinquency proceedings held within either the five years immediately preceding the application or the five years immediately preceding the individual's 18th birthday, whichever time period is longer. The commissioner shall destroy juvenile records obtained pursuant to this subdivision when the subject of the records reaches age 23.

For purposes of this subdivision, "direct contact" means providing face-to-face care, training, supervision, counseling, consultation, or medication assistance to persons served by a program. For purposes of this subdivision, "directly supervised" means an individual listed in clause (1) or (3) is within sight or hearing of a volunteer to the extent that the individual listed in clause (1) or (3) is capable at all times of intervening to protect the health and safety of the persons served by the program who have direct contact with the volunteer.

A study of an individual in clauses (1) to (4) shall be conducted ~~on at least an annual basis upon application for~~ initial license and reapplication for a license. No applicant, license holder, or individual who is the subject of the study shall pay any fees required to conduct the study.

(b) The individual who is the subject of the study must provide the applicant or license holder with sufficient information to ensure an accurate study including the individual's first, middle, and last name; home address, city, county, and state of residence; zip code; sex; date of birth; and driver's license number. The applicant or license holder shall provide this information about an individual in paragraph (a), clauses (1) to (4), on forms prescribed by the commissioner. The commissioner may request additional information of the individual, which shall be optional for the individual to provide, such as the individual's social security number or race.

(c) Except for child foster care, adult foster care, and family day care homes, a study must include information from the county agency's record of substantiated abuse or neglect of adults in licensed programs, and the maltreatment of minors in licensed programs, information from juvenile courts as required in paragraph (a) for persons listed in paragraph (a), clause (2), and information from the bureau of criminal apprehension. For child foster care, adult foster care, and family day care homes, the study must include information from the county agency's record of substantiated abuse or neglect of adults, and the maltreatment of minors, information from juvenile courts as required in paragraph (a) for persons listed in paragraph (a), clause (2), and information from the bureau of criminal apprehension. The commissioner may also review arrest and investigative information from the bureau of criminal apprehension, a county attorney, county sheriff, county agency, local chief of police, other states, the courts, or a national criminal record repository if the commissioner has reasonable cause to believe the information is pertinent to the disqualification of an individual listed in paragraph (a), clauses (1) to (4).

(d) An applicant's or license holder's failure or refusal to cooperate with the commissioner is reasonable cause to deny an application or immediately suspend, suspend, or revoke a license. Failure or refusal of an individual to cooperate with the study is just cause for denying or terminating employment of the individual if the individual's failure or refusal to cooperate could cause the applicant's application to be denied or the license holder's license to be immediately suspended, suspended, or revoked.

(e) The commissioner shall not consider an application to be complete until all of the information required to be provided under this subdivision has been received.

(f) No person in paragraph (a), clause (1), (2), (3), or (4) who is disqualified as a result of this section may be retained by the agency in a position involving direct contact with persons served by the program.

(g) Termination of persons in paragraph (a), clause (1), (2), (3), or (4) made in good faith reliance on a notice of disqualification provided by the commissioner shall not subject the applicant or license holder to civil liability.

(h) The commissioner may establish records to fulfill the requirements of this section. The information contained in the records is only available to the commissioner for the purpose authorized in this section.

(i) The commissioner may not disqualify an individual subject to a study under this section because that person has, or has had, a mental illness as defined in section 245.462, subdivision 20.

Sec. 6. Minnesota Statutes 1992, section 245A.06, subdivision 2, is amended to read:

Subd. 2. [RECONSIDERATION OF CORRECTION ORDERS.] If the applicant or license holder believes that the contents of the commissioner's correction order are in error, the applicant or license holder may ask the department of human services to reconsider the parts of the correction order that are alleged to be in error. The request for reconsideration must be in writing, delivered by certified mail, and:

- (1) specify the parts of the correction order that are alleged to be in error;
- (2) explain why they are in error; and
- (3) include documentation to support the allegation of error.

A request for reconsideration does not stay any provisions or requirements of the correction order. ~~The commissioner shall respond to requests made under this subdivision within 15 working days after receipt of the request for reconsideration.~~ The commissioner's disposition of a request for reconsideration is final and not subject to appeal under chapter 14.

Sec. 7. Minnesota Statutes 1992, section 245A.09, subdivision 7, is amended to read:

Subd. 7. [REGULATORY METHODS.] (a) Where appropriate and feasible the commissioner shall identify and implement alternative methods of regulation and enforcement to the extent authorized in this subdivision. These methods shall include:

- (1) expansion of the types and categories of licenses that may be granted;
- (2) when the standards of an independent accreditation body have been shown to predict compliance with the rules, the commissioner shall consider compliance with the accreditation standards to be equivalent to partial compliance with the rules; and
- (3) use of an abbreviated inspection that employs key standards that have been shown to predict full compliance with the rules.

For programs and services for people with developmental disabilities, the commissioner of human services shall develop demonstration projects to use the standards of the commission on accreditation of rehabilitation facilities and the standards of the accreditation council on services to persons with disabilities during the period of July 1, 1993 to December 31, 1994, and incorporate the alternative use of these standards and methods in licensing rules where appropriate. If the commissioner determines that the methods in clause (2) or (3) can be used in licensing a program, the commissioner may reduce any fee set under section 245A.10 by up to 50 percent. The commissioner shall present a plan by January 31, 1995, to accept accreditation by either the accreditation council on services to people with disabilities or the commission on the accreditation of rehabilitation services as evidence of being in compliance where applicable with state licensing.

(b) The commissioner shall work with the commissioners of health, public safety, administration, and education in consolidating duplicative licensing and certification rules and standards if the commissioner determines that consolidation is administratively feasible, would significantly reduce the cost of licensing, and would not reduce the protection given to persons receiving services in licensed programs. Where administratively feasible and appropriate, the commissioner shall work with the commissioners of health, public safety, administration, and education in conducting joint agency inspections of programs.

(c) The commissioner shall work with the commissioners of health, public safety, administration, and education in establishing a single point of application for applicants who are required to obtain concurrent licensure from more than one of the commissioners listed in this clause.

(d) The commissioner may specify in rule periods of licensure up to two years.

Sec. 8. Minnesota Statutes 1992, section 245A.14, subdivision 6, is amended to read:

Subd. 6. [DROP-IN CHILD CARE PROGRAMS.] (a) Except as expressly set forth in this subdivision, drop-in child care programs must be licensed as a drop-in program under the rules governing child care programs operated in a center.

(b) Drop-in child care programs are exempt from the requirements in following Minnesota Rules, parts:

- (1) part 9503.0040;
- (2) part 9503.0045, subpart 1, items F and G;
- (3) part 9503.0050, subpart 6, except for children less than 2-1/2 years 16 months old;
- (4) one-half the requirements of part 9503.0060, subpart 4, item A, subitems (2), (5), and (8), subpart 5, item A, subitems (2), (3), and (7), and subpart 6, item A, subitems (3) and (6);
- (5) part 9503.0070; and
- (6) part 9503.0090, subpart 2.

(c) A drop-in child care program must be operated under the supervision of a person qualified as a director and a teacher.

(d) A drop-in child care program must have at least two persons on staff whenever the program is operating, except that the commissioner may permit variances from this requirement under specified circumstances for parent cooperative programs, as long as all other staff-to-child ratios are met.

(e) Whenever the total number of children present to be cared for at a center is more than 20, children that are younger than age 2-1/2 must be in a separate group. This group may contain children up to 60 months old. This group must be cared for in an area that is physically separated from older children.

(f) A drop-in child care program must maintain a minimum staff ratio for children age 2-1/2 16 months or greater of one staff person for each ten children.

(g) If the program has additional staff who are on call as a mandatory condition of their employment, the minimum child-to-staff ratio may be exceeded only for children age 2-1/2 16 months or greater, by a maximum of four children, for no more than 20 minutes while additional staff are in transit.

(h) The minimum staff-to-child ratio for infants up to 16 months of age is one staff person for every four infants. The minimum staff-to-child ratio for children age 17 months to 30 months is one staff for every seven children.

(i) In drop-in care programs that serve both infants and older children, children up to age 2-1/2 may be supervised by assistant teachers, as long as other staff are present in appropriate ratios.

(j) The minimum staff distribution pattern for a drop-in child care program serving children age 2-1/2 or greater is: the first staff member must be a teacher; the second, third, and fourth staff members must have at least the qualifications of a child care aide; the fifth staff member must have at least the qualifications of an assistant teacher; the sixth, seventh, and eighth staff members must have at least the qualifications of a child care aide; and the ninth staff person must have at least the qualifications of an assistant teacher. The commissioner by rule may require that a drop-in child care program serving children less than 2-1/2 years of age serve these children in an area separated from older children and may permit children age 2-1/2 and older to be cared for in the same child care group

(k) A drop-in child care program may care for siblings 16 months or older together in any group. For purposes of this subdivision, sibling is defined as sister or brother, half-sister or half-brother, or stepsister or stepbrother.

Sec. 9. Minnesota Statutes 1992, section 245A.16, subdivision 6, is amended to read:

Subd. 6. [CERTIFICATION BY THE COMMISSIONER.] The commissioner shall ensure that rules are uniformly enforced throughout the state by reviewing each county and private agency for compliance with this section and other applicable laws and rules at least ~~biennially~~ every four years. County agencies that comply with this section shall be certified by the commissioner. If a county agency fails to be certified by the commissioner, the commissioner shall certify a reduction of up to 20 percent of the county's community social services act funding or an equivalent amount from state administrative aids.

Sec. 10. [VULNERABLE ADULTS STUDY.]

The commissioners of health and human services shall establish an advisory committee including consumers and their advocates, providers, county officials, and state officials to make recommendations on the means of preventing maltreatment of vulnerable adults and for the provisions of protective services to vulnerable adults. In making recommendations, the advisory committee shall review all services and protections available under existing state and federal laws with the focus on eliminating duplication of effort among various local, state, and federal agencies and minimizing possible conflicts of interest by establishing a statewide process of coordination of responsibilities. A report with recommendations for state law changes and changes to Minnesota Rules, parts 9555.8000 to 9555.8500, shall be made to the governor and legislature not later than February 1, 1994."

Delete the title and insert:

"A bill for an act relating to human services; regulating child care programs; providing for a vulnerable adult study; amending Minnesota Statutes 1992, sections 245A.02, subdivisions 6a and 14; 245A.03, subdivision 2, and by adding

a subdivision; 245A.04, subdivision 3; 245A.06, subdivision 2; 245A.09, subdivision 7; 245A.14, subdivision 6; and 245A.16, subdivision 6."

With the recommendation that when so amended the bill pass.

The report was adopted.

Battaglia from the Committee on Environment and Natural Resources Finance to which was referred:

H. F. No. 1060, A bill for an act relating to agriculture; making technical changes in eligibility for certain rural finance authority loan programs; amending Minnesota Statutes 1992, sections 41B.02, subdivisions 7, 12, 14, 15, and by adding subdivisions; 41B.03, subdivision 3; 41B.04, subdivision 9, and by adding a subdivision; and 41C.05, subdivision 2.

Reported the same back with the following amendments:

Page 2, after line 21, insert:

"Sec. 7. Minnesota Statutes 1992, section 41B.02, is amended by adding a subdivision to read:

Subd. 20. [ETHANOL PRODUCTION FACILITY.] "Ethanol production facility" means a facility that ferments, distills, dewateres, or otherwise produces ethanol as defined in section 41A.09, subdivision 2, paragraph (a)."

Page 4, after line 35, insert:

"Sec. 11. [41B.044] [ETHANOL DEVELOPMENT PROGRAM.]

Subdivision 1. [ETHANOL PRODUCTION FACILITY LOAN PROGRAM.] The authority may establish, adopt rules for, and implement an ethanol production facility loan program to provide capital for ethanol production facilities. The program may provide for secured or unsecured loans, loan participations and loan guarantees with respect to real or personal property comprising all or part of an ethanol production facility, and the payment of costs incurred by the authority to establish and administer the program.

Subd. 2. [ETHANOL DEVELOPMENT FUND.] There is established in the state treasury an ethanol development fund. Interest earned on money in the fund accrues to the fund, and money in the fund is appropriated to the commissioner of agriculture for purposes of the ethanol production facility loan program, including costs incurred by the authority to establish and administer the program.

Subd. 3. [REVENUE BONDS.] The authority may issue revenue bonds to finance the ethanol production facility loan program in accordance with sections 41B.08 to 41B.15, 41B.17, and 41B.18. Bonds may be refunded by the issuance of refunding bonds in the manner authorized by Minnesota Statutes, chapter 475.

Subd. 4. [PROGRAM REQUIREMENTS.] The requirements in this subdivision apply to the ethanol production facility loan program.

(a) Individuals, corporations, cooperatives, partnerships, and joint ventures may participate in the program and are not required to meet the eligibility requirements of section 41B.03, subdivision 1.

(b) Program participants may be required to pay reasonable nonrefundable application fees and origination fees established by the authority by rule under section 41B.07. Application and origination fees received by the authority must be deposited in the ethanol development fund.

(c) Total assistance provided to an ethanol production facility from appropriated funds must not exceed \$500,000 or a lesser amount as provided by rules relating to the program.

(d) The interest payable on loans and loan participations made by the authority must, if funded by revenue bond proceeds, be at a rate not less than the rate on the revenue bonds, and may be established at a higher rate necessary

to pay costs associated with the issuance of the revenue bonds and a proportionate share of the cost of administering the program. The interest payable on loans and loan participations funded from sources other than revenue bond proceeds must be at a rate determined by the authority."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after the semicolon insert "authorizing an ethanol development program; appropriating money;"

Page 1, line 8, before the period insert "; proposing coding for new law in Minnesota Statutes, chapter 41B"

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

The report was adopted.

Reding from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 1096, A bill for an act relating to financial institutions; regulating institutions, deposits, rates and charges, enforcement provisions; modifying the definition of insurance premium finance licensee; amending Minnesota Statutes 1992, sections 45.025, by adding a subdivision; 46.044; 46.048, subdivision 1; 46.09; 47.0156; 47.096; 47.20, subdivision 4a; 47.52; 47.54, subdivision 4; 47.55, subdivision 1; 47.56; 48.04; 48.05; 48.09; 48.194; 48.24, subdivisions 1, 7, and 8; 48.61, subdivisions 2 and 4; 49.35; 49.36, subdivisions 1 and 4; 51A.02, subdivision 43; 52.04, subdivision 1, and by adding a subdivision; 52.12; 53.03, subdivision 5; 53.04, by adding a subdivision; 53.09, by adding a subdivision; 56.10; 56.131, subdivision 1; 56.155, subdivision 1; 59A.02, subdivision 3; 82B.03, subdivision 2; 300.20, subdivision 2; 300.21; 336.4-104; proposing coding for new law in Minnesota Statutes, chapter 56; repealing Minnesota Statutes 1992, sections 46.048, subdivision 2; and 48.24, subdivision 4.

Reported the same back with the following amendments:

Page 6, after line 25, insert:

"(c) The maximum interest rate that can be charged on a conventional loan or a contract for deed, with a duration of ten years or less, for the purchase of real estate described in section 83.20, subdivision 13, is three percentage points above the rate permitted under paragraph (a) or 15.75 percent per year, whichever is less. This clause is effective August 1, 1992."

Page 6, line 26, delete "(c)" and insert "(d)"

Page 7, line 29, delete "(d)" and insert "(e)"

Page 13, after line 29, insert:

"Sec. 20. Minnesota Statutes 1992, section 48.61, subdivision 3, is amended to read:

Subd. 3. The bank or trust company may invest not to exceed ten percent of its capital and surplus in shares of stock in any banks or bank holding companies wherein the ownership of stock in of the banks or bank holding companies is restricted to (1) owned exclusively by bank holding companies or banks, and (2) at least 51 percent of the voting stock is owned or controlled by bank holding companies or banks authorized to do business in the state of Minnesota."

Page 22, line 17, delete "the"

Page 22, line 19, delete "contracts" and insert "contract"

Page 23, after line 32, insert:

"Sec. 33. Minnesota Statutes 1992, section 56.12, is amended to read:

56.12 [ADVERTISING; TAKING OF SECURITY; PLACE OF BUSINESS.]

No licensee shall advertise, print, display, publish, distribute, or broadcast, or cause or permit to be advertised, printed, displayed, published, distributed, or broadcast, in any manner any statement or representation with regard to the rates, terms, or conditions for the lending of money, credit, goods, or things in action which is false, misleading, or deceptive. The commissioner may order any licensee to desist from any conduct which the commissioner shall find to be a violation of the foregoing provisions.

The commissioner may require that rates of charge, if stated by a licensee, be stated fully and clearly in such manner as the commissioner may deem necessary to prevent misunderstanding thereof by prospective borrowers. In lieu of the disclosure requirements of this section and section 56.14, a licensee may give the disclosures required by the federal Truth-in-Lending Act.

A licensee may take a lien upon real estate as security for any loan exceeding \$2,700 in principal amount made under this chapter. The provisions of sections 47.20 and 47.21 do not apply to loans made under this chapter, except as provided in this section. No loan secured by a first lien on a borrower's primary residence shall be made pursuant to this section if the proceeds of the loan are used to finance the purchase of the borrower's primary residence, unless:

(1) the proceeds of the loan are used to finance the purchase of a manufactured home or a prefabricated building;
or

(2) the proceeds of the loan are used in whole or in part to satisfy the balance owed on a contract for deed.

If the proceeds of the loan are used to finance the purchase of the borrower's primary residence, the licensee shall consent to the subsequent transfer of the real estate if the existing borrower continues after transfer to be obligated for repayment of the entire remaining indebtedness. The licensee shall release the existing borrower from all obligations under the loan instruments, if the transferee (1) meets the standards of credit worthiness normally used by persons in the business of making loans, including but not limited to the ability of the transferee to make the loan payments and satisfactorily maintain the property used as collateral, and (2) executes an agreement in writing with the licensee whereby the transferee assumes the obligations of the existing borrower under the loan instruments. Any such agreement shall not affect the priority, validity or enforceability of any loan instrument. A licensee may charge a fee not in excess of one-tenth of one percent of the remaining unpaid principal balance in the event the loan is assumed by the transferee and the existing borrower continues after the transfer to be obligated for repayment of the entire assumed indebtedness. A licensee may charge a fee not in excess of one percent of the remaining unpaid principal balance in the event the remaining indebtedness is assumed by the transferee and the existing borrower is released from all obligations under the loan instruments, but in no event shall the fee exceed \$150.

A licensee making a loan under this chapter secured by a lien on real estate shall comply with the requirements of section 47.20, subdivision 8.

No licensee shall conduct the business of making loans under this chapter within any office, room, or place of business in which any other business is solicited or engaged in, or in association or conjunction therewith, if the commissioner finds that the character of the other business is such that it would facilitate evasions of this chapter or of the rules lawfully made hereunder. The commissioner may promulgate rules dealing with such other businesses.

No licensee shall transact the business or make any loan provided for by this chapter under any other name or at any other place of business than that named in the license. No licensee shall take any confession of judgment or any power of attorney. No licensee shall take any note or promise to pay that does not accurately disclose the principal amount of the loan, the time for which it is made, and the agreed rate or amount of charge, nor any instrument in which blanks are left to be filled in after execution. Nothing herein is deemed to prohibit the making of loans by mail or arranging for settlement and closing of real estate secured loans by an unrelated qualified closing agent at a location other than the licensed location."

Page 33, line 22, delete everything after the second "to" and insert "21, 23 and 24, 26 to 33, and 35 to"

Page 33, line 23, delete "37" and insert "39"

Page 33, line 24, delete "32" and insert "34"

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 11, after "2" insert ", 3,"

Page 1, line 15, after the second semicolon insert "56.12,"

With the recommendation that when so amended the bill pass.

The report was adopted.

Osthoff from the Committee on Transportation and Transit to which was referred:

H. F. No. 1125, A bill for an act relating to transportation; providing for a metropolitan area high speed bus study; appropriating money.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [PURPOSE; STUDY.]

The commissioner of transportation, in consultation with the metropolitan council, regional transit board, and metropolitan transit commission, shall conduct a feasibility study analyzing the potential for implementation of a high speed bus service in the metropolitan area. A metropolitan area high speed bus service consists of, but is not limited to, an integrated system of exclusive bus only or high occupancy vehicle lanes on freeways and other arterial routes, bus timed transfer stations, circulator and feeder bus services, park-and-ride and drop-and-ride facilities, and use of advanced transit technologies, such as traffic signal preemption. The study will analyze:

- (1) the experiences of other metropolitan areas in the United States that have implemented high speed bus services;
- (2) the feasibility of implementing a high speed bus service in the Minneapolis-St. Paul metropolitan statistical area within Minnesota as defined by the United States Department of Commerce;
- (3) the potential costs of implementing a high speed bus service;
- (4) the comparative costs and benefits of a high speed bus service and other transit modes, including light rail transit;
- (5) the potential use of advanced technologies for improving vehicle operations and providing route and schedule information;
- (6) the potential use of dual-mode buses and transit vehicles which use other alternative forms of energy;
- (7) the compatibility of a high speed bus service with the metropolitan council's transportation system plan for the region; and
- (8) transit service and facilities improvements implemented in the I-35W corridor.

The study required under this act shall not delay implementation of transit service and facilities improvements planned by the commissioner, the regional transit board, the metropolitan transit commission, and other members of the ad hoc transit committee known as "team transit."

The commissioner shall submit a written report to the legislature no later than February 15, 1994.

Sec. 2. [APPROPRIATION.]

\$50,000 is appropriated from the general fund to the commissioner of transportation for the purposes of this act."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Economic Development, Infrastructure and Regulation Finance.

The report was adopted.

Jacobs from the Committee on Regulated Industries and Energy to which was referred:

H. F. No. 1133, A bill for an act relating to motor fuels; directing public service department to evaluate and implement policy to provide incentives for developing use of motor vehicles powered by alternate fuels; exempting alternative fuels from motor fuel tax but requiring permit; amending Minnesota Statutes 1992, sections 216C.01, by adding subdivisions; 296.01, by adding subdivisions; 296.025, subdivision 1a; and 296.026, subdivisions 1, 2a, 6, and 7; proposing coding for new law in Minnesota Statutes, chapters 216B; and 216C.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [216B.168] [ALTERNATIVE FUEL VEHICLES.]

Subdivision 1. [RATE RECOVERY.] If the department determines under section 6 that a policy that would result in the recovery through public utility rates of expenses or investments in the development and market penetration of alternative fuel vehicles is in the public interest and consistent with the Federal Energy Policy Act, United States Code, title 42, section 13235, the department may approve plans of public utilities to make investments and expenditures in alternative fuel vehicles and supporting equipment. The commission may allow a public utility to recover through its rates the investments and expenses under a plan approved by the department and shall allow recovery of any assessment under section 7. The rate recovery shall provide for the ratable phase-out over a 20-year period at five percent per year of the recovery of those expenses or investments in public utility rates.

Subd. 2. [REPEALER.] This section expires July 1, 2003, except that any plan approved by the commission under subdivision 1 prior to that date may continue until the expiration date of the plan.

Sec. 2. Minnesota Statutes 1992, section 216C.01, is amended by adding a subdivision to read:

Subd. 1a. [ALTERNATIVE FUEL.] "Alternative fuel" means natural gas; liquified petroleum gas; hydrogen; coal-derived liquified fuels; electricity; methanol, denatured ethanol, and other alcohols; mixtures containing 85 percent or more, or other percentage as may be set by regulation by the Secretary of the United States Department of Energy, by volume of methanol, denatured ethanol, and other alcohols with gasoline or other fuels; fuels other than alcohol that are derived from biological materials; and other fuel that the Secretary of the United States Department of Energy determines by regulation to be an alternative fuel within the meaning of section 301(2) of the National Energy Policy Act of 1992.

Sec. 3. Minnesota Statutes 1992, section 216C.01, is amended by adding a subdivision to read:

Subd. 1b. [ALTERNATIVE FUEL VEHICLE.] "Alternative fuel vehicle" means a dedicated or a dual-fuel vehicle.

Sec. 4. Minnesota Statutes 1992, section 216C.01, is amended by adding a subdivision to read:

Subd. 2a. [DEDICATED FUEL VEHICLE.] "Dedicated fuel vehicle" means a vehicle that operates solely on alternative fuels.

Sec. 5. Minnesota Statutes 1992, section 216C.01, is amended by adding a subdivision to read:

Subd. 4. [DUAL-FUEL VEHICLE.] "Dual-fuel vehicle" means a vehicle that is capable of operating on an alternative fuel and is capable of operating on gasoline or diesel fuel.

Sec. 6. [216C.40] [ALTERNATIVE FUEL VEHICLES.]

Subdivision 1. [STATE POLICY.] It is in the long-term economic, environmental, and social interest of the state of Minnesota to promote the development and market penetration of alternative fuel vehicles that reduce harmful emissions from motor vehicles as defined in United States Code, title 42, section 7550(2), so as to assist in attaining and maintaining healthful air quality, to provide fuel security through a diversity of alternative fuel supply sources, and to develop additional markets for indigenous crop-based fuels.

Subd. 2. [STATE PLAN.] The policies developed and implemented under this section are intended to form part of the state plan that may be submitted by the governor to the Secretary of the United States Department of Energy under section 409 of the National Energy Policy Act of 1992.

Subd. 3. [REPORT TO THE LEGISLATURE.] The department shall, after consultation with the public utilities commission, the environmental quality board, the pollution control agency, the department of transportation, the department of administration, the department of agriculture, and the department of trade and economic development, submit a report to the legislature by January 1, 1994, detailing the department's progress and all actions taken by units of state government to implement the policies set forth in subdivision 1 concerning alternative fuels.

Subd. 4. [CONDITION PRECEDENT.] The duties of the department under this section are conditional on the commissioner of public service finding that there will be at least one public utility that will be subject to the assessment created by section 7.

Subd. 5. [REPEALER.] This section expires July 1, 2003.

Sec. 7. [ASSESSMENT; APPROPRIATION.]

The department of public service shall assess no more than \$78,000 in fiscal year 1994 against public utilities that have plans submitted under section 1, subdivision 1, for expenses reasonably attributable to the performance of the department's duties in developing the state plan under section 6, subdivision 2. A public utility that so elects shall notify the department of public service by June 1, 1993, in writing, of their agreement to be assessed under this section. A utility is bound by an election to be assessed. The assessment must be paid by the public utility within 30 days of its receipt of a bill for the assessment. The assessment for each utility shall be equally shared among assessed utilities and is appropriated to the department of public service for the purposes of this act.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to energy; directing the public service department to evaluate and implement a policy to promote the use of motor vehicles powered by alternate fuels; appropriating money; amending Minnesota Statutes 1992, section 216C.01, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 216B; and 216C."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Economic Development, Infrastructure and Regulation Finance.

The report was adopted.

Battaglia from the Committee on Environment and Natural Resources Finance to which was referred:

H. F. No. 1138, A bill for an act relating to agriculture; changing eligibility and participation requirements for certain rural finance authority programs; authorizing an application fee; amending Minnesota Statutes 1992, sections 41B.03, subdivision 1, and by adding a subdivision; 41B.039, subdivision 2; and 41B.042, subdivision 4.

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

The report was adopted.

Battaglia from the Committee on Environment and Natural Resources Finance to which was referred:

H. F. No. 1149, A bill for an act relating to the agricultural finance authority; authorizing direct loans and participations; increasing the dollar limit; amending Minnesota Statutes 1992, sections 41B.02, by adding a subdivision; and 41B.043.

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

The report was adopted.

Osthoff from the Committee on Transportation and Transit to which was referred:

H. F. No. 1169, A bill for an act relating to metropolitan government; requiring the transit commission to obtain consent to use parkways; amending Minnesota Statutes 1992, section 413.411, subdivision 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 473.411, subdivision 5, is amended to read:

Subd. 5. [USE OF PUBLIC ROADWAYS AND APPURTENANCES.] The transit commission may use for the purposes of sections 473.404 to 473.449 upon the conditions stated in this subdivision any state highway or other public roadway, parkway, or lane, or any bridge or tunnel or other appurtenance of a roadway, without payment of any compensation, provided the use does not interfere unreasonably with the public use or maintenance of the roadway or appurtenance or entail any substantial additional costs for maintenance. The provisions of this subdivision do not apply to the property of any common carrier railroad or common carrier railroads. The consent of the public agency in charge of such state highway or other public highway or roadway or appurtenance is not required, but, except that if the commissioner seeks to use a designated parkway for regular route service in a city of the first class, it must obtain permission from and is subject to reasonable limitations imposed by a joint board consisting of two representatives from the transit commission, two members of the board of park commissioners, or other body having control of parks and parkways in the city, and a fifth member jointly selected by the representatives of the transit commission and the park board.

A board of park commissioners, or other body having control of the parks or parkways, may designate persons to sit on the joint board. In considering a request by the transit commission to use designated parkways for additional routes or trips, the joint board consisting of the transit commission, the board of park commissioners, or other body having control of parks or parkways or their designees, and the fifth member, shall base its decision to grant or deny the request based on the criteria to be established by the joint board. If the agency objects to the proposed use or claims reimbursement from the commission for additional cost of maintenance, it may commence an action against the commission in the district court of the county wherein the highway, roadway, or appurtenance, or major portion thereof, is located. The proceedings in the action must conform to the rules of civil procedure applicable to the district courts. The court shall sit without jury. If the court determines that the use in question interferes unreasonably with the public use or maintenance of the roadway or appurtenance, it shall enjoin the use by the commission. If the court determines that the use in question does not interfere unreasonably with the public use or maintenance of the

roadway or appurtenance, but that it entails substantial additional maintenance costs, the court shall award judgment to the agency for the amount of the additional costs. Otherwise the court shall award judgment to the commission. An aggrieved party may appeal from the judgment of the district court in the same manner as is provided for such appeals in other civil actions. The commission may also use land within the right of way of any state highway or other public roadway for the erection of traffic control devices, other signs, and passenger shelters upon the conditions stated in this subdivision and subject only to the approval of the commissioner of transportation where required by statute, and subject to the express provisions of other applicable statutes and to federal requirements where necessary to qualify for federal aid.

Sec. 2. [APPLICATION.]

This act applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."

Amend the title as follows:

Page 1, line 4, delete "413.411" and insert "473.411"

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

Carlson from the Committee on Education to which was referred:

H. F. No. 1179, A bill for an act relating to health; implementing recommendations of the Minnesota health care commission; defining and regulating integrated service networks; requiring regulation of all health care services not provided through integrated service networks; establishing data reporting and collection requirements; establishing other cost containment measures; providing for voluntary commitments by health plans and providers to limit the rate of growth in total revenues; permitting expedited rulemaking; requiring certain studies; providing penalties; appropriating money; amending Minnesota Statutes 1992, sections 3.732, subdivision 1; 60A.02, subdivision 1a; 62A.021, subdivision 1; 62A.65; 62E.02, subdivision 23; 62E.10, subdivisions 1 and 3; 62E.11, subdivision 12; 62J.03, subdivisions 6, 8, and by adding a subdivision; 62J.04, subdivisions 1, 2, 3, 4, 5, 7, and by adding a subdivision; 62J.09, subdivisions 2, 5, and 8; 62J.15, subdivisions 1 and 2; 62J.17, subdivision 2, and by adding subdivisions; 62J.23, by adding a subdivision; 62J.30, subdivisions 1, 6, and 7; 62J.33; 62L.02, subdivisions 16, 26, and 27; 62L.03, subdivisions 3 and 4; 62L.04, subdivision 1; 62L.05, subdivisions 4 and 6; 62L.09, subdivision 1; 136A.1355, subdivisions 1, 3, 4, and by adding a subdivision; 136A.1356, subdivisions 2 and 5; 136A.1357, subdivisions 1 and 4; 137.38, subdivisions 2, 3, and 4; 137.39, subdivisions 2 and 3; 137.40, subdivision 3; 144.1484, subdivisions 1 and 2; 214.16, subdivision 3; 256.9351, subdivision 3; 256.9353, subdivisions 2, 3, 5, and 6; 256.9657, subdivision 3; 295.50, subdivisions 3, 4, 7, and by adding subdivisions; 295.51, subdivision 1; 295.52, by adding subdivisions; 295.53, subdivision 1; 295.55, subdivision 4; 295.58; and 295.59; proposing coding for new law in Minnesota Statutes, chapters 16B; 62J; 62N; 62O; 256; and 295; repealing Minnesota Statutes 1992, sections 62J.17, subdivisions 4, 5, and 6; 62J.29; 62L.09, subdivision 2; 295.50, subdivision 10; and 295.51, subdivision 2; and Laws 1992, chapter 549, article 9, section 19, subdivision 2.

Reported the same back with the following amendments:

Page 100, after line 22, insert:

"Section 1. Minnesota Statutes 1992, section 144.147, subdivision 4, is amended to read:

Subd. 4. [ALLOCATION OF GRANTS.] (a) Eligible hospitals must apply to the commissioner no later than September 1 of each year for grants awarded for the fiscal year beginning the following July 1.

(b) The commissioner must make a final decision on the funding of each application within 60 days of the deadline for receiving applications.

(c) Each relevant community health board has 30 days in which to review and comment to the commissioner on grant applications from hospitals in their community health service area.

(d) In determining which hospitals will receive grants under this section, the commissioner shall consider the following factors:

(1) Description of the problem, description of the project, and the likelihood of successful outcome of the project. The applicant must explain clearly the nature of the health services problems in their service area, how the grant funds will be used, what will be accomplished, and the results expected. The applicant should describe achievable objectives, a timetable, and roles and capabilities of responsible individuals and organizations.

(2) The extent of community support for the hospital and this proposed project. The applicant should demonstrate support for the hospital and for the proposed project from other local health service providers and from local community and government leaders. Evidence of such support may include past commitments of financial support from local individuals, organizations, or government entities; and commitment of financial support, in-kind services or cash, for this project.

(3) The comments, if any, resulting from a review of the application by the community health board in whose community health service area the hospital is located.

(e) In evaluating applications, the commissioner shall score each application on a 100 point scale, assigning the maximum of 70 points for an applicant's understanding of the problem, description of the project, and likelihood of successful outcome of the project; and a maximum of 30 points for the extent of community support for the hospital and this project. The commissioner may also take into account other relevant factors.

(f) A grant to a hospital, including hospitals that submit applications as consortia, may not exceed ~~\$50,000~~ \$37,500 a year and may not exceed a term of two years. Prior to the receipt of any grant, the hospital must certify to the commissioner that at least one-half of the amount, which may include in-kind services, is available for the same purposes from nonstate sources. A hospital receiving a grant under this section may use the grant for any expenses incurred in the development of strategic plans or the implementation of transition projects with respect to which the grant is made. Project grants may not be used to retire debt incurred with respect to any capital expenditure made prior to the date on which the project is initiated."

Renumber the sections of article 11 in sequence

Page 103, line 22, strike "1995" and insert "1997"

Page 103, line 24, delete "three" and insert "and up to eight" and delete "pediatric residents" and insert "residents in training"

Page 103, lines 25 and 26, delete the new language

Page 105, after line 18, insert:

"Sec. 6. Minnesota Statutes 1992, section 136A.1356, subdivision 4, is amended to read:

Subd. 4. [LOAN FORGIVENESS.] The higher education coordinating board may accept up to ~~eight~~ 12 applicants per year for participation in the loan forgiveness program. Applicants are responsible for securing their own loans. Applicants chosen to participate in the loan forgiveness program may designate for each year of midlevel practitioner study, up to a maximum of two years, an agreed amount, not to exceed \$7,000, as a qualified loan. For each year that a participant serves as a midlevel practitioner in a designated rural area, up to a maximum of four years, the higher education coordinating board shall annually repay an amount equal to one-half a qualified loan. Participants who move their practice from one designated rural area to another remain eligible for loan repayment."

Pages 105 and 106, delete sections 7 and 8 and insert:

"Sec. 8. Minnesota Statutes 1992, section 136A.1357, is amended to read:

136A.1357 [EDUCATION ACCOUNT FOR NURSES WHO AGREE TO PRACTICE IN A NURSING HOME OR INTERMEDIATE CARE FACILITY FOR PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS.]

Subdivision 1. [CREATION OF THE ACCOUNT.] An education account in the general health care access fund is established for a loan forgiveness program for nurses who agree to practice nursing in a nursing home or intermediate

care facility for persons with mental retardation or related conditions. The account consists of money appropriated by the legislature and repayments and penalties collected under subdivision 4. Money from the account must be used for a loan forgiveness program.

Subd. 2. [ELIGIBILITY.] To be eligible to participate in the loan forgiveness program, a person planning to enroll or enrolled in a program of study designed to prepare the person to become a registered nurse or licensed practical nurse must submit a letter of interest to the board before completing the first year of study completion of a nursing education program. Before completing the first year of study completion of the program, the applicant must sign a contract in which the applicant agrees to practice nursing for at least one of the first two years following completion of the nursing education program providing nursing services in a licensed nursing home or intermediate care facility for persons with mental retardation or related conditions.

Subd. 3. [LOAN FORGIVENESS.] The board may accept up to ten applicants a year. Applicants are responsible for securing their own loans. For each year of nursing education, for up to two years, applicants accepted into the loan forgiveness program may designate an agreed amount, not to exceed \$3,000, as a qualified loan. For each year that a participant practices nursing in a nursing home or intermediate care facility for persons with mental retardation or related conditions, up to a maximum of two years, the board shall annually repay an amount equal to one year of qualified loans. Participants who move from one nursing home or intermediate care facility for persons with mental retardation or related conditions to another remain eligible for loan repayment.

Subd. 4. [PENALTY FOR NONFULFILLMENT.] If a participant does not fulfill the service commitment required under subdivision 3 for full repayment of all qualified loans, the commissioner shall collect from the participant 100 percent of any payments made for qualified loans and interest at a rate established according to section 270.75. The board shall deposit the collections in the general health care access fund to be credited to the account established in subdivision 1. The board may grant a waiver of all or part of the money owed as a result of a nonfulfillment penalty if emergency circumstances prevented fulfillment of the required service commitment.

Subd. 5. [RULES.] The board shall adopt rules to implement this section.

Sec. 9. [136A.1358] [RURAL CLINICAL SITES FOR NURSE PRACTITIONER EDUCATION.]

Subdivision 1. [DEFINITION.] For purposes of this section, "rural" means any area of the state outside of the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington, and outside the cities of Duluth, Mankato, Moorhead, Rochester, and St. Cloud.

Subd. 2. [ESTABLISHMENT.] A grant program is established under the authority of the higher education coordinating board to provide grants to colleges or schools of nursing located in Minnesota that operate programs of study designed to prepare registered nurses for advanced practice as nurse practitioners.

Subd. 3. [PROGRAM GOALS.] Colleges and schools of nursing shall use grants received to provide rural students with increased access to programs of study for nurse practitioners, by:

- (1) developing rural clinical sites;
- (2) allowing students to remain in their rural communities for clinical rotations; and
- (3) providing faculty to supervise students at rural clinical sites.

The overall goal of the grant program is to increase the number of graduates of nurse practitioner programs who work in rural areas of the state.

Subd. 4. [RESPONSIBILITY OF NURSING PROGRAMS.] (a) Colleges or schools of nursing interested in participating in the grant program must apply to the higher education coordinating board, according to the policies established by the board. Applications submitted by colleges or schools of nursing must include a detailed proposal for achieving the goals listed in subdivision 3, a plan for encouraging sufficient applications from rural applicants to meet the requirements of paragraph (b), and any additional information required by the board.

(b) Each college or school of nursing, as a condition of accepting a grant, shall make at least 25 percent of the openings in each nurse practitioner entering class available to applicants who live in rural areas and desire to practice as a nurse practitioner in rural areas. This requirement is effective beginning with the fall 1994 entering class and

remains in effect for each biennium thereafter for which a college or school of nursing is awarded a grant renewal. The board may exempt colleges or schools of nursing from this requirement if the college or school can demonstrate, to the satisfaction of the board, that the nurse practitioner program did not receive enough applications or acceptance letters from qualified rural applicants to meet the requirement.

(c) Colleges or schools of nursing participating in the grant program shall report to the higher education coordinating board on their program activity as requested by the board.

Subd. 5. [RESPONSIBILITIES OF THE HIGHER EDUCATION COORDINATING BOARD.] (a) The board shall establish an application process for interested colleges and schools of nursing, and shall require colleges and schools of nursing to submit grant applications to the board by November 1, 1993. The board may award up to two grants for the biennium ending June 30, 1995.

(b) In selecting grant recipients, the board shall consider:

(1) the likelihood that an applicant's grant proposal will be successful in achieving the program goals listed in subdivision 3;

(2) the potential effectiveness of the college's or school's plan to encourage applications from rural applicants; and

(3) the academic quality of the college's or school's program of education for nurse practitioners.

(c) The board shall notify grant recipients of an award by December 1, 1993, and shall disburse the grants by January 1, 1994. The board may renew grants if a college or school of nursing demonstrates that satisfactory progress has been made during the past biennium toward achieving the goals listed in subdivision 3."

Page 106, line 32, before "pediatricians" insert "general" and before "internists" insert "general"

Page 108, after line 5, insert:

"Sec. 16. [144.1487] [LOAN REPAYMENT PROGRAM FOR HEALTH PROFESSIONALS.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of sections 144.1487 to 144.1492, the following definitions apply.

(b) "Board" means the higher education coordinating board.

(c) "Health professional shortage area" means an area designated as such by the federal secretary of health and human services, as provided under Code of Federal Regulations, title 42, part 5, and United States Code, title 42, section 254E.

Subd. 2. [ESTABLISHMENT AND PURPOSE.] The commissioner shall establish a National Health Services Corps state loan repayment program authorized by section 388I of the Public Health Service Act, United States Code, title 42, section 254q-1, as amended by Public Law Number 101-597. The purpose of the program is to assist communities with the recruitment and retention of health professionals in federally designated health professional shortage areas.

Sec. 17. [144.1488] [PROGRAM ADMINISTRATION AND ELIGIBILITY.]

Subdivision 1. [DUTIES OF THE COMMISSIONER OF HEALTH.] The commissioner shall administer the state loan repayment program. The commissioner shall:

(1) ensure that federal funds are used in accordance with program requirements established by the federal National Health Services Corps;

(2) notify potentially eligible loan repayment sites about the program;

(3) develop and disseminate application materials to sites;

(4) review and rank applications from sites;

(5) select sites that qualify for loan repayment, based upon the availability of federal and state funding;

- (6) provide the higher education coordinating board with a list of qualifying sites; and
- (7) carry out other activities necessary to implement and administer sections 144.1487 to 144.1492.

The commissioner shall enter into an interagency agreement with the higher education coordinating board to carry out the duties assigned to the board under sections 144.1487 to 144.1492.

Subd. 2. [DUTIES OF THE HIGHER EDUCATION COORDINATING BOARD.] The higher education coordinating board, through an interagency agreement with the commissioner of health, shall:

- (1) verify the eligibility of program participants;
- (2) sign a contract with each participant that specifies the obligations of the participant and the state;
- (3) arrange for the payment of qualifying educational loans for program participants;
- (4) monitor the obligated service of program participants;
- (5) waive or suspend service or payment obligations of participants in appropriate situations;
- (6) place participants who fail to meet their obligations in default;
- (7) enforce penalties for default; and
- (8) report regularly to the commissioner.

Subd. 3. [ELIGIBLE LOAN REPAYMENT SITES.] Private, nonprofit and public entities located in and providing health care services in federally designated primary care health professional shortage areas are eligible to apply for the program. The commissioner shall develop a list of Minnesota health professional shortage areas in greatest need of health care professionals, and shall select loan repayment sites from that list. The commissioner shall ensure, to the greatest extent possible, that the geographic distribution of sites within the state reflects the percentage of the population living in rural and urban health professional shortage areas.

Subd. 4. [ELIGIBLE HEALTH PROFESSIONALS.] (a) To be eligible to apply to the higher education coordinating board for the loan repayment program, health professionals must be citizens or nationals of the United States, must not have any unserved obligations for service to a federal, state, or local government, or other entity, and must be ready to begin full-time clinical practice upon signing a contract for obligated service.

(b) In selecting physicians for participation, the board shall give priority to physicians who are board certified or have completed a residency in family practice, osteopathic general practice, obstetrics and gynecology, internal medicine, or pediatrics. A physician selected for participation is not eligible for loan repayment until the physician has an employment agreement or contract with an eligible loan repayment site and has signed a contract for obligated service with the higher education coordinating board.

Sec. 18. [144.1489] [OBLIGATIONS OF PARTICIPANTS.]

Subdivision 1. [CONTRACT REQUIRED.] Before starting the period of obligated service, a participant must sign a contract with the higher education coordinating board that specifies the obligations of the participant and the board.

Subd. 2. [OBLIGATED SERVICE.] A participant shall agree in the contract to fulfill the period of obligated service by providing primary health care services in full-time clinical practice. The service must be provided in a private, nonprofit or public entity that is located in and providing services to a federally designated health professional shortage area and that has been designated as an eligible site by the commissioner under the state loan repayment program.

Subd. 3. [LENGTH OF SERVICE.] Participants must agree to provide obligated service for a minimum of two years. A participant may extend a contract to provide obligated service for a third year, subject to board approval and the availability of federal and state funding.

Subd. 4. [AFFIDAVIT OF SERVICE REQUIRED.] Within 30 days of the start of obligated service, and by February 1 of each succeeding calendar year, a participant shall submit an affidavit to the board stating that the participant is providing the obligated service and which is signed by a representative of the organizational entity in which the service is provided. Participants must provide written notice to the board within 30 days of: a change in name or address, a decision not to fulfill a service obligation, or cessation of clinical practice.

Subd. 5. [TAX RESPONSIBILITY.] The participant is responsible for reporting on federal income tax returns any amount paid by the state on designated loans, if required to do so under federal law.

Subd. 6. [NONDISCRIMINATION REQUIREMENTS.] Participants are prohibited from charging a higher rate for professional services than the usual and customary rate prevailing in the area where the services are provided. If a patient is unable to pay this charge, a participant shall charge the patient a reduced rate or not charge the patient. Participants must agree not to discriminate on the basis of ability to pay, or status as a Medicare or medical assistance enrollee. Participants must agree to accept assignment under the Medicare program and to serve as an enrolled provider under medical assistance.

Sec. 19. [144.1490] [RESPONSIBILITIES OF THE LOAN REPAYMENT PROGRAM.]

Subdivision 1. [LOAN REPAYMENT.] Subject to the availability of federal and state funds for the loan repayment program, the higher education coordinating board shall pay all or part of the qualifying education loans up to \$20,000 annually for each primary care physician participant that fulfills the required service obligation. For purposes of this provision, "qualifying educational loans" are government and commercial loans for actual costs paid for tuition, reasonable education expenses, and reasonable living expenses related to the graduate or undergraduate education of a health care professional.

Subd. 2. [PROCEDURE FOR LOAN REPAYMENT.] Program participants, at the time of signing a contract, shall designate the qualifying loan or loans for which the higher education coordinating board is to make payments. The participant shall submit to the board all payment books for the designated loan or loans, or all monthly billings for the designated loan or loans within five days of receipt. The board shall make payments in accordance with the terms and conditions of the designated loans, in an amount not to exceed \$20,000 when annualized. If the amount paid by the board is less than \$20,000 during a 12-month period, the board shall pay during the twelfth month an additional amount towards a loan or loans designated by the participant, to bring the total paid to \$20,000. The total amount paid by the board must not exceed the amount of principal and accrued interest of the designated loans.

Sec. 20. [144.1491] [FAILURE TO COMPLETE OBLIGATED SERVICE.]

Subdivision 1. [PENALTIES FOR BREACH OF CONTRACT.] A program participant who fails to complete two years of obligated service shall repay the amount paid, as well as a financial penalty based upon the length of the service obligation not fulfilled. If the participant has served at least one year, the financial penalty is the number of unserved months multiplied by \$1,000. If the participant has served less than one year, the financial penalty is the total number of obligated months multiplied by \$1,000.

Subd. 2. [SUSPENSION OR WAIVER OF OBLIGATION.] Payment or service obligations cancel in the event of a participant's death. The board may waive or suspend payment or service obligations in case of total and permanent disability or long-term temporary disability lasting for more than two years. The board shall evaluate all other requests for suspension or waivers on a case-by-case basis.

Sec. 21. Laws 1990, chapter 591, article 4, section 9, is amended to read:

Sec. 9. [SUNSET.]

Sections 1 to 4, and 6 are repealed on June 30, 1995.

Section 5 is repealed June 30, 1997.

Sec. 22. [NURSE PRACTITIONER PROMOTION TEAMS.]

The commissioner of health, through the office of rural health, shall establish nurse practitioner promotion teams, consisting of one nurse practitioner and one physician who are practicing jointly. The promotion teams shall travel to rural communities and provide physicians, medical clinic administrators, and other interested parties with

information on: the benefits of joint practices between nurse practitioners and physicians and methods of establishing and maintaining joint practices. The office of rural health shall contract with promotion teams to visit up to 20 rural communities during the biennium ending June 30, 1995. The office of rural health shall provide members of promotion teams with stipends for their time and travel expenses.

Sec. 23. [SUMMER HEALTH CARE INTERNS.]

Subdivision 1. [SUMMER INTERNSHIPS.] The commissioner of education shall award grants to eligible districts or groups of districts to establish a summer health care intern program in the summer of 1994 for pupils who intend to complete high school graduation requirements and who are between their junior year and senior year of high school. The purpose of the program is to expose interested high school pupils to various careers within the health care profession.

Subd. 2. [CRITERIA.] The commissioner, with the advice of the Minnesota medical association and the Minnesota hospital association, shall establish criteria for awarding grants to districts or groups of districts that have juniors enrolled in high school who are interested in pursuing a career in the health care profession. The criteria must include, among other things:

- (1) the proximity of a district or districts to a hospital or clinic willing to participate in the program;
- (2) the kinds of formal exposure to the health care profession a hospital or clinic can provide to a pupil;
- (3) the need for health care professionals in a particular area; and
- (4) the willingness of a hospital or clinic to pay one-half the costs of employing a pupil.

The Minnesota medical association and the Minnesota hospital association jointly must provide the commissioner by January 31, 1994, with a list of hospitals and clinics willing to participate in the program and what provisions those hospitals or clinics will make to ensure a pupil's adequate exposure to the health care profession, and indicate whether a hospital or clinic is willing to pay one-half the costs of employing a pupil.

Subd. 3. [GRANTS.] The commissioner shall award grants to districts or groups of districts meeting the requirements of subdivision 2. The grants must be used to pay one-half of the costs of employing a pupil in a hospital or clinic during the course of the program. No more than five pupils may be selected from any one high school to participate in the program and no more than one-half of the number of pupils selected may be from the seven-county metropolitan area.

Sec. 24. [EFFECTIVE DATE.]

Sections 16 to 20 related to the National Health Services Corps loan repayment program are effective the day following final enactment."

Renumber the sections in article 12 in sequence

Page 119, after line 2, insert:

"Sec. 2. [APPROPRIATIONS FOR HEALTH PROFESSIONAL EDUCATION.]

Subdivision 1. [DEPARTMENT OF HEALTH.] (a) \$..... is appropriated from the general fund to the commissioner of health, for the biennium ending June 30, 1995, to provide stipends to members of nurse practitioner promotion teams, as provided in article 12.

(b) The \$96,000 appropriated to the higher education coordinating board for the fiscal year ending June 30, 1993, for the rural physician education account is appropriated to the commissioner of health for the fiscal year ending June 30, 1993, for use as the state match for federal money already received through the National Health Services Corps loan repayment program. This appropriation does not cancel and is available to the commissioner for this purpose for the fiscal year ending June 30, 1994.

(c) \$..... is appropriated from the health care access fund to the commissioner of health for the biennium ending June 30, 1995, for use as the state match for federal money received through the National Health Services Corps loan repayment program.

Subd. 2. [HIGHER EDUCATION COORDINATING BOARD.] \$..... is appropriated from the general fund to the higher education coordinating board, for the biennium ending June 30, 1995, to implement provisions in article 12 related to the physician and midlevel practitioner loan forgiveness programs, and the program to establish rural clinical sites for nurse practitioners.

Subd. 3. [DEPARTMENT OF EDUCATION.] \$..... is appropriated from the general fund to the commissioner of education, for the biennium ending June 30, 1995, to provide grants for the summer health intern program under article 12.

Sec. 3. [EFFECTIVE DATE.]

Section 2, subdivision 1, paragraph (b), relating to the transfer of money from the higher education coordinating board to the commissioner of health, is effective the day following final enactment."

Amend the title as follows:

Page 1, line 26, before "and" insert ", 4,"

Page 1, line 27, delete ", subdivisions 1 and 4"

Page 1, line 29, after the first semicolon insert "144.147, subdivision 4;"

Page 1, line 35, before "proposing" insert "Laws 1990, chapter 591, article 4, section 9;"

Page 1, line 37, after the second semicolon insert "136A; 144;"

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

The report was adopted.

Jacobs from the Committee on Regulated Industries and Energy to which was referred:

H. F. No. 1253, A bill for an act relating to energy; cogeneration and small power production; providing for establishment of prices paid for utilities' avoided capacity and energy costs; providing that the public utilities commission establish a preference for renewable resource energy production; requiring rulemaking; providing for a rulemaking exemption; amending Minnesota Statutes 1992, sections 216B.164, subdivision 4; and 216B.2421, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 216B.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 216B.164, subdivision 4, is amended to read:

Subd. 4. [PURCHASES; WHEELING.] (a) Except as otherwise provided in paragraph (c), this subdivision shall apply to all qualifying facilities having 40 kilowatt capacity or more as well as qualifying facilities as defined in subdivision 3 which elect to be governed by its provisions.

(b) The utility to which the qualifying facility is interconnected shall purchase all energy and capacity made available by the qualifying facility. The qualifying facility shall be paid the utility's full avoided capacity and energy costs ~~including the value of environmental costs avoided by the qualifying facility considered appropriate by the~~

commission. To the extent possible, the commission shall quantify and value all environmental costs associated with each method of electricity generation as negotiated by the parties, as set by the commission, or as determined through competitive bidding approved by the commission. The full avoided capacity and energy costs to be paid a qualifying facility that generates electric power by means of a renewable energy source are the utility's least cost renewable energy facility or the bid of a competing supplier of a least cost renewable energy facility, whichever is lower, unless the commission's resource plan order, under section 216B.2422, subdivision 2, provides that the use of a renewable resource to meet the identified capacity need is not in the public interest.

(c) For all qualifying facilities having 30 kilowatt capacity or more, the utility shall, at the qualifying facility's or the utility's request, provide wheeling or exchange agreements wherever practicable to sell the qualifying facility's output to any other Minnesota utility having generation expansion anticipated or planned for the ensuing ten years. The commission shall establish the methods and procedures to insure that except for reasonable wheeling charges and line losses, the qualifying facility receives the full avoided energy and capacity costs of the utility ultimately receiving the output.

(d) The commission shall set rates for electricity generated by renewable energy.

Sec. 2. Minnesota Statutes 1992, section 216B.2421, subdivision 1, is amended to read:

Subdivision 1. [APPLICABILITY.] The definition in this section applies to this section and sections 216B.2422 and section 216B.243.

Sec. 3. [216B.2422] [RESOURCE PLANNING; RENEWABLE ENERGY.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Utility" means an entity with the capability of generating 100,000 kilowatts or more of electric power and serving, either directly or indirectly, the needs of 10,000 retail customers in Minnesota. Utility does not include federal power agencies.

(c) "Renewable energy" means electricity generated through use of any of the following resources:

(1) wind;

(2) solar;

(3) geothermal;

(4) hydro; or

(5) trees or other vegetation.

(d) "Resource plan" means a set of resource options that a utility could use to meet the service needs of its customers over a forecast period, including an explanation of the supply and demand circumstances under which, and the extent to which, each resource option would be used to meet those service needs. These resource options include using, refurbishing, and constructing utility plant and equipment, buying power generated by other entities, controlling customer loads, and implementing customer energy conservation.

(e) "Refurbish" means to rebuild or substantially modify an existing electricity generating resource of 30 megawatts or greater.

Subd. 2. [PLAN FILING AND APPROVAL.] A utility shall file a resource plan with the commission periodically in accordance with rules adopted by the commission. The commission shall approve, reject, or modify the plan of a public utility, as defined in section 216B.02, subdivision 4, consistent with the public interest. In the resource plan proceedings of all other utilities, the commission's order shall be advisory and the order's findings and conclusions shall constitute prima facie evidence which may be rebutted by substantial evidence in all other proceedings. With respect to utilities other than those defined in section 216B.02, subdivision 4, the commission shall consider the filing requirements and decisions in any comparable proceedings in another jurisdiction. As a part of its resource plan

filing, a utility shall include the least cost plan for meeting 50 and 75 percent of all new and refurbished capacity needs through a combination of conservation and renewable energy resources.

Subd. 3. [ENVIRONMENTAL COSTS.] (a) The commission shall, to the extent practicable, quantify and establish a range of environmental costs associated with each method of electricity generation. A utility shall use the values established by the commission in conjunction with other external factors, including socioeconomic costs, when evaluating and selecting resource options in all proceedings before the commission, including resource plan and certificate of need proceedings.

(b) The commission shall establish interim environmental cost values associated with each method of electricity generation by March 1, 1994. These values expire on the date the commission establishes environmental cost values under paragraph (a).

Subd. 4. [RENEWABLE PREFERENCE.] The commission shall not approve a new or refurbished nonrenewable energy facility in an integrated resource plan or a certificate of need, pursuant to section 216B.243, nor shall the commission allow rate recovery pursuant to section 216B.16 for such a nonrenewable energy facility, unless the utility has demonstrated that a renewable energy facility is not in the public interest.

Subd. 5. [BIDDING.] A utility may select resources to meet its projected energy demand through a bidding process approved or established by the commission. A utility shall use the environmental cost estimates determined under subdivision 3 in evaluating bids submitted in a process established under this subdivision.

Subd. 6. [CONSOLIDATION OF RESOURCE PLANNING AND CERTIFICATE OF NEED.] A utility shall indicate in its resource plan whether it intends to site or construct a large energy facility. If the utility's resource plan includes a proposed large energy facility and construction of that facility is likely to begin before the utility files its next resource plan, the commission shall conduct the resource plan proceeding consistent with the requirements of section 216B.243 with respect to the proposed facility. If the commission approves the proposed facility in the resource plan, a separate certificate of need proceeding is not required.

Sec. 4. Minnesota Statutes 1992, section 216B.62, subdivision 5, is amended to read:

Subd. 5. [ASSESSING COOPERATIVES AND MUNICIPALS.] The commission and department may charge cooperative electric associations and municipal electric utilities their proportionate share of the expenses incurred in the review and disposition of resource plans, adjudication of service area disputes and the costs incurred in the adjudication of complaints over service standards, practices, and rates. Cooperative electric associations electing to become subject to rate regulation by the commission pursuant to section 216B.026, subdivision 4, are also subject to this section. Neither a cooperative electric association nor a municipal electric utility is liable for costs and expenses in a calendar year in excess of the limitation on costs that may be assessed against public utilities under subdivision 2. A cooperative electric association or municipal electric utility may object to and appeal bills of the commission and department as provided in subdivision 4."

Delete the title and insert:

"A bill for an act relating to energy; cogeneration and small power production; providing for establishment of prices paid for utilities' avoided capacity and energy costs; providing that the public utilities commission establish a preference for renewable resource energy production; amending Minnesota Statutes 1992, sections 216B.164, subdivision 4; 216B.2421, subdivision 1; and 216B.62, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 216B."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 1282, A bill for an act relating to retirement; alternative retirement coverage for certain state university and community college teachers; amending Minnesota Statutes 1992, section 352D.02, by adding a subdivision; and Laws 1990, chapter 570, article 10, section 7.

Reported the same back with the following amendments:

Page 1, delete section 1

Page 1, line 23, delete "Sec. 2" and insert "Section 1"

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

Page 2, line 20, delete "4" and insert "3"

Page 2, delete line 21

Page 2, line 22, delete "2 and 3" and insert "1 and 2"

Amend the title as follows:

Page 1, line 4, delete everything after "amending"

Page 1, line 5, delete everything before "Laws"

With the recommendation that when so amended the bill pass.

The report was adopted.

Osthoff from the Committee on Transportation and Transit to which was referred:

H. F. No. 1310, A bill for an act relating to local government; permitting the cities of Bloomington, Edina, Richfield, Eden Prairie, and Minnetonka to establish a transportation demand management program.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [BLOOMINGTON; RICHFIELD; EDINA; EDEN PRAIRIE; MINNETONKA; MAPLE GROVE; PLYMOUTH; TRANSPORTATION DEMAND MANAGEMENT PROGRAM.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section, "transportation demand management" means the application of strategies involving both incentives and disincentives designed to redirect travel to use high occupancy modes or away from peak periods of travel so as to reduce the number of vehicle trips and accidents at critical times.

Subd. 2. [TDM PROGRAMS.] The city councils of the cities of Bloomington, Edina, Richfield, Eden Prairie, Minnetonka, Maple Grove, and Plymouth may, in consultation with the metropolitan council, establish by ordinance transportation demand management programs applicable to employers and developers or owners of nonresidential buildings in each of their cities to mitigate existing and future traffic congestion in the cities and to preserve the environment by reducing air and noise pollution and energy consumption. Each of the cities may charge reasonable fees to administer the implementation of transportation demand management programs.

Sec. 2. [EFFECTIVE DATE.]

This act is effective with respect to any of the cities of Bloomington, Edina, Richfield, Eden Prairie, Minnetonka, Maple Grove, and Plymouth the day after compliance by that city with Minnesota Statutes, section 645.021, subdivision 3."

Amend the title as follows:

Page 1, line 3, delete "and"

Page 1, line 4, after "Minnetonka" insert ", Maple Grove, and Plymouth"

With the recommendation that when so amended the bill pass.

The report was adopted.

Osthoff from the Committee on Transportation and Transit to which was referred:

H. F. No. 1315, A bill for an act relating to traffic regulations; increasing fees for overweight trucks; authorizing permit to be issued for trailer or semitrailer exceeding 28-1/2 feet in three-vehicle combination; amending Minnesota Statutes 1992, sections 169.81, subdivision 2; and 169.86, subdivision 5.

Reported the same back with the following amendments:

Page 2, lines 25 to 30, reinstate the stricken language and before the period insert ", or may grant a permit authorizing the transportation of empty trailers that exceed 28-1/2 feet, when using a B-train hitching mechanism as defined in Code of Federal Regulations, title 23, section 658.5, paragraph (o), from a point of manufacture in the state to the state border"

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Economic Development, Infrastructure and Regulation Finance.

The report was adopted.

Osthoff from the Committee on Transportation and Transit to which was referred:

H. F. No. 1398, A bill for an act relating to traffic regulations; defining residential roadways and establishing speed limits; amending Minnesota statutes 1992, sections 169.01, by adding a subdivision; 169.06, by adding a subdivision; and 169.14, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [STUDY DIRECTED.]

The commissioner of transportation shall conduct a study of traffic safety improvement measures in residential neighborhoods. The commissioner shall design and conduct the study in consultation with city and county elected officials and traffic safety professionals. The study must include, among other things, an evaluation of the effects on residential neighborhood traffic safety of present laws, and proposed changes in those laws, that govern speed limits within cities. The commissioner shall report to the legislature on findings and recommendations of the study not later than February 1, 1994.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to traffic regulations; directing commissioner of transportation to study and report on traffic safety improvement measures in residential neighborhoods."

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 1439, A bill for an act relating to crime; creating an advisory committee on nonfelony enforcement to review the proportionality and enforcement of petty misdemeanor, misdemeanor, and gross misdemeanor offenses; requiring a report.

Reported the same back with the following amendments:

Page 1, after line 6, insert:

"Section 1. Minnesota Statutes 1992, section 611A.71, subdivision 1, is amended to read:

Subdivision 1. [CREATION.] The Minnesota crime victim and witness advisory council is established and shall consist of 15 16 members.

Sec. 2. Minnesota Statutes 1992, section 611A.71, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] (a) The crime victim and witness advisory council shall consist of the following members, appointed by the commissioner of public safety after consulting with the commissioner of corrections:

- (1) one district court judge appointed upon recommendation of the chief justice of the supreme court;
- (2) one county attorney appointed upon recommendation of the Minnesota county attorneys association;
- (3) one public defender appointed upon recommendation of the state public defender;
- (4) one peace officer;
- (5) one medical or osteopathic physician licensed to practice in this state;
- (6) five members who are crime victims or crime victim assistance representatives; ~~and~~
- (7) three public members; and
- (8) one member appointed on recommendation of the Minnesota general crime victim coalition.

The appointments should take into account sex, race, and geographic distribution. No more than seven of the members appointed under this paragraph may be of one gender. One of the nonlegislative members must be designated by the commissioner of public safety as chair of the council.

(b) Two members of the council shall be members of the legislature who have demonstrated expertise and interest in crime victims issues, one senator appointed under rules of the senate and one member of the house of representatives appointed under rules of the house of representatives.

Sec. 3. Minnesota Statutes 1992, section 611A.71, subdivision 3, is amended to read:

Subd. 3. [TERMS OF OFFICE.] ~~Each appointed member must be appointed for a four year term coterminous with the governor's term of office, and shall continue to serve during that time as long as the member occupies the position which made that member eligible for the appointment. Each member shall continue in office until that member's successor is duly appointed.~~ Section 15.059 governs the terms of office, filling of vacancies, and removal of members of the crime victim and witness advisory council. Members are eligible for reappointment and appointment may be made to fill an unexpired term. The members of the council shall elect any additional officers necessary for the efficient discharge of their duties.

Sec. 4. Minnesota Statutes 1992, section 611A.71, subdivision 7, is amended to read:

Subd. 7. [EXPIRATION.] The council expires ~~as provided in section 15.059, subdivision 5~~ on June 30, 1995.

Sec. 5. [APPLICABILITY.]

The gender balance requirement of section 2 applies only to appointments made after the effective date of that section and does not require displacement of incumbents before the end of their term."

Page 2, after line 31, insert:

"Of the persons appointed under clauses (2) and (3) no more than ten may be of one gender. Appointing authorities must consult with each other to assure compliance with this requirement."

Page 3, line 1, delete "1" and insert "6"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon insert "increasing the membership of the crime and witness advisory council,"

Page 1, line 5, before the period insert "; amending Minnesota Statutes 1992, section 611A.71, subdivisions 1, 2, 3, and 7"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 1442, A bill for an act relating to the city of Columbia Heights; exclusions from salary in computing police relief association retirement benefits; permitting a contribution with interest by a member for past service with the city; amending Laws 1977, chapter 374, section 8, subdivision 1.

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

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 1529, A bill for an act relating to state government; reviewing the possible reorganization and consolidation of agencies and departments with environmental and natural resource functions; creating a legislative task force; requiring establishment of worker participation committees before possible agency restructuring; appropriating money.

Reported the same back with the following amendments:

Page 7, after line 21, insert:

"(g) The powers and duties relating to mosquito control under Minnesota Statutes, sections 473.701 to 473.716, shall be examined."

Page 7, delete section 7

Page 8, line 3, delete "7" and insert "8"

Amend the title as follows:

Page 1, line 7, delete the semicolon and insert a period

Page 1, delete line 8

With the recommendation that when so amended the bill pass.

The report was adopted.

Rest from the Committee on Taxes to which was referred:

H. F. No. 1551, A bill for an act relating to courts; authorizing the commissioner of revenue to disclose certain tax information to the court for purposes of determining public defender eligibility; amending Minnesota Statutes 1992, section 270B.14, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 17, delete everything after "name"

Page 1, line 18, delete "dependents" and insert "and any relevant information from the most recently filed tax returns"

Page 1, after line 18, insert:

"(c) Data received may be used for the purposes of determining public defender eligibility as set forth in section 611.17 and shall be private data and for the exclusive use of the court except for any prosecution under section 609.48."

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

The report was adopted.

Sarna from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1636, A bill for an act relating to commerce; franchises; regulating actions; amending Minnesota Statutes 1992, section 80C.17, subdivisions 1 and 5.

Reported the same back with the following amendments:

Page 1, after line 17, insert:

"Sec. 3. Minnesota Statutes 1992, section 80C.22, subdivision 7, is amended to read:

Subd. 7. Orders of the commissioner shall be served by mailing a copy thereof by certified mail to the most recent address of the recipient of the order as it appears in the files of the commissioner. Subpoenas shall be served in the same manner as provided in civil actions in the district courts.

Sec. 4. [325F.975] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purpose of sections 325F.976 and 325F.977, the terms defined in this section have the meanings given them.

Subd. 2. [PRIVATE LABEL GOODS.] "Private label goods" means goods that are the subject of a private label purchase or agreement for private label purchase.

Subd. 3. [PRIVATE LABEL PURCHASE.] "Private label purchase" means a purchase of goods from a manufacturer for resale under a brand, trademark, or other commercial indicia that identifies the private label purchaser or its assignee as the origin of the goods for purposes of their resale.

Subd. 4. [PRIVATE LABEL PURCHASER.] "Private label purchaser" means a person who makes a private label purchase from a manufacturer.

Subd. 5. [EXCLUSIVITY AGREEMENT.] "Exclusivity agreement" means an agreement for private label purchases which precludes the manufacturer of the private label goods from selling similar goods as private label goods to any third person within a defined geographical territory.

Sec. 5. [325F.976] [EXCLUSIVITY AGREEMENTS.]

Subdivision 1. [WRITING REQUIRED.] Every exclusivity agreement must be in writing and signed by the party against whom the agreement is sought to be enforced.

Subd. 2. [OBLIGATION.] A lawful exclusivity agreement imposes, unless otherwise provided in the agreement, an obligation by the private label purchaser to use reasonable efforts in the development and promotion of the sale of the private label goods within the geographical territory covered by that exclusivity agreement.

Sec. 6. [325F.977] [LIMITATION ON ACTIONS.]

No private label purchaser having the obligation, under section 325F.976 or otherwise, to use reasonable efforts in the development and promotion of the sale of private label goods is entitled, absent the employment of reasonable efforts, to maintain an action, suit, or proceeding at law, in equity, in arbitration, or otherwise, to prevent the manufacturer of private label goods from selling similar goods as private label goods to any third person. This attempt to prevent sales of private label goods by the manufacturer to a third person, in the absence of the purchaser's employment of reasonable efforts, is considered an unreasonable restraint of trade.

Sec. 7. [325F.978] [NONAPPLICATION.]

Sections 325F.975 to 325F.977 do not apply to private label goods manufactured according to the purchaser's proprietary specifications."

Page 1, line 18, delete "3" and insert "8"

Page 1, after line 23, insert:

"Sections 4 to 7 apply to all agreements for private label purchases entered into or renewed on or after July 1, 1993, and to all private label purchases occurring on or after that date."

Delete the title and insert:

"A bill for an act relating to commerce; regulating franchise actions; regulating sales of private label goods; amending Minnesota Statutes 1992, sections 80C.17, subdivisions 1 and 5; and 80C.22, subdivision 7; proposing coding for new law in Minnesota Statutes, chapter 325F."

With the recommendation that when so amended the bill pass.

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

H. F. No. 1661, A bill for an act relating to state government; public employment; establishing a pilot project in certain entities; permitting the waiver of rules governing the classified and unclassified service of the state by joint committees.

Reported the same back with the following amendments:

Page 2, line 2, after the period, insert "This section does not grant authority to waive statutory standards."

Page 2, line 26, delete "recommended" and after "waivers" insert "recommended by the committee"

Page 2, line 32, delete everything before the period and after the period, insert "The commissioner must set forth in writing the reasons for granting or denying the variance."

With the recommendation that when so amended the bill pass.

The report was adopted.

Jacobs from the Committee on Regulated Industries and Energy to which was referred:

H. F. No. 1694, A bill for an act relating to utilities; restricting approval of competitive rate schedules to those that apply to consumers requiring electric service with a connected load of at least 2,000 kilowatts; providing for determination by public utilities commission of competitive rate filings; amending Minnesota Statutes 1992, section 216B.162, subdivisions 2 and 7.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 216B.162, subdivision 7, is amended to read:

Subd. 7. [COMMISSION DETERMINATION.] Except as provided under subdivision 6, competitive rates offered by electric utilities under this section must be filed with the commission and must be approved, modified, or rejected by the commission within 90 days. The utility's filing must include statements of fact demonstrating that the proposed rates meet the standards of this subdivision. The filing must be served on the department of public service and the office of the attorney general at the same time as it is served on the commission. In reviewing a specific rate proposal, the commission shall determine:

(1) that the rate meets the terms and conditions in subdivision 4, unless the commission determines that waiver of one or more terms and conditions would be in the public interest;

(2) that the consumer can obtain its energy requirements from an energy supplier not rate-regulated by the commission under section 216B.16;

(3) that the customer is not likely to take service from the electric utility seeking to offer the competitive rate if the customer was charged the electric utility's standard tariffed rate; and

(4) that after consideration of environmental and socioeconomic impacts it is in the best interest of all other customers to offer the competitive rate to the customer subject to effective competition.

If the commission approves the competitive rate, it becomes effective as agreed to by the electric utility and the customer. If the competitive rate is modified by the commission, the commission shall issue an order modifying the competitive rate subject to the approval of the electric utility and the customer. Each party has ten days in which to reject the proposed modification. If no party rejects the proposed modification, the commissioner's order becomes final. If either party rejects the commission's proposed modification, the electric utility, on its behalf or on the behalf of the customer, may submit to the commission a modified version of the commission's proposal. The commission shall accept or reject the modified version within 30 days. If the commission rejects the competitive rate, it shall issue an order indicating the reasons for the rejection."

Delete the title and insert:

"A bill for an act relating to utilities; providing for determination by public utilities commission of competitive rate filings; amending Minnesota Statutes 1992, section 216B.162, subdivision 7."

With the recommendation that when so amended the bill pass.

The report was adopted.

Osthoff from the Committee on Transportation and Transit to which was referred:

S. F. No. 50, A bill for an act relating to traffic regulations; authorizing operation of recreational vehicle combinations with certain restrictions; amending Minnesota Statutes 1992, sections 169.01, by adding a subdivision; and 169.81, by adding a subdivision.

Reported the same back with the following amendments:

Page 2, line 13, delete "and"

Page 2, line 15, delete the period and insert "; and"

Page 2, after line 15, insert:

"(7) the combination is not operated within the seven-county metropolitan area, as defined in section 473.121, subdivision 2, during the hours of 6:00 a.m. to 9:00 a.m. and 4:00 p.m. to 7:00 p.m. on Mondays through Fridays."

Page 2, line 18, before the period insert "and are repealed November 1, 1995"

With the recommendation that when so amended the bill pass.

The report was adopted.

Osthoff from the Committee on Transportation and Transit to which was referred:

S. F. No. 273, A bill for an act relating to highways; changing description of legislative Route No. 279 in state trunk highway system after agreement to transfer part of old route to Dakota county.

Reported the same back with the following amendments:

Page 1, after line 6, insert:

"Section 1. [TELECOMMUTING STUDY.]

Subdivision 1. [DEFINITION.] For purposes of this section, "telecommuting" means the practice of performing work at a residence rather than a worksite, through video, telephone, computer, or other electronic connection.

Subd. 2. [STUDY DIRECTED.] The commissioner of transportation is urged to conduct a study of telecommuting in the seven-county metropolitan area as an alternative to vehicle commuting between residence and worksite. The commissioner may contract with a person, firm, or organization knowledgeable in telecommuting to perform the study.

Subd. 3. [STUDY CONTENTS.] The study must include:

(1) the present extent of telecommuting in the metropolitan area;

(2) the potential of telecommuting to substitute for vehicle commuting in the area, alleviate traffic congestion, and reduce the need for highway expansion;

(3) present legal and public policy obstacles to telecommuting; and

(4) legal and public policy alternatives that would expand telecommuting or telecommuting options in the area.

Subd. 4. [REPORTS.] The commissioner shall report on the findings of the study to the governor and legislature not later than March 1, 1994."

Page 1, after line 24, insert:

"Notwithstanding any law or rule to the contrary, the commissioner of transportation shall add to the county state-aid highway system in Dakota county any trunk highway that is removed from the trunk highway system under this act and transferred to Dakota county."

Page 2, line 8, delete "Section 1 is" and insert "Sections 1 and 2 are"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, before the period insert "; providing for a telecommuting study"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kahn from the Committee on Governmental Operations and Gambling to which was referred:

S. F. No. 306, A bill for an act relating to state government; appointments of department heads and members of administrative boards and agencies; clarifying procedures and requirements; amending Minnesota Statutes 1992, sections 15.0575, subdivision 4; 15.06, subdivision 5; and 15.066, subdivision 2.

Reported the same back with the following amendments:

Page 2, line 17, after the period insert "A person designated as a permanent commissioner may serve until the end of the term of office for the position unless the senate has voted to refuse to consent to the person's appointment as permanent commissioner."

With the recommendation that when so amended the bill pass.

The report was adopted.

Jacobs from the Committee on Regulated Industries and Energy to which was referred:

S. F. No. 512, A bill for an act relating to telecommunications; providing for regulation of telecommunications carriers; limiting discriminatory practices, services, rates, and pricing; providing for investigation, hearings, and appeals regarding telecommunications services; delineating telecommunications practices allowed; providing penalties and remedies; amending Minnesota Statutes 1992, sections 237.01, subdivision 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 237; repealing Minnesota Statutes 1992, section 237.59, subdivision 7.

Reported the same back with the following amendments:

Page 8, after line 15, insert:

"Sec. 5. [237.75] [CLASS SERVICE.]

Subdivision 1. [DEFINITION.] For purposes of this section, "CLASS" or "custom local area signaling service" means a custom calling telephone service that is enabled through the installation or use of Signaling System 7 or similar signaling system and that includes at least the following features:

- (1) automatic call back;
- (2) automatic recall;
- (3) calling number delivery, commonly known as "caller identification";
- (4) calling number delivery blocking;
- (5) customer originated call tracing;
- (6) distinctive ringing/call waiting;
- (7) selective call acceptance;
- (8) selective call forwarding; and
- (9) selective call rejection.

Subd. 2. [CLASS; TERMS AND CONDITIONS.] By January 1, 1994, the commission shall determine the terms and conditions under which CLASS services may be provided by telephone companies in this state.

Subd. 3. [CLASS; CAPABILITY AND OFFERING OF SERVICE.] Each telephone company that provides local telephone service to persons located in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington shall obtain the capability to offer CLASS services in those counties by January 1, 1995, unless the commission approves an extension to a date certain."

Page 8, line 16, delete "5" and insert "6"

Page 8, line 18, after the period insert "Sections 1 to 4 are repealed effective August 1, 1995."

Amend the title as follows:

Page 1, line 7, after the semicolon insert "mandating availability of custom local area signaling service in metropolitan area;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Sparby from the Committee on General Legislation, Veterans Affairs and Elections to which was referred:

S. F. No. 663, A bill for an act relating to elections; authorizing the filing officer to keep from the ballot the name of a person who is a convicted felon, under guardianship, or found incompetent; amending Minnesota Statutes 1992, section 204B.10, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 14, after "felony" insert "and has not had civil rights restored"

With the recommendation that when so amended the bill pass.

The report was adopted.

Simoneau from the Committee on Health and Human Services to which was referred:

S. F. No. 748, A bill for an act relating to human services; clarifying day training and habilitation transportation exemptions; clarifying that counties may contract with hospitals to provide outpatient mental health services; clarifying the definition of crisis assistance; increasing the allowable duration of unlicensed, single-family respite care; clarifying the definition of related condition and application procedures for family support grants; correcting references to case management and hospital appeals; clarifying eligibility for case management services; clarifying nursing facility rate adjustments; clarifying the calculation and allowing 12-month plans for special needs exceptions; clarifying requirements for health care provider participation; clarifying voluntary spend-down procedures; amending Minnesota Statutes 1992, sections 174.30, subdivision 1; 245.470, subdivision 1; 245.4871, subdivision 9a; 245.4876, subdivision 2; 245.488, subdivision 1; 245A.03, subdivision 2; 252.27, subdivisions 1 and 1a; 252.32, subdivision 1a; 256.045, subdivision 4a; 256.9686, subdivision 6; 256.9695, subdivisions 1 and 3; 256B.056, subdivision 5; 256B.0644; 256B.092, subdivisions 1, 1b, 1g, 7, and 8a; 256B.431, subdivision 10; 256B.48, subdivision 3a; 256B.501, subdivision 8; and 609.115, subdivision 9; repealing Minnesota Statutes 1992, section 256B.0629.

Reported the same back with the following amendments:

Pages 3 and 4, delete section 4

Renumber the sections in sequence

Amend the title as follows:

Page 1, lines 19 and 20, delete "245.4876, subdivision 2;"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1735, A bill for an act relating to the financing and operation of government in Minnesota; revising the operation of the local government trust fund; modifying the administration, computation, collection, and enforcement of taxes; imposing taxes; changing tax rates, bases, credits, exemptions, withholding, and payments; modifying proposed tax notice and hearing requirements; modifying aids to local governments; modifying provisions relating to property tax classifications and levies; changing tax increment financing provisions; changing the amount in the budget and cash flow reserve account; authorizing imposition of local taxes; updating references to the Internal Revenue Code; changing certain bonding and local government finance provisions; changing definitions; making technical corrections and clarifications; providing for grants and loans in certain cases; enacting provisions relating to certain cities, counties, and special taxing districts; prescribing penalties; appropriating money; amending Minnesota Statutes 1992, sections 16A.15, subdivision 6; 16A.1541; 17A.03, subdivision 5; 31.51, subdivision 9; 31A.02, subdivisions 4 and 10; 31B.02, subdivision 4; 35.821, subdivision 4; 60A.15, subdivisions 2a, 9a, and by adding a subdivision; 60A.198, subdivision 3; 60A.199, subdivision 4, and by adding a subdivision; 97A.061, subdivisions 2 and 3; 103B.635, subdivision 2, as amended; 115B.22, subdivision 7; 124.2131, subdivision 1; 134.001, by adding a subdivision; 134.351, subdivision 4; 239.785; 256E.06, subdivision 12; 270.06; 270.07, subdivision 3; 270.41; 270.70, subdivision 1; 270A.10; 270B.01, subdivision 8; 270B.12, by adding a subdivision; 270B.14, subdivision 8; 272.02, subdivision 4; 272.115, subdivisions 1 and 4; 273.061, subdivisions 1 and 8; 273.11, subdivisions 1, 6a, 13, and by adding subdivisions; 273.112, by adding a subdivision; 273.121; 273.124, subdivisions 1, 9, 13, and by adding subdivisions; 273.13, subdivisions 23, 24, 25, and 33; 273.135, subdivision 2; 273.1398, subdivisions 1, 2, and by adding subdivisions; 273.33, subdivision 2; 275.065, subdivisions 1, 3, 5a, 6, and by adding a subdivision; 275.07, subdivision 1, and by adding a subdivision; 275.08, subdivision 1d; 276.02; 276.04, subdivision 2; 279.37, subdivision 1a; 289A.09, by adding a subdivision; 289A.18, subdivision 4; 289A.20, subdivisions 2 and 4; 289A.26, subdivision 7; 289A.36, subdivision 3; 289A.50, subdivision 5; 289A.56, subdivision 3; 289A.60, subdivisions 1, 2, 15, and by adding subdivisions; 290.01, subdivisions 7, 19, 19a, and 19c; 290.06, subdivisions 2c and 2d; 290.0671, subdivision 1; 290.091, subdivisions 1, 2, and 6; 290.0921, subdivision 3; 290A.03, subdivisions 3, 7, and 8; 290A.04, subdivision 2h, and by adding a subdivision; 290A.23; 294.03, subdivisions 1, 2, and by adding a subdivision; 296.01, by adding a subdivision; 296.02, subdivision 8; 296.03; 296.14, subdivision 1; 296.18, subdivision 1; 297.03, subdivision 6; 297.07, subdivisions 1 and 4; 297.35, subdivisions 1 and 5; 297.43, subdivisions 1, 2, and by adding a subdivision; 297A.01, subdivisions 6, 13, and 15; 297A.136; 297A.14, subdivision 1; 297A.25, subdivisions 3, 7, 11, 16, 34, 41, and by adding a subdivision; 297C.03, subdivision 1; 297C.04; 297C.05, subdivision 2; 297C.14, subdivisions 1, 2, and by adding a subdivision; 298.75, subdivisions 4 and 5; 299F.21, subdivision 2; 299F.23, subdivision 2, and by adding a subdivision; 319A.11, subdivision 1; 349.212, subdivision 4; 349.217, subdivisions 1, 2, and by adding a subdivision; 375.192, subdivision 2; 429.061, subdivision 1; 469.012, subdivision 1; 469.174, subdivisions 19 and 20; 469.175, by adding a subdivision; 469.176, subdivisions 1 and 4e; 469.1763, by adding a subdivision; 469.177, subdivisions 1 and 8; 469.1831, subdivision 4; 473.13, subdivision 1; 473.1623, subdivision 3; 473.167, subdivision 4; 473.249, subdivision 2; 473.843, subdivision 3; 477A.011, subdivisions 1a, 20, and by adding subdivisions; 477A.013, by adding subdivisions; 477A.03, subdivision 1; and 477A.14; Laws 1953, chapter 387, section 1; Laws 1969, chapter 561, section 1; Laws 1971, chapters 373, sections 1 and 2; 455, section 1; Laws 1985, chapter 302, sections 1, subdivision 3; 2, subdivision 1; and 4; proposing coding for new law in Minnesota Statutes, chapters 17; 116; 134; 270; 272; 273; 295; 297A; 383A; and 469; repealing Minnesota Statutes 1992, sections 115B.24, subdivision 10; 272.115, subdivision 1a; 273.1398, subdivision 5; 275.07, subdivision 3; 297A.01, subdivision 16; 297A.25, subdivision 42; 297B.09, subdivision 3; 477A.011, subdivisions 1b, 3a, 15, 16, 17, 18, 22, 23, 25, and 26; and 477A.013, subdivisions 2, 3, and 5; Laws 1953, chapter 387, section 2; Laws 1963, chapter 603, section 1; and Laws 1969, chapter 592, sections 1 to 3.

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

MINORITY REPORT

April 19, 1993

We, the undersigned, being a minority of the Committee on Ways and Means, recommend that H. F. No. 1735 do pass with the following amendments:

Page 2, after line 53, insert:

"Section 1. Minnesota Statutes 1992, section 16A.712, is amended to read:

16A.712 [LOCAL GOVERNMENT TRUST; APPROPRIATIONS IN FISCAL YEAR 1993 AND SUBSEQUENT YEARS.]

(a) The amounts necessary to make the following payments in fiscal year 1993 and subsequent years are appropriated from the local government trust fund to the commissioner of revenue unless otherwise specified:

- (1) attached machinery aid to counties under section 273.138;
- (2) in fiscal year 1993 only, supplemental homestead credit under section 273.1391;
- (3) \$560,000 in fiscal year 1993 and \$300,000 annually in fiscal years 1994 and 1995 for tax administration;
- (4) \$105,000 annually to the commissioner of finance in fiscal years 1993, 1994, and 1995 to administer the trust fund;
- (5) \$25,000 annually to the advisory commission on intergovernmental relations in fiscal years 1993, 1994, and 1995 to pay nonlegislative members' per diem expenses and such other expenses as the commission deems appropriate;
- (6) \$350,000 in fiscal year 1993 and \$1,200,000 annually in fiscal years 1994 and 1995 to the intergovernmental information systems advisory council to develop a local government financial reporting system, with the participation and ongoing oversight of the legislative commission on planning and fiscal policy; ~~and~~
- (7) in fiscal year 1993 only, the transition credit under section 273.1398, subdivision 5, and the disparity reduction credit under section 273.1398, subdivision 4, for school districts. The school districts' transition credit and disparity reduction credit shall be appropriated to the commissioner of education; and
- (8) \$500,000 annually in fiscal years 1994 and 1995 to the advisory commission on intergovernmental relations, and \$500,000 annually in fiscal years 1994 and 1995 to the metropolitan council, to be used to encourage greater consolidation and cooperation among local service providers.

(b) ~~In addition, the legislature shall appropriate the rest of the trust fund receipts for fiscal year 1993 and subsequent years to finance intergovernmental aid formulas or programs prescribed by law. Any balance in the local government trust fund at the end of the biennial budget period ending June 30, 1995, shall be transferred to the general fund.~~

Page 15, after line 9, insert:

"Sec. 8. Minnesota Statutes 1992, section 273.1398, is amended by adding a subdivision to read:

Subd. 8. [PAYABLE 1994 SCHOOL AGRICULTURAL PROPERTY TAX CREDIT.] (a) The county auditor shall reduce the property tax for school purposes on each tax parcel of class 2a property, and on each tax parcel of nonhomestead agricultural land by the amount of the payable 1994 agricultural property tax credit, computed as specified in this subdivision.

(b) For the purposes of this subdivision, nonhomestead agricultural land does not include a homestead dwelling, an associated garage, and the one acre of land on which the dwelling is located. Nonhomestead agricultural land does include any farm buildings or structures located on the homesteaded one acre of land.

(c) For each tax parcel, the payable 1994 agricultural property tax credit amount is equal to:

(1) the school agricultural tax credit rate for the school district; times

(2) the payable 1994 net tax capacity of the qualifying property; times

(3) the credit adjustment factor.

(d) For the purposes of this subdivision, the following definitions apply.

(1) "School agricultural tax credit rate" means:

(i) the excess of the payable 1994 property tax levy by the school district with authority to levy ad valorem taxes against the property, over the payable 1993 property tax levy by that school district, which excess cannot be less than zero; divided by,

(ii) the payable 1994 total net tax capacity for that school district.

(2) "Property tax levy" means the levy amounts for the payable year used to compute the school district's payable 1993 and payable 1994 local tax rates under section 275.08, subdivision 1b, excluding for each year, the amounts certified under section 124A.03, subdivision 2a or section 275.61.

(3) "Payable 1994 total net tax capacity" means the school district's total net tax capacity as used to compute the school district's local tax rate for taxes payable in 1994 under section 275.08, subdivision 1b, excluding the computation of the district's new referendum tax rate under that subdivision.

(4) "District" or "school district" means an independent school district, a special school district, a common school district, an intermediate school district, a secondary cooperative facility, or a joint technical college board.

(e) For all school districts, the county auditor of the county in which the administrative offices of the school district are located shall compute the school agricultural tax credit rate for the district.

(f) Each county auditor shall compute the credit amounts allowed under this subdivision for each tax parcel in the county. If more than one school district has authority to levy ad valorem taxes against a parcel, a credit amount shall be computed separately in respect to each district. Within each county, the maximum tax reduction which a taxpayer may receive is limited to \$1,000. All the credit amounts applicable to an owner shall be proportionately reduced as necessary if the sum of the credit amounts granted to an owner in a county would otherwise exceed the \$1,000 limitation. In the case of property owned by more than one person, all the owners shall be considered a taxpayer for the purposes of the \$1,000 limitation.

(g) The school agricultural tax credit provided in this subdivision shall be considered a state paid property tax credit for all other purposes, including for the purpose of defining property tax payable under section 290A.03, subdivision 13, such that any other property tax credit which is computed using a net property tax amount, or a property tax amount payable, shall be computed after deduction of this credit, unless this subdivision specifically provides otherwise. For the purposes of section 124.155, subdivision 2, the school agricultural tax credit aid provided in this subdivision for each school district shall be treated as if it were agricultural credit under section 273.132 for taxes payable in 1989. For the purposes of section 273.1393, the credit provided in this subdivision shall be a subtraction which occurs after the subtraction of the conservation tax credit but before the subtraction of taconite homestead credit.

(h) The credit amount computed under this subdivision for each tax parcel must be shown on the payable 1994 property tax statement for the parcel in the manner provided in regard to a credit received under section 273.135, except that the reduction provided under this subdivision shall be identified as the "1994 school agricultural tax credit."

(i) On or before September 15, 1993, the commissioner of revenue shall certify a preliminary credit adjustment factor to each county auditor. On or before January 1, 1994, the commissioner of revenue, using all information then available for this purpose, shall determine the final value of the credit adjustment factor. The final credit adjustment factor shall be used by the respective county auditors in calculating the credit amounts allowed by this subdivision. The commissioner shall determine the final value of the credit adjustment factor so as to maximize each taxpayer's property tax reduction under this subdivision, while at the same time limiting the total property tax reductions to \$25,000,000.

(j) Each county auditor shall certify the aggregate amount of the final credits granted in the county pursuant to this subdivision to the commissioner of revenue as a part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. The commissioner of revenue shall review the certifications to determine their accuracy and may make changes in the certifications as necessary or return a certification to the county auditor for corrections.

(k) A school district's school agricultural tax credit aid shall equal the amount by which the payable 1994 property taxes in the district were reduced for the property tax credits granted under this subdivision. By July 1, 1994, the commissioner of revenue shall certify each school district's aid amount to the commissioner of education for payment under the schedule provided for the aids listed in section 273.1392, subdivision 1.

(l) In order to fund the payments to school districts provided in this subdivision, \$25,000,000 is appropriated from the general fund to the commissioner of education. The appropriated amount shall be available to the commissioner of education in fiscal years 1994 and 1995 according to the provisions of section 124.195, subdivisions 6 and 10. However, amounts not expended as of the end of fiscal year 1995 shall revert to the general fund, and no further adjustment amounts shall be dispersed after fiscal year 1995."

Page 15, after line 36, insert:

"Sec. 10. Minnesota Statutes 1992, section 275.065, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The county auditor shall prepare and the county treasurer shall deliver after November 10 and on or before November 24 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes and, in the case of a town, final property taxes.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority other than a town proposes to collect for taxes payable the following year and, for a town, the amount of its final levy. It must clearly state that each taxing authority, other than a town or special taxing district, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the current budget and proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting and an address where comments will be received by mail. The notice must clearly state that each taxing authority holding a public meeting will present information for discussion at that meeting regarding the compensation paid to its employees in the current and the next succeeding budget year, and how those amounts relate to its property tax levies.

(d) The notice must state for each parcel:

(1) the market value of the property as defined under section 272.03, subdivision 8, for property taxes payable in the following year and for taxes payable the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) by county, city or town, school district, the sum of the special taxing districts, and as a total of the taxing authorities, including special taxing districts, the proposed or, for a town, final net tax on the property for taxes payable the following year and the actual tax for taxes payable the current year. In the case of a parcel where tax increment or the fiscal disparities areawide tax applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

(3) the increase or decrease in the amounts in clause (2) from taxes payable in the current year to proposed or, for a town, final taxes payable the following year, expressed as a dollar amount and as a percentage.

(e) The notice must clearly state that the proposed or final taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda, school district levy referenda, and levy limit increase referenda;

(3) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;

(4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(5) any additional amount levied in lieu of a local sales and use tax, unless this amount is included in the proposed or final taxes.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead and the homeowner provides satisfactory documentation to the county assessor that the property is owned and has been used as the owner's homestead prior to June 1 of that year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph."

Page 16, strike line 11

Page 16, line 12, strike everything before "the"

Page 16, strike lines 14 to 27

Page 17, after line 31, insert:

"(e) The commissioner of revenue, subject to the approval of the chairs of the house and senate tax committees, shall prescribe the form and format of the advertisement.

(f) Beginning in 1993, each city, county, and school district must include in the advertisement required under this subdivision, information comparing current and proposed employee compensation costs in the current and next succeeding budget years, and a statement that its employee compensation costs for these periods will be discussed at the public meeting required under this section. The commissioner of revenue, subject to the approval of the chairs of the house and senate tax committees, shall specify the form, format, and content of the information to be included in the advertisement.

(g) Beginning in 1993, the commissioner of revenue shall prescribe the form, format, and content of a notice comparing current and proposed employee compensation costs for the executive branch of the state, the University of Minnesota, the community college system, the state board of technical colleges, the state university system, the

metropolitan council, the metropolitan mosquito control commission, and the regional transit board. The notice must be at least one-eighth page size of a standard-size or tabloid-size newspaper. The notice must be published statewide, on or before December 31 each year. The notice must be published in official newspapers of general circulation. The newspapers selected must be of general interest and readership, and not of limited subject matter. The notice must be published in a sufficient number of newspapers so as to cover the geographical area of the state. The notice must be published in newspapers that are published at least once per week, and the notice must not be placed in the part of any newspaper where legal notices and classified advertisements appear. The form, format, and content of each year's notice must be approved by the chairs of the house and senate tax committees prior to publication.

Sec. 12. Minnesota Statutes 1992, section 275.065, subdivision 6, is amended to read:

Subd. 6. [PUBLIC HEARING; ADOPTION OF BUDGET AND LEVY.] Between November 29 and December 20, the governing bodies of the city and county shall each hold a public hearing to adopt its final budget and property tax levy for taxes payable in the following year, and the governing body of the school district shall hold a public hearing to review its current budget and adopt its property tax levy for taxes payable in the following year.

At the hearing, the taxing authority, other than a school district, may amend the proposed budget and property tax levy and must adopt a final budget and property tax levy, and the school district may amend the proposed property tax levy and must adopt a final property tax levy.

The property tax levy certified under section 275.07 by a city, county, or school district must not exceed the proposed levy determined under subdivision 1, except by an amount up to the sum of the following amounts:

- (1) the amount of a school district levy whose voters approved a referendum to increase taxes under section 124.82, subdivision 3, 124A.03, subdivision 2, 124B.03, subdivision 2, or 136C.411, after the proposed levy was certified;
- (2) the amount of a city or county levy approved by the voters after the proposed levy was certified;
- (3) the amount of a levy to pay principal and interest on bonds issued or approved by the voters under section 475.58 after the proposed levy was certified;
- (4) the amount of a levy to pay costs due to a natural disaster occurring after the proposed levy was certified, if that amount is approved by the commissioner of revenue under subdivision 6a;
- (5) the amount of a levy to pay tort judgments against a taxing authority that become final after the proposed levy was certified, if the amount is approved by the commissioner of revenue under subdivision 6a; and
- (6) the amount of an increase in levy limits certified to the taxing authority by the commissioner of revenue or the commissioner of education after the proposed levy was certified.

At the hearing the percentage increase in property taxes proposed by the taxing authority, if any, and the specific purposes for which property tax revenues are being increased must be discussed. Specific information must be presented on: (i) the percentage of the proposed budget representing employee compensation costs; (ii) total expenditures for employee wages and benefits in the two previous years, the current calendar year, and proposed for the following year; (iii) numbers of employees by general classification and whether full or part time in the two previous years, the current calendar year, and proposed for the following year; and (iv) how changes in employee compensation costs between the current and proposed budgets compare with, and affect, the current and proposed levies. During the discussion, the governing body shall hear comments regarding a proposed increase and explain the reasons for the proposed increase. The public shall be allowed to speak and to ask questions prior to adoption of any measures by the governing body. The governing body, other than the governing body of a school district, shall adopt its final property tax levy prior to adopting its final budget.

If the hearing is not completed on its scheduled date, the taxing authority must announce, prior to adjournment of the hearing, the date, time, and place for the continuation of the hearing. The continued hearing must be held at least five business days but no more than 14 business days after the original hearing.

The hearing must be held after 5:00 p.m. if scheduled on a day other than Saturday. No hearing may be held on a Sunday. The governing body of a county shall hold its hearing on the second Tuesday in December each year. The county auditor shall provide for the coordination of hearing dates for all cities and school districts within the county.

By August 15, each school board shall certify to the county auditors of the counties in which the school district is located the dates on which it elects to hold its hearings and any continuations. If a school board does not certify the dates by August 15, the auditor will assign the hearing date. The dates elected or assigned must not conflict with the county hearing dates. By August 20, the county auditor shall notify the clerks of the cities within the county of the dates on which school districts have elected to hold their hearings. At the time a city certifies its proposed levy under subdivision 1 it shall certify the dates on which it elects to hold its hearings and any continuations. The city must not select dates that conflict with the county hearing dates or with those elected by or assigned to the school districts in which the city is located.

The county hearing dates and the city and school district hearing dates must be designated on the notices required under subdivision 3. The continuation dates need not be stated on the notices.

This subdivision does not apply to towns and special taxing districts."

Page 19, after line 6, insert:

"Sec. 16. [275.63] [GENERAL PROPERTY TAX LIMITATIONS FOR TAXES PAYABLE IN 1994.]

Subdivision 1. [SCOPE; DEFINITION.] This section supersedes all special and general laws and charter provisions establishing any type of limitation on ad valorem tax levies of governmental subdivisions to the extent that they authorize property taxation in excess of the limitation established in this section, but otherwise such levy limitations are in no way affected by this section. For these purposes, "governmental subdivision" means a county, a home rule charter city, a statutory city, a township with a population of 5,000 or more as determined according to section 275.14, and all special taxing districts.

Subd. 2. [PAYABLE 1994 MARKET VALUE.] For taxes payable in 1994, the market value of all property shall be the lesser of: (1) its market value established in the assessment for taxes payable in 1993, plus the market value established in the assessment for taxes payable in 1994 of new construction in the assessment for taxes payable in 1994; or (2) its market value established in the assessment for taxes payable in 1994. For property that was exempt from tax for taxes payable in 1993, "market value" means the market value of the property established in the assessment for taxes payable in 1994.

Subd. 3. [PAYABLE 1994 TAX RATE LIMITATION.] The local tax rate for taxes payable in 1994 of a governmental subdivision, after the adjustments required by section 275.08, subdivision 1c, and subdivision 1d if applicable, shall not exceed the comparable rate for the governmental subdivision for taxes payable in 1993 by an amount greater than the payable 1994 tax rate necessary to compensate for (1) two-thirds of the aid reduction to the governmental subdivision under section 273.1398, subdivision 2d; and (2) for cities, any reduction under section 477A.013. If a governmental subdivision certifies a levy for taxes payable in 1994 to the county auditor that would produce a local tax rate in excess of the limitation established in this section, the county auditor shall extend only such amount of taxes as the limitation of this section will permit.

Subd. 4. [TORT JUDGMENTS AND NATURAL DISASTERS.] A governmental subdivision may appeal to the commissioner of revenue for authorization to levy an amount in excess of the limitation established in this section for the reasons and under the procedures provided in section 275.065, subdivision 6a.

Subd. 5. [REFERENDA.] No governmental subdivision may levy a tax in excess of the limitation provided in this section unless the excess levy is approved by the voters through a referendum held on the question. A levy approved at such a referendum is subject to the provisions of section 275.61. All referenda under this subdivision must be held on November 2, 1993."

Pages 24 to 25, delete sections 22 to 26, and insert:

"Sec. 27. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 35. [CITY NET LEVY.] "City net levy" means the city levy, after all adjustments, used for calculating the local tax rate under section 275.08 for taxes payable in the year before the aid distribution.

Sec. 28. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 36. [AVERAGE CITY NET TAX CAPACITY PER CAPITA.] Average city net tax capacity per capita is the sum of city net tax capacity for all cities divided by the total population of all cities.

Sec. 29. Minnesota Statutes 1992, section 477A.011, is amended by adding a subdivision to read:

Subd. 37. [REVENUE CAPACITY FACTOR.] The revenue capacity factor for a city is one minus the ratio of the city net tax capacity per capita divided by two times the average city net tax capacity per capita. A city's revenue capacity factor cannot be less than zero.

Sec. 30. Minnesota Statutes 1992, section 477A.013, is amended by adding a subdivision to read:

Subd. 8. [CITY AID.] In calendar years 1994, 1995, and 1996, each city shall receive an aid distribution equal to the product of (1) the need increase percentage, (2) the city's revenue need, (3) the city's population, and (4) the city's revenue capacity factor. The need increase percentage must be the same for all cities and must be calculated by the department of revenue so that the total of the aid distributed under this subdivision equals the total amount for city aid under section 477A.03.

Any increase in aid that a city receives under this subdivision in any year compared to its aid in the prior year must not exceed ten percent of its net levy from the prior year. Any decrease in aid that a city receives under this subdivision in any year compared to its aid in the prior year must not exceed the lesser of seven percent of its aid from the prior year or seven percent of its net levy from the prior year. For calendar year 1994, aid in the prior year is equal to the sum of local government aid and equalization aid a city was originally certified to receive in calendar year 1993 under Minnesota Statutes 1992, section 477A.013, subdivisions 3 and 5, and the amount of disparity reduction aid the city received in calendar year 1993 under section 273.1398, subdivision 3."

Pages 64 to 67, delete sections 5 to 8

Page 69, lines 7 and 36, delete the new language and reinstate the old language

Page 72, delete section 12

Page 73, line 4, delete "13" and insert "8"

Page 230, after line 21, insert:

"ARTICLE 12

CERTIFIED SMALL BUSINESS TAX INCENTIVES

Section 1. [290A.26] [PROPERTY TAX REFUND FOR CERTIFIED SMALL BUSINESSES.]

Subdivision 1. [DEFINITIONS.] (a) "Eligible claimant" means a small business which has been designated as a certified small business under section 469.208, effective for the fiscal year in which a refund is paid under this section.

(b) "Eligible property" means the class 3 real property, as defined in section 273.13, subdivision 24, used by an eligible claimant on the assessment date related to property taxes payable in the year preceding the year in which a claim is filed under this section. If an eligible claimant uses either more or less than one full tax parcel in the business, only the portion of each tax parcel actually used by the claimant is eligible.

(c) "Eligible property market value" means the assessor's estimated market value of the eligible property for the assessment related to property taxes payable in the year preceding the year in which a claim is filed under this section. If an eligible claimant uses less than a full tax parcel, eligible property market value for that parcel means: (1) the assessor's estimated market value for the portion of the parcel which is used by the claimant; or (2) the portion of the assessor's estimated market value for the full parcel which represents the portion of the parcel used by the claimant, computed by comparing the total square feet of land and building floor space used by the eligible firm and the total square feet of land and building floor space contained in the parcel.

(d) "Eligible tax" means the net property tax payable on the eligible market value.

(e) "Net property tax payable" means the property tax payable on the eligible property market value, less

(1) special assessments, penalties, and interest payable on the property;

(2) abatements, including the local property tax credit for certified small businesses under sections 469.209 to 469.215; and

(3) any state-paid credits other than the refund provided under this section.

Net property tax payable shall not be reduced by an abatement or a court ordered reduction in the property tax on the property occurring after the claim for refund has been submitted under subdivision 2. The taxes are considered payable in the year prescribed by law for payment of the taxes.

Subd. 2. [FILING OF CLAIM.] (a) A claim for refund under this section must be filed with the commissioner of revenue on or before June 1 immediately preceding the fiscal year during which the claimant's designation as a certified small business under section 469.208 is effective. Claims filed after June 1 immediately preceding the fiscal year for which the claimant's designation is effective will not be paid, and section 289A.60, subdivision 12, paragraph (e), does not apply to the refunds under this section. Each eligible claimant may file only one claim for refund under this section in regard to each property taxes payable year.

(b) Claims made under this section must be in the form and contain the information required by the commissioner of revenue. In addition to any other information which may be required by the commissioner of revenue, each claim must show the Minnesota taxpayer identification number of the eligible claimant and the complete tax parcel identification number shown on the property tax statement for each payable year and each tax parcel upon which the refund claim is based.

(c) If the eligible property consists of more than one tax parcel, the claimant must submit a single claim for each property taxes payable year, but the claim may be for all tax parcels included within the eligible property.

Subd. 3. [CALCULATION OF REFUND AMOUNT.] The refund amount under this section for each eligible claimant is equal to 70 percent of the amount by which the eligible tax payable in the previous calendar year exceeds the product of 0.038 times the eligible property market value for taxes payable in the previous year, up to a maximum of \$3,000 for each claim. If the amount appropriated under subdivision 6 for any fiscal year is insufficient to pay the refund amounts calculated under this subdivision for payment in that fiscal year, the commissioner of revenue shall reduce each claimant's allowed refund so that the sum of all refund amounts allowed by the commissioner under this section equals the amount appropriated under subdivision 6 for that fiscal year. If refund amounts must be reduced under this subdivision, the reductions will be accomplished by equally decreasing for all claimants, the percentage of the excess to be refunded. For this purpose, "excess" means the amount by which the eligible tax payable exceeds the product of 0.038 times the eligible property market value.

Subd. 4. [PAYMENT OF CLAIM.] Notwithstanding section 290A.07, allowable claims filed under this section must be paid by the commissioner of revenue on or before October 15 of each filing year. If the initial refund amounts were proportionately reduced under subdivision 3, the commissioner of revenue must attach an explanation of the reduction process and results.

Subd. 5. [ADMINISTRATION.] (a) The commissioner of revenue has the powers granted in chapters 289A and 290A to administer the refund under this section. Sections 289A.60, subdivisions 12, except for paragraphs (c) and (e), and 13; 289A.63, subdivision 2; 289A.65; 290A.11; and 290A.15 specifically apply to claims filed or allowed under this section.

(b) If an eligible claimant ceases business operations prior to receiving a refund for which timely application was made under this section, the right to the refund shall lapse. If the commissioner of revenue cannot locate a claimant within one year from the date an original warrant was issued to that claimant under this section, the right to the refund shall lapse, and the warrant shall be deposited in the general fund.

(c) The commissioner of revenue must make available forms with instructions for claimants as the commissioner deems necessary for the proper administration of this section.

(d) Notwithstanding section 289A.56, whenever a claimant is owed a property tax refund under this section, the unpaid refund bears interest at the rate provided in section 270.76 after October 15 of the filing year until the date the refund is paid.

Subd. 6. [APPROPRIATION.] \$10,000,000 is appropriated for fiscal year 1995 from the general fund to the commissioner of revenue to pay the refunds under this section for claims filed in calendar year 1994.

Sec. 2. Minnesota Statutes 1992, section 297A.15, subdivision 5, is amended to read:

Subd. 5. [REFUND; APPROPRIATION.] Notwithstanding the provisions of section 297A.25, subdivisions 42 and 50, the tax on sales of capital equipment, and construction materials and supplies under section 297A.25, subdivision 50, shall be imposed and collected as if the rates under sections 297A.02, subdivision 1, and 297A.021, applied. Upon application by the purchaser, on forms prescribed by the commissioner, a refund equal to the reduction in the tax due as a result of the application of the exemption under section 297A.25, subdivision 42 or 50, shall be paid to the purchaser. In the case of building materials qualifying under section 297A.25, subdivision 50, where the tax was paid by a contractor, application must be made by the owner for the sales tax paid by all the contractors, subcontractors, and builders for the project. The application must include sufficient information to permit the commissioner to verify the sales tax paid for the project. The application shall include information necessary for the commissioner initially to verify that the purchases qualified as capital equipment under section 297A.25, subdivision 42, or capital equipment or construction materials and supplies under section 297A.25, subdivision 50. No more than two applications for refunds may be filed under this subdivision in a calendar year. No owner may apply for a refund based on the exemption under section 297A.25, subdivision 50, before July 1, 1993. Unless otherwise specifically provided by this subdivision, the provisions of section 289A.40 apply to the refunds payable under this subdivision. There is annually appropriated to the commissioner of revenue the amount required to make the refunds.

The amount to be refunded shall bear interest at the rate in section 270.76 from the date the refund claim is filed with the commissioner.

This subdivision does not apply to capital equipment qualifying for exemption under section 297A.25, subdivision 42, if the capital equipment is purchased by a certified small business. For purposes of this subdivision, a certified small business is a business designated as a certified small business under section 469.208 for the time period during which the contract to purchase the equipment was executed.

Sec. 3. [297A.2595] [CERTIFIED SMALL BUSINESS; EXEMPTION.]

Notwithstanding the exclusion of replacement machinery and equipment from the definition of capital equipment found in section 297A.01, subdivision 16, there shall be exempt from tax all capital equipment, as otherwise defined in section 297A.01, subdivision 16, purchased by a certified small business to replace machinery and equipment in an existing facility. A business is a certified small business for purposes of this section if it was designated as a certified small business under section 469.208 for the time period during which the contract to purchase the equipment was executed.

Sec. 4. [469.208] [CERTIFIED SMALL BUSINESS.]

Subdivision 1. [DESIGNATION.] The commissioner of trade and economic development shall annually by April 1 designate a business as a certified small business if:

(1) an application, filed by March 1 of the same calendar year, is made by the business on a form as prescribed by the commissioner and the business is eligible for certification under subdivision 2; or

(2) the business was determined by the commissioner to be eligible for certification under subdivision 2.

In 1993, the commissioner shall make a designation upon determining that the business is eligible for certification. Designations made in 1993 shall be effective as of July 1, 1993, and shall remain in force until June 30, 1994, and in all subsequent years, the designation will be effective for the 12-month period beginning July 1.

Subd. 2. [ELIGIBILITY.] A business is eligible for designation as a certified small business if it meets the following criteria:

(1) the business is classified in the Standard Industrial Classification Manual, 1987, as prepared by the statistical policy division of the office of management and budget, office of the president, as mining (Division B) or manufacturing (Division D), except industry number 2411 shall not qualify; and

(2) the business had 100 or fewer employees based upon employment records available to the commissioner at the time of application for certification or the business was currently designated as a certified small business and had 125 or fewer employees based upon average annual employment using the four most recent quarterly employment reports available to the commissioner.

In determining the number of employees of a business, the commissioner may use data supplied by the commissioner of jobs and training relating to the number of employees reported for purposes of unemployment compensation.

Subd. 3. [SHARED DATA.] Data collected under section 268.121 used for certification of establishments by the commissioner must be shared with the commissioner of revenue for purposes of this section. Notwithstanding any other law, information that establishes eligibility for designation under this section is public data under chapter 13.

Subd. 4. [ANNUAL REPORT.] The commissioner of trade and economic development shall annually, by January 30, report to the legislature with an analysis of the benefits and the impact of the small business tax incentives provided under sections 290A.26 and 297A.2595.

Sec. 5. [469.209] [PURPOSES.]

The local property tax credit for certified small businesses is a locally funded property tax abatement program to help businesses meet cash flow or financing needs through negotiated property tax abatement agreements with county, city, or town governments. The legislature finds that the abatement of property taxes as provided in sections 469.209 to 469.215 is in the public interest. The abatements provided in these sections will promote diverse and stable local economies, and will provide incentives for attracting and retaining employment opportunities within this state.

Sec. 6. [469.210] [DEFINITIONS.]

Subdivision 1. [GENERALLY.] In sections 469.209 to 469.215, the terms defined in this section have the meanings given them, unless the context indicates a different meaning.

Subd. 2. [CITY.] "City" means a home rule charter or statutory city.

Subd. 3. [ELIGIBLE PROPERTY.] "Eligible property" means taxable property, classified as class 3 under section 273.13, subdivision 24, used by a small business which receives a designation as a certified small business under section 469.208. For purposes of sections 469.209 to 469.215, a parcel of eligible property may consist of any number of tax parcels or portions of tax parcels.

Subd. 4. [ELIGIBLE TAX.] "Eligible tax" means the net property tax on the taxpayer's eligible property in the year following a year when the taxpayer receives a designation as a certified small business under section 469.208.

Subd. 5. [ELIGIBLE TAXPAYER.] "Eligible taxpayer" means a small business designated as a certified small business under section 469.208.

Subd. 6. [GOVERNING BODY.] "Governing body" means the county board in the case of a county, the city council or other body having general legislative powers in the case of a city, and the board of supervisors in the case of a town.

Subd. 7. [NET PROPERTY TAX PAYABLE.] "Net property tax payable" means the property tax payable on the eligible property, less

(1) special assessments, penalties, and interest payable on the property; and

(2) any state-paid credits, except for the refund provided under section 290A.26.

The taxes are considered payable in the year prescribed by law for payment of the taxes.

Subd. 8. [TOWN.] "Town" means an organized township.

Sec. 7. [469.211] [AUTHORITY.]

(a) The governing body of any city, county, or town may enter into a written property tax abatement agreement with any eligible taxpayer. The agreement may provide for an abatement of up to 100 percent of the portion of each year's eligible tax which is levied by the agreeing governmental subdivision. The maximum term of any abatement agreement is 12 years.

(b) If the eligible taxpayer is not the owner of the eligible property, the agreement must provide a mechanism and requirement whereby the entire property tax abatement, for each payable year which is covered by the agreement, is given to the eligible taxpayer and not to the owner of the property.

(c) By mutual consent of the parties, an existing abatement agreement may be terminated, extended, or otherwise modified during its term; however, any change to the terms or conditions of an abatement agreement, except for the correction of transcription or other errors of a clerical nature, must be treated under sections 469.209 to 469.215 as if the modified agreement were a new agreement.

(d) Abatement agreements fully executed before September 1 of an assessment year may be effective beginning with property taxes payable in the subsequent year. Abatement agreements fully executed on or after September 1 in an assessment year may only be effective beginning with property taxes payable in the second subsequent year.

Sec. 8. [469.212] [PROCEDURES FOR NEW AGREEMENTS.]

Subdivision 1. [RESOLUTION OF GOVERNING BODY.] The governing body of a city, county, or town may not enter into an abatement agreement until after it has duly adopted a resolution in support of the proposed agreement. The resolution required by this subdivision must contain a statement that the governing body expects the benefits to the governmental unit of the proposed abatement agreement to at least equal the costs to the unit of the proposed agreement. The resolution must also include a specific statement as to the nature and extent of the public benefits which the governing body expects to result from the agreement. Upon adoption, the resolution must be published in the same manner in which ordinances are published in the governmental unit.

Subd. 2. [PUBLIC MEETING.] The governing body of a city, county, or town may not vote on a resolution in support of a proposed abatement agreement until the proposed agreement is discussed at a public meeting of the governing body. The contents of an adopted resolution must not differ materially from the terms of the proposed agreement, as those terms were presented at the public meeting during which the proposed agreement was discussed. During the meeting to discuss a proposed agreement, the governing body shall hear comments regarding the proposed agreement, allow the public to ask questions about the proposed agreement, and explain the reasons for the proposed agreement. Opportunity to make comments and ask questions shall be granted to all residents of the city, county, or town, as the case may be, and to all other interested persons. Other official business may be conducted at the meeting. Notice of the opportunity to comment on the proposed agreement must be published in a qualified newspaper at least twice, once each in successive weeks, and in no event may a required notice be published less than ten days nor more than 30 days before the date of the meeting. The notice must not be placed in the part of the newspaper where legal notices and classified advertisements appear.

Sec. 9. [469.213] [ANNUAL REVIEW OF EXISTING AGREEMENTS.]

At least once in each calendar year, beginning in 1994, if the governing body of a governmental subdivision has entered into an abatement agreement which will affect property taxes payable in the next calendar year, that governing body must review the following items during a public meeting held before September 1 of the year:

(1) the estimated dollar amount of the abatement for each eligible taxpayer in the current as well as the following calendar year;

(2) the benefits to the governmental unit of each agreement for the current calendar year;

(3) whether, in cases where the eligible taxpayer is not the owner of the affected property, the abatement granted by each agreement in the immediately preceding calendar year was realized by, and benefited, the eligible taxpayer; and

(4) any other material term or condition of each abatement agreement which affects property taxes payable in the subsequent year.

During the meeting the governing body shall hear comments regarding the existing agreements being reviewed, allow the public to ask questions about the agreements being reviewed, and, if asked, explain the reasons for the agreements being reviewed. Opportunity to make comments and ask questions shall be granted to all residents of the city, county, or town, as the case may be, and to all other interested persons. Other official business may be conducted at the meeting. Notice of the opportunity to comment on the review of existing agreements must be published in a qualified newspaper at least twice, once each in successive weeks, and in no event may a required notice be published less than ten days nor more than 30 days before the date of the meeting. The notice must not be placed in the part of the newspaper where legal notices and classified advertisements appear.

The reviews required by this section may be continued at a later meeting if the notice requirements for the original meeting are fulfilled in regard to the continuation meeting. The meeting required by this section may be held in conjunction with the meeting or meetings required by section 469.212.

A meeting is not required under this section if a discussion has occurred under section 469.212 in regard to the same abatement for the same payable year.

Sec. 10. [469.214] [ABATEMENT AMOUNTS TO BE INCLUDED IN ANNUAL LEVY.]

An estimated amount sufficient to pay the abatements granted for taxes payable in the subsequent year must be included in the proposed levy amount of each governmental subdivision under section 275.065. The abatement amounts for taxes payable in the subsequent year need not be included in the governmental unit's certified levy if other funds are available to fund the abatements.

Sec. 11. [469.215] [PROPERTY TAX STATEMENT.]

The property tax abatement granted to each eligible property for a taxes payable year must be shown on the property tax statement issued for that property for that property taxes payable year. The amount of the abatement must be identified as a "local property tax credit."

Sec. 12. [EFFECTIVE DATE.]

Section 1 is effective for refund claims filed in 1994, based on property taxes payable in 1993, and thereafter.

Sections 2 to 4 are effective the day following final enactment.

Sections 5 to 11 are effective the day following final enactment for property taxes payable in 1994 and thereafter."

Page 230, line 35, delete "\$340,000,000" and insert "\$500,000,000"

Page 231, line 8, strike everything after the comma

Page 231, line 9, strike the old language and delete the new language

Page 231, line 10, strike "account"

Page 231, line 15, strike "and"

Page 231, line 16, delete the new language and strike the old language

Page 231, line 17, strike the old language

Page 231, line 19, strike the period and delete the new language

Page 231, line 20, delete everything before "all"

Renumber the articles and sections in sequence

Correct internal references

Amend the title accordingly

Signed: STEVE SVIGGUM, GIL GUTKNECHT, SIDNEY PAULY AND RON ABRAMS.

Sviggum moved that the Minority Report on H. F. No. 1735 be substituted for the Majority Report and that the Minority Report be now adopted.

A roll call was requested and properly seconded.

The question was taken on the Sviggum motion and the roll was called. There were 46 yeas and 80 nays as follows:

Those who voted in the affirmative were:

Abrams	Dempsey	Holsten	Lindner	Onnen	Stanis	Weaver
Bettermann	Erhardt	Hugoson	Lynch	Ozment	Sviggum	Wolf
Bishop	Frerichs	Johnson, V.	Macklin	Pauly	Swenson	Worke
Blatz	Goodno	Knickerbocker	Molnau	Pawlenty	Tompkins	Workman
Commers	Gruenes	Koppendrayner	Morrison	Rhodes	Van Dellen	
Dauids	Gutknecht	Leppik	Ness	Seagren	Vickerman	
Dehler	Haukoos	Limmer	Olson, M.	Smith	Waltman	

Those who voted in the negative were:

Anderson, I.	Cooper	Huntley	Lasley	Neary	Reding	Tunheim
Anderson, R.	Dauner	Jacobs	Lieder	Nelson	Rest	Vellenga
Asch	Dawkins	Jaros	Lourey	Olson, E.	Rice	Wagenius
Battaglia	Delmont	Jefferson	Luther	Olson, K.	Rodosovich	Wejzman
Bauerly	Dorn	Johnson, A.	Mahon	Opatz	Sarna	Welle
Beard	Evans	Johnson, R.	Mariani	Orenstein	Sekhon	Wenzel
Bergson	Farrell	Kahn	McCullum	Osthoff	Simoneau	Winter
Bertram	Garcia	Kalis	McGuire	Ostrom	Skoglund	Spk. Long
Brown, K.	Greenfield	Kelley	Milbert	Pelowski	Solberg	
Carlson	Greiling	Kelso	Mosel	Perlt	Sparby	
Carruthers	Hasskamp	Kinkel	Munger	Peterson	Steensma	
Clark	Hausman	Klinzing	Murphy	Fugh	Trimble	

The motion did not prevail.

The question recurred on the adoption of the Majority Report from the Committee on Ways and Means relating to H. F. No. 1735. The Majority Report on H. F. No. 1735 was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 73, 187, 192, 378, 490, 570, 771, 854, 867, 973, 974, 998, 1036, 1096, 1149, 1169, 1253, 1282, 1310, 1398, 1439, 1442, 1529, 1636, 1661, 1694 and 1735 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 64, 238, 483, 490, 754, 1466, 50, 273, 306, 512, 663 and 748 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Orfield introduced:

H. F. No. 1736, A bill for an act relating to environmental law; establishing a private cause of action for abandonment of hazardous waste; proposing coding for new law in Minnesota Statutes, chapter 116.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Battaglia, for the Committee on Environment and Natural Resources Finance, introduced:

H. F. No. 1737, A bill for an act relating to the organization and operation of state government; appropriating money for environmental, natural resources, and agricultural purposes; regulating the amounts, impositions, and processing of various fees prescribed for various licenses issued and activities regulated by various state departments; establishing a state recreation area; amending Minnesota Statutes 1992, sections 41A.09, subdivision 3; 84B.11, subdivision 1; 85.045, subdivision 2; 85.22, subdivision 2a; 86A.04; 86A.05, subdivisions 2 and 3; 86A.08, subdivision 1; 88.79, subdivision 2; 90.031, subdivision 4; 90.041, by adding a subdivision; 90.101, subdivision 1; 90.121; 90.201, by adding a subdivision; 92.46, subdivision 1; 94.165; 97A.441; 115A.90, by adding a subdivision; 115A.908, subdivisions 2 and 3; 115A.923, subdivision 1a; 116.07, by adding a subdivision; 116P.10; 473.351, subdivision 2; and 473.843, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 97A; and 115A; repealing Minnesota Statutes 1992, section 41A.09, subdivision 1.

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

Greiling introduced:

H. F. No. 1738, A bill for an act relating to education; changing the definition of pupil unit for pupils in grade 5 or 6 who attend middle schools with pupils in grade 7, 8, or 9; amending Minnesota Statutes 1992, section 124.17, subdivision 1.

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

Olson, M.; Workman; Vickerman and Commers introduced:

H. F. No. 1739, A bill for an act relating to workers' compensation; defining "suitable job"; modifying permanent total disability benefits; eliminating supplementary benefits in certain circumstances; abolishing the workers' compensation court of appeals; amending Minnesota Statutes 1992, sections 176.101, subdivisions 3e, 4, and 5; 176.66, subdivision 11; 480A.06, subdivisions 3 and 4; repealing Minnesota Statutes 1992, sections 175A.01; 175A.02; 175A.03; 175A.04; 175A.05; 175A.06; 175A.07; 175A.08; 175A.09; 175A.10; and 176.132, subdivisions 1 and 2.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

Olson, M.; Workman; Dempsey; Holsten and Luther introduced:

H. F. No. 1740, A bill for an act relating to elections; limiting the political contribution refund; amending Minnesota Statutes 1992, sections 10A.322, subdivision 4; and 290.06, subdivision 23.

The bill was read for the first time and referred to the Committee on General Legislation, Veterans Affairs and Elections.

Rice, for the Committee on Economic Development, Infrastructure and Regulation Finance, introduced:

H. F. No. 1741, A bill for an act relating to the organization and operation of state government; appropriating money for community development, certain agencies of state government, and public safety, with certain conditions.

The bill was read for the first time and referred to the Committee on Economic Development, Infrastructure and Regulation Finance.

Pugh introduced:

H. F. No. 1742, A bill for an act relating to taxation; providing for the time of payment of refunds of taxes by school districts; proposing coding for new law in Minnesota Statutes, chapter 276.

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

Winter, Wenzel, Krueger, Dehler and Rodosovich introduced:

H. F. No. 1743, A bill for an act relating to the military; changing the national guard tuition reimbursement law; amending Minnesota Statutes 1992, section 192.501, subdivision 2.

The bill was read for the first time and referred to the Committee on General Legislation, Veterans Affairs and Elections.

Johnson, A.; Evans; Stanius and McGuire introduced:

H. F. No. 1744, A bill for an act relating to game and fish; modifying provisions relating to hunting by disabled persons; amending Minnesota Statutes 1992, sections 97B.045; and 97B.111.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Olson, M.; Luther; Bettermann; Holsten and Jennings introduced:

H. F. No. 1745, A bill for an act relating to state government; creating an efficiency review and advisory board; establishing its powers and duties; proposing coding for new law in Minnesota Statutes, chapter 16B.

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

Murphy and Swenson, for the Judiciary Finance Division, introduced:

H. F. No. 1746, A bill for an act relating to the organization and operation of state government; appropriating money for criminal justice, corrections, and related purposes; providing for the transfer of certain money in the state treasury; amending Minnesota Statutes 1992, sections 43A.02, subdivision 25; 43A.24, subdivision 2; 121.88, subdivision 9; 124.2713, subdivisions 5 and 6; 124C.46, subdivision 1; 169.1265, subdivision 1; 179.02, by adding a subdivision; 271.07; 357.021, subdivisions 1a and 2; 357.022; 357.18, subdivision 3; 357.24; 484.74, subdivision 1; 484.76, subdivision 1; 508.82; 508A.82; 548.23; 548.30; 549.02; 593.48; 609.101, subdivision 4; 611.17; 611.20; 611.25, subdivision 3; 611.26, subdivision 3; 611.27, subdivisions 4 and 13; 611.271; 626.861, subdivision 4; and Laws 1989, chapter 335, article 3,

section 44, as amended; proposing coding for new law in Minnesota Statutes, chapters 121; 242; 244; 609; and 611; proposing coding for new law as Minnesota Statutes, chapter 491A.

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

Wenzel introduced:

H. F. No. 1747, A bill for an act relating to taxation; sales and use; exempting passenger car restraint systems for children; amending Minnesota Statutes 1992, section 297A.25, by adding a subdivision.

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

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Madam Speaker:

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

H. F. No. 226, A bill for an act relating to health; clarifying the meaning of comprehensive health maintenance services; amending Minnesota Statutes 1992, section 62D.02, subdivision 7.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

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

H. F. No. 295, A bill for an act relating to utilities; authorizing utilities to make automatic annual rate adjustments for costs of conservation improvements; amending Minnesota Statutes 1992, section 216B.16, subdivision 6b.

H. F. No. 654, A bill for an act relating to commerce; regulating corporate registrations and administrative dissolutions; regulating limited partnership registrations; regulating trademarks; regulating various lien filings; making various housekeeping changes relating to the powers and duties of the secretary of state; regulating legal newspapers; amending Minnesota Statutes 1992, sections 302A.821, subdivision 6; 303.13, subdivisions 1 and 2; 317A.823, subdivision 1; 317A.827, subdivision 3; 322A.70; 331A.07; 333.20, subdivision 3; 336.9-403; 514.27; 514.661, subdivision 4; 514.945, subdivision 1; 514.956, subdivision 3; and 514.960, subdivision 3.

PATRICK E. FLAHAVEN, Secretary of the Senate

Madam Speaker:

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

S. F. Nos. 183, 441, 764, 96, 577, 688 and 1148.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 183, A bill for an act relating to data practices; comprehensive law enforcement data; classifying booking photographs; amending Minnesota Statutes 1992, section 13.82, subdivisions 5 and 8, and by adding a subdivision.

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

S. F. No. 441, A bill for an act relating to employment; requiring employers to indemnify employees for liability arising out of the scope of employment; proposing coding for new law in Minnesota Statutes, chapter 181.

The bill was read for the first time.

McGuire moved that S. F. No. 441 and H. F. No. 535, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 764, A bill for an act relating to criminal procedure; authorizing the presence of a supportive person during certain criminal proceedings in which a minor is testifying as a prosecuting witness; amending Minnesota Statutes 1992, section 631.046, subdivision 1.

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

S. F. No. 96, A bill for an act relating to the environment; wastewater treatment; clarifying rulemaking provisions for pollution control agency adoption of wastewater treatment standards; changing the composition of the technical advisory committee; changing the definition of individual on-site treatment system; amending Minnesota Statutes 1992, sections 115.44, subdivisions 4, 6, and 7; 115.54; and 116.18, subdivision 3c.

The bill was read for the first time.

McCollum moved that S. F. No. 96 and H. F. No. 534, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 577, A bill for an act relating to controlled substances; prescribing penalties for failure to comply with the precursor chemical tracking system; requiring reporting of missing substances and purchases made out of state; clarifying reporting requirements; amending Minnesota Statutes 1992, sections 152.0971, subdivision 3, and by adding subdivisions; 152.0972, subdivision 1; and 152.0973, subdivisions 2, 3, 4, and by adding subdivisions.

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

S. F. No. 688, A bill for an act relating to state government; changing the name of the council on affairs of Spanish-speaking people to the council on affairs of Mexicano/Chicano and Latino people; making related changes in definitions and duties; amending Minnesota Statutes 1992, section 3.9223, subdivisions 1, 2, 3, 5, 7, and by adding a subdivision.

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

S. F. No. 1148, A bill for an act relating to traffic regulations; increasing fees for overweight trucks; authorizing permit to be issued for trailer or semitrailer exceeding 28-1/2 feet in three-vehicle combination; amending Minnesota Statutes 1992, sections 169.81, subdivision 2; and 169.86, subdivision 5.

The bill was read for the first time and referred to the Committee on Economic Development, Infrastructure and Regulation Finance.

CONSENT CALENDAR

S. F. No. 5, A bill for an act relating to game and fish; extending the permissible period for the open season on raccoon; amending Minnesota Statutes 1992, section 97B.621, subdivision 1.

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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Davids	Hugoson	Lieder	Ness	Rhodes	Vellenga
Anderson, I.	Dawkins	Huntley	Limmer	Olson, E.	Rice	Vickerman
Anderson, R.	Dehler	Jacobs	Lindner	Olson, K.	Rodosovich	Wagenius
Asch	Delmont	Jaros	Lourey	Olson, M.	Sarna	Waltman
Battaglia	Dempsey	Jefferson	Luther	Onnen	Seagren	Weaver
Bauerly	Dorn	Jennings	Lynch	Opatz	Sekhon	Wejcman
Beard	Erhardt	Johnson, A.	Macklin	Orenstein	Simoneau	Welle
Bergson	Evans	Johnson, R.	Mahon	Orfield	Skoglund	Wenzel
Bertram	Farrell	Johnson, V.	Mariani	Osthoff	Smith	Winter
Bettermann	Garcia	Kahn	McCollum	Ostrom	Solberg	Wolf
Bishop	Goodno	Kalis	McGuire	Ozment	Sparby	Worke
Blatz	Greenfield	Kelley	Milbert	Pauly	Stanis	Workman
Brown, K.	Greiling	Kelso	Molnau	Pawlenty	Steensma	Spk. Long
Carlson	Gruenes	Kinkel	Morrison	Pelowski	Swiggum	
Carruthers	Gutknecht	Klinzing	Mosel	Perlt	Swenson	
Clark	Hasskamp	Knickerbocker	Munger	Peterson	Tompkins	
Commers	Haukoos	Koppendrayner	Murphy	Pugh	Trimble	
Cooper	Hausman	Lasley	Neary	Reding	Tunheim	
Dauner	Holsten	Leppik	Nelson	Rest	Van Dellen	

The bill was passed and its title agreed to.

S. F. No. 394, A bill for an act relating to financial institutions; permitting contracts between financial institutions to accept deposits and honor withdrawals; proposing coding for new law in Minnesota Statutes, chapter 47.

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 124 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Beard	Brown, K.	Dauner	Dorn	Greenfield	Hausman
Anderson, I.	Bergson	Carlson	Davids	Erhardt	Greiling	Holsten
Anderson, R.	Bertram	Carruthers	Dawkins	Evans	Gruenes	Hugoson
Asch	Bettermann	Clark	Dehler	Farrell	Gutknecht	Huntley
Battaglia	Bishop	Commers	Delmont	Garcia	Hasskamp	Jacobs
Bauerly	Blatz	Cooper	Dempsey	Goodno	Haukoos	Jaros

Jefferson	Lasley	McGuire	Olson, M.	Pugh	Sparby	Waltman
Jennings	Leppik	Milbert	Onnen	Reding	Stanius	Weaver
Johnson, A.	Lieder	Molnau	Opatz	Rest	Steensma	Wejcman
Johnson, V.	Limmer	Morrison	Orenstein	Rhodes	Sviggum	Welle
Kahn	Lindner	Mosel	Orfield	Rodosovich	Swenson	Wenzel
Kalis	Lourey	Munger	Osthoff	Sarna	Tompkins	Winter
Kelley	Luther	Murphy	Ostrom	Seagren	Trimble	Wolf
Kelso	Lynch	Neary	Ozment	Sekhon	Tunheim	Worke
Kinkel	Macklin	Nelson	Pauly	Simoneau	Van Dellen	Workman
Klinzing	Mahon	Ness	Pawlenty	Skoglund	Vellenga	Spk. Long
Knickerbocker	Mariani	Olson, E.	Perlt	Smith	Vickerman	
Koppendrayar	McCollum	Olson, K.	Peterson	Solberg	Wagenius	

Those who voted in the negative were:

Rice

The bill was passed and its title agreed to.

H. F. No. 977, A bill for an act relating to retirement; Minneapolis employees retirement fund; permitting purchase of service credit by a certain member.

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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Dawkins	Hugoson	Lieder	Ness	Rhodes	Vellenga
Anderson, I.	Dehler	Huntley	Limmer	Olson, E.	Rice	Vickerman
Anderson, R.	Delmont	Jacobs	Lindner	Olson, K.	Rodosovich	Wagenius
Asch	Dempsey	Jaros	Lourey	Olson, M.	Sarna	Waltman
Battaglia	Dorn	Jefferson	Luther	Onnen	Seagren	Weaver
Bauerly	Erhardt	Jennings	Lynch	Opatz	Sekhon	Wejcman
Beard	Evans	Johnson, A.	Macklin	Orenstein	Simoneau	Welle
Bergson	Farrell	Johnson, R.	Mahon	Orfield	Skoglund	Wenzel
Bertram	Frerichs	Johnson, V.	Mariani	Osthoff	Smith	Winter
Bettermann	Garcia	Kahn	McCollum	Ostrom	Solberg	Wolf
Blatz	Goodno	Kalis	McGuire	Ozment	Sparby	Worke
Brown, K.	Greenfield	Kelley	Milbert	Pauly	Stanius	Workman
Carlson	Greiling	Kelso	Molnau	Pawlenty	Steensma	Spk. Long
Carruthers	Gruenes	Kinkel	Morrison	Pelowski	Sviggum	
Clark	Gutknecht	Klinzing	Mosel	Perlt	Swenson	
Commers	Hasskamp	Knickerbocker	Munger	Peterson	Tompkins	
Cooper	Haukoos	Koppendrayar	Murphy	Pugh	Trimble	
Dauner	Hausman	Lasley	Neary	Reding	Tunheim	
Dauids	Holsten	Leppik	Nelson	Rest	Van Dellen	

The bill was passed and its title agreed to.

H. F. No. 1161, A bill for an act relating to retirement; public employees retirement association; permitting payment in lieu of salary deductions to obtain service credit notwithstanding a one-year time limitation.

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 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Davids	Holsten	Leppik	Nelson	Rest	Van Dellen
Anderson, I.	Dawkins	Hugoson	Lieder	Ness	Rhodes	Vellenga
Anderson, R.	Dehler	Huntley	Limmer	Olson, E.	Rice	Vickerman
Asch	Delmont	Jacobs	Lindner	Olson, K.	Rodosovich	Wagenius
Battaglia	Dempsey	Jaros	Lourey	Olson, M.	Sarna	Waltman
Bauerly	Dorn	Jefferson	Luther	Onnen	Seagren	Weaver
Beard	Erhardt	Jennings	Lynch	Opatz	Sekhon	Wejcmán
Bergson	Evans	Johnson, A.	Macklin	Orenstein	Simoneau	Welle
Bertram	Farrell	Johnson, R.	Mahon	Orfield	Skoglund	Wenzel
Bettermann	Frerichs	Johnson, V.	Mariani	Osthoff	Smith	Winter
Bishop	Garcia	Kahn	McCollum	Ostrom	Solberg	Wolf
Blatz	Goodno	Kalis	McGuire	Ozment	Sparby	Worke
Brown, K.	Greenfield	Kelley	Milbert	Pauly	Stanius	Workman
Carlson	Greiling	Kelso	Molnau	Pawlenty	Steensma	Spk. Long
Carruthers	Gruenes	Kinkel	Morrison	Pelowski	Sviggum	
Clark	Gutknecht	Klinzing	Mosel	Perlt	Swenson	
Commers	Hasskamp	Knickerbocker	Munger	Peterson	Tompkins	
Cooper	Haukoos	Koppendraye	Murphy	Pugh	Trimble	
Dauner	Hausman	Lasley	Neary	Reding	Tunheim	

The bill was passed and its title agreed to.

H. F. No. 1525, A bill for an act relating to occupations and professions; abstracters; providing for certain applicants to be exempt from the bond and liability insurance requirement; amending Minnesota Statutes 1992, section 386.66.

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 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Dauner	Haukoos	Koppendraye	Munger	Perlt	Swenson
Anderson, I.	Davids	Hausman	Lasley	Murphy	Peterson	Tompkins
Anderson, R.	Dawkins	Holsten	Leppik	Neary	Pugh	Trimble
Asch	Dehler	Hugoson	Lieder	Nelson	Reding	Tunheim
Battaglia	Delmont	Huntley	Limmer	Ness	Rhodes	Van Dellen
Bauerly	Dempsey	Jacobs	Lindner	Olson, E.	Rice	Vellenga
Beard	Dorn	Jaros	Lourey	Olson, K.	Rodosovich	Vickerman
Bergson	Erhardt	Jefferson	Luther	Olson, M.	Sarna	Wagenius
Bertram	Evans	Johnson, A.	Lynch	Onnen	Seagren	Waltman
Bettermann	Farrell	Johnson, R.	Macklin	Opatz	Sekhon	Weaver
Bishop	Frerichs	Johnson, V.	Mahon	Orenstein	Simoneau	Wejcmán
Blatz	Garcia	Kahn	Mariani	Orfield	Skoglund	Welle
Brown, K.	Goodno	Kalis	McCollum	Osthoff	Smith	Wenzel
Carlson	Greenfield	Kelley	McGuire	Ostrom	Solberg	Winter
Carruthers	Greiling	Kelso	Milbert	Ozment	Sparby	Wolf
Clark	Gruenes	Kinkel	Molnau	Pauly	Stanius	Worke
Commers	Gutknecht	Klinzing	Morrison	Pawlenty	Steensma	Workman
Cooper	Hasskamp	Knickerbocker	Mosel	Pelowski	Sviggum	Spk. Long

The bill was passed and its title agreed to.

S. F. No. 582, A bill for an act relating to motor vehicles; extending validity period of nonresident temporary vehicle permits; amending Minnesota Statutes 1992, section 168.091, subdivision 1.

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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Dauids	Holsten	Lieder	Ness	Rhodes	Vellenga
Anderson, I.	Dawkins	Hugoson	Limmer	Olson, E.	Rice	Vickerman
Anderson, R.	Dehler	Huntley	Lindner	Olson, K.	Rodosovich	Wagenius
Asch	Delmont	Jacobs	Lourey	Olson, M.	Sarna	Waltman
Battaglia	Dempsey	Jaros	Luther	Onnen	Seagren	Weaver
Bauerly	Dorn	Jefferson	Lynch	Opatz	Sekhon	Wejzman
Beard	Erhardt	Johnson, A.	Macklin	Orenstein	Simoneau	Welle
Bergson	Evans	Johnson, R.	Mahon	Orfield	Skoglund	Wenzel
Bertram	Farrell	Johnson, V.	Mariani	Osthoff	Smith	Winter
Bettermann	Frerichs	Kahn	McCollum	Ostrom	Solberg	Wolf
Bishop	Garcia	Kalis	McGuire	Ozment	Sparby	Worke
Blatz	Goodno	Kelley	Milbert	Pauly	Stanius	Workman
Brown, K.	Greenfield	Kelso	Molnau	Pawlenty	Steensma	Spk. Long
Carlson	Greiling	Kinkel	Morrison	Pelowski	Sviggum	
Carruthers	Gruenes	Klinzing	Mosel	Perlt	Swenson	
Clark	Gutknecht	Knickerbocker	Munger	Peterson	Tompkins	
Commers	Hasskamp	Koppendrayner	Murphy	Pugh	Trimble	
Cooper	Haukoos	Lasley	Neary	Reding	Tunheim	
Dauner	Hausman	Leppik	Nelson	Rest	Van Dellen	

The bill was passed and its title agreed to.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Anderson, I., from the Committee on Rules and Legislative Administration, pursuant to rule 1.09, designated the following bills as Special Orders to be acted upon immediately following printed Special Orders for today, Monday, April 19, 1993:

H. F. Nos. 287, 43, 947, 969 and 1272; S. F. No. 270; H. F. No. 1450; S. F. No. 431; H. F. No. 607; S. F. No. 568; H. F. Nos. 87, 671, 874, 427, 1151, 608, 1435, 704, 699 and 1112; S. F. No. 629; and H. F. Nos. 574, 1023, 1164 and 238.

SPECIAL ORDERS

H. F. No. 994 was reported to the House.

Blatz moved that H. F. No. 994 be continued on Special Orders. The motion prevailed.

H. F. No. 1095 was reported to the House.

Pugh moved to amend H. F. No. 1095, the first engrossment, as follows:

Page 35, after line 18, insert:

"Sec. 31. Minnesota Statutes 1992, section 79.252, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] The purpose of the assigned risk plan is to provide workers' compensation coverage to employers rejected by ~~two nonaffiliated~~ a licensed insurance companies, company pursuant to subdivision 2. ~~Each rejection must be in writing and must be obtained within 60 days before the date of application to the assigned risk plan. In addition, the rejections must also show the name of the insurance company and the representative contacted."~~

Page 35, line 19, delete "31" and insert "32"

Page 35, line 32, delete "32" and insert "33"

Amend the title as follows:

Page 1, line 9, after the semicolon insert "regulating the workers' compensation assigned risk plan;"

Page 1, line 21, delete "and" and before the period insert "; and 79.252, subdivision 1"

The motion prevailed and the amendment was adopted.

H. F. No. 1095, A bill for an act relating to insurance; regulating investments, assets and liabilities, and annual statements of companies; providing for continuance of coverage upon liquidation; modifying the definition of resident for purposes of the Minnesota insurance guaranty association; regulating dividends and other distributions of insurance holding company systems; regulating risk retention groups; regulating the workers' compensation assigned risk plan; enacting the NAIC model legislation; amending Minnesota Statutes 1992, sections 60A.11, subdivision 9; 60A.12, subdivision 3; 60A.13, subdivisions 1 and 6; 60A.23, subdivision 4; 60B.22, subdivision 1; 60C.03, subdivision 7; 60D.20, subdivisions 2 and 4; 60E.01; 60E.02, subdivisions 9 and 12; 60E.03; 60E.04, subdivisions 1, 2, 3, 4, 7, 8, 11, and by adding a subdivision; 60E.05; 60E.07; 60E.08; 60E.09; 60E.10; 60E.12; and 60E.13; proposing coding for new law in Minnesota Statutes, chapters 60A and 60E; repealing Minnesota Statutes 1992, sections 60A.07, subdivision 5d; 60A.12, subdivision 10; 60B.24; 60E.11; and 79.252, 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 126 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Dauner	Hausman	Lasley	Murphy	Peterson	Swenson
Anderson, I.	Davids	Holsten	Leppik	Neary	Pugh	Tompkins
Anderson, R.	Dawkins	Hugoson	Lieder	Nelson	Reding	Trimble
Asch	Dehler	Huntley	Limmer	Ness	Rest	Tunheim
Battaglia	Delmont	Jacobs	Lindner	Olson, E.	Rhodes	Van Dellen
Bauerly	Dempsey	Jaros	Lourey	Olson, K.	Rice	Vellenga
Beard	Dorn	Jefferson	Luther	Olson, M.	Rodosovich	Vickerman
Bergson	Erhardt	Johnson, A.	Lynch	Ornen	Sarna	Wagenius
Bertram	Evans	Johnson, R.	Macklin	Opatz	Seagren	Waltman
Bettermann	Farrell	Johnson, V.	Mahon	Orenstein	Sekhon	Weaver
Bishop	Frerichs	Kahn	Mariani	Orfield	Simoneau	Wejcmán
Blatz	Garcia	Kalis	McCollum	Osthoff	Skoglund	Welle
Brown, K.	Goodno	Kelley	McGuire	Ostrom	Smith	Wenzel
Carlson	Greenfield	Kelso	Milbert	Ozment	Solberg	Winter
Carruthers	Greiling	Kinkel	Molnau	Pauly	Sparby	Wolf
Clark	Gruenes	Klinzing	Morrison	Pawlenty	Stanisus	Worke
Commers	Gutknecht	Knickerbocker	Mosel	Pelowski	Stensma	Workman
Cooper	Haukoos	Koppendray	Munger	Perlt	Sviggum	Spk. Long

Those who voted in the negative were:

Hasskamp

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

H. F. No. 1428 was reported to the House.

Bishop and Evans moved to amend H. F. No. 1428, the first engrossment, as follows:

Page 5, after line 23, insert:

"Sec. 7. Minnesota Statutes 1992, section 150A.06, is amended by adding a subdivision to read:

Subd. 4b. [APPEAL OF DENIAL OF APPLICATION.] A person whose application for licensure by credentials has been denied may appeal the decision to the board. The board shall establish an appeals process and inform a denied candidate of the right to appeal and the process for filing the appeal."

Renumber the remaining section

The motion prevailed and the amendment was adopted.

H. F. No. 1428, A bill for an act relating to occupations and professions; dentistry; modifying a certain exception to the licensing requirements; establishing faculty, resident dentist, and specialty licenses; modifying a certain ground for disciplinary action; amending Minnesota Statutes 1992, sections 150A.01, by adding subdivisions; 150A.05, subdivision 2; 150A.06, by adding subdivisions; and 150A.08, 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 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Dauner	Haukoos	Koppendraye	Munger	Perlt	Sviggum
Anderson, I.	Davids	Hausman	Lasley	Murphy	Peterson	Swenson
Anderson, R.	Dawkins	Holsten	Leppik	Neary	Pugh	Tompkins
Asch	Dehler	Hugoson	Lieder	Nelson	Reding	Trimble
Battaglia	Delmont	Huntley	Limmer	Ness	Rest	Tunheim
Bauerly	Dempsey	Jacobs	Lindner	Olson, E.	Rhodes	Van Dellen
Beard	Dorn	Jaros	Lourey	Olson, K.	Rice	Vellenga
Bergson	Erhardt	Jefferson	Luther	Olson, M.	Rodosovich	Vickerman
Bertram	Evans	Johnson, A.	Lynch	Ornen	Sarna	Wagenius
Bettermann	Farrell	Johnson, R.	Macklin	Opatz	Seagren	Waltman
Bishop	Frerichs	Johnson, V.	Mahon	Orenstein	Sekhon	Weaver
Blatz	Garcia	Kahn	Mariani	Orfield	Simoneau	Wejzman
Brown, K.	Goodno	Kalis	McCollum	Osthoft	Skoglund	Wenzel
Carlson	Greenfield	Kelley	McGuire	Ostrom	Smith	Winter
Carruthers	Greiling	Kelso	Milbert	Ozment	Solberg	Wolf
Clark	Gruenes	Kinkel	Molnau	Pauly	Sparby	Worke
Commers	Gutknecht	Klinzing	Morrison	Pawlenty	Stanius	Workman
Cooper	Hasskamp	Knickerbocker	Mosel	Pelowski	Steensma	Spk. Long

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

H. F. No. 129, A bill for an act relating to marriage dissolution; maintenance; applying child support enforcement actions to actions to enforce maintenance; expanding notice of rights of parties in dissolution or separation proceeding;

requiring child support order to assign responsibility for child's medical coverage; clarifying visitation rights; requiring dissolution judgment or decree to provide notice about principal residence; amending Minnesota Statutes 1992, sections 214.101, subdivisions 1 and 4; 518.17, subdivision 3; 518.171, subdivision 1; 518.175, subdivision 6; 518.177; 518.55; 518.551, subdivision 12; 518.583; 518.611, subdivision 2; and 518.641, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 518.

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 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Davids	Holsten	Lieder	Ness	Rhodes	Vellenga
Anderson, I.	Dawkins	Hugoson	Limmer	Olson, E.	Rice	Vickerman
Anderson, R.	Dehler	Huntley	Lindner	Olson, K.	Rodosovich	Wagenius
Asch	Deimont	Jacobs	Lourey	Olson, M.	Sarna	Waltman
Battaglia	Dempsey	Jaros	Luther	Onnen	Seagren	Weaver
Bauerly	Dorn	Jefferson	Lynch	Opatz	Sekhon	Wejzman
Beard	Erhardt	Johnson, A.	Macklin	Orenstein	Simoneau	Welle
Bergson	Evans	Johnson, R.	Mahon	Orfield	Skoglund	Wenzel
Bertram	Farrell	Johnson, V.	Mariani	Osthoff	Smith	Winter
Bettermann	Frerichs	Kahn	McCollum	Ostrom	Solberg	Wolf
Bishop	Garcia	Kalis	McGuire	Ozment	Sparby	Worke
Blatz	Goodno	Kelley	Milbert	Pauly	Stanius	Workman
Brown, K.	Greenfield	Kelso	Molnau	Pawlenty	Steensma	Spk. Long
Carlson	Greiling	Kinkel	Morrison	Pelowski	Sviggun	
Carruthers	Gruenes	Klinzing	Mosel	Perlt	Swenson	
Clark	Gutknecht	Knickerbocker	Munger	Peterson	Tompkins	
Commers	Hasskamp	Koppendrayner	Murphy	Pugh	Trimble	
Cooper	Haukoos	Lasley	Neary	Reding	Tunheim	
Dauner	Hausman	Leppik	Nelson	Rest	Van Dellen	

The bill was passed and its title agreed to.

Anderson, I., moved that the remaining bills on Special Orders for today be continued. The motion prevailed.

GENERAL ORDERS

Anderson, I., moved that the bills on General Orders for today be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Reding moved that the names of Kahn and Hausman be added as authors on H. F. No. 192. The motion prevailed.

Greenfield moved that the name of Cooper be added as an author on H. F. No. 1178. The motion prevailed.

Kalis moved that the names of Lourey and Trimble be added as authors on H. F. No. 1733. The motion prevailed.

Asch moved that H. F. No. 1574 be returned to its author. The motion prevailed.

ADJOURNMENT

Anderson, I., moved that when the House adjourns today it adjourn until 1:00 p.m., Tuesday, April 20, 1993. The motion prevailed.

Anderson, I., moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 1:00 p.m., Tuesday, April 20, 1993.

EDWARD A. BURDICK, Chief Clerk, House of Representatives