

STATE OF MINNESOTA
SEVENTY-EIGHTH SESSION -- 1993

FIFTY-EIGHTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, MAY 13, 1993

The House of Representatives convened at 9:00 a.m. and was called to order by Dee Long, Speaker of the House.

Prayer was offered by Representative James I. Rice, District 58A, Minneapolis, Minnesota.

The roll was called and the following members were present:

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

A quorum was present.

Dempsey and Knickerbocker were excused until 9:50 a.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Olson, K., moved that further reading of the Journal be dispensed with and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

S. F. No. 566 and H. F. No. 490, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Johnson, R., moved that S. F. No. 566 be substituted for H. F. No. 490 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 580 and H. F. No. 761, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Pugh moved that the rules be so far suspended that S. F. No. 580 be substituted for H. F. No. 761 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 811 and H. F. No. 1125, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Mahon moved that the rules be so far suspended that S. F. No. 811 be substituted for H. F. No. 1125 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 880 and H. F. No. 1106, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Wagenius moved that the rules be so far suspended that S. F. No. 880 be substituted for H. F. No. 1106 and that the House File be indefinitely postponed. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 10, 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 Files:

H. F. No. 1228, relating to retirement; public employees retirement association and Minneapolis employees retirement fund; providing for the retention of pension coverage for certain transferred employees.

H. F. No. 270, relating to the city of St. Paul; authorizing payment of refunds to the estates of certain deceased firefighters.

H. F. No. 430, relating to human services; requiring the departments of health and human services to develop plans to reduce duplication and paperwork in reviews conducted.

H. F. No. 113, relating to traffic regulations; specifying that a pedestrian lawfully in a crosswalk with pedestrian control signals must be given the right-of-way by all vehicles.

H. F. No. 9, relating to insurance; health; requiring coverage for elimination or treatment of port-wine stains.

H. F. No. 969, relating to transportation; changing requirement for town road account distributions; defining exempt carriers to include certain tow trucks; adopting federal motor carrier safety regulations; allowing small motor carriers to file abbreviated annual reports; providing for registration of interstate motor carriers; defining terms; allowing 45-foot buses to be operated in the state; exempting drivers of lightweight vehicles from driver qualification rules; requiring information on shipping documents and other motor carrier records; making technical changes; imposing penalties.

H. F. No. 1420, relating to probate; providing for determination of reasonable compensation for certain guardians and conservators; changing provisions for guardians and conservators of certain institutionalized persons.

H. F. No. 1720, relating to metropolitan government; requiring one member of the metropolitan transit commission to be disabled user of transit system.

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>
	1228	109	2:59 p.m. May 10	May 10
	270	110	3:12 p.m. May 10	May 10
50		111	2:57 p.m. May 10	May 10
485		112	2:57 p.m. May 10	May 10
848		113	2:58 p.m. May 10	May 10
	430	114	2:59 p.m. May 10	May 10
	113	115	2:58 p.m. May 10	May 10
	9	116	2:58 p.m. May 10	May 10
	969	117	3:08 p.m. May 10	May 10
	1420	118	3:00 p.m. May 10	May 10
	1720	119	3:02 p.m. May 10	May 10

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 11, 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. 20, memorializing the United States Secretary of Agriculture to establish higher price supports for grain commodities.

Warmest regards,

ARNE H. CARLSON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 11, 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 Files:

H. F. No. 157, relating to retirement; authorizing the purchase of prior service credit in the public employees police and fire fund by two employees of the city of Minneapolis.

H. F. No. 134, relating to occupations and professions; requiring licensed optometrists to be certified by the board of optometry to prescribe topical legend drugs; authorizing the prescription of topical legend drugs by licensed optometrists who are board certified; requiring health professionals to report occurrences of adverse reactions resulting from optometrist's prescription of topical legend drugs; requiring reports; modifying the definition of practice of medicine.

H. F. No. 1199, relating to state government; the legislative commission on employee relations; raising the top of a salary range for a judicial position; modifying provisions relating to certain plans; ratifying certain salaries and a bargaining agreement.

H. F. No. 385, relating to agriculture; providing a time limit for certain actions related to right of first refusal.

H. F. No. 785, relating to retirement; survivor benefits payable by the Minneapolis police relief association.

H. F. No. 807, relating to retirement; the Minneapolis fire department relief association; setting service pension rates.

H. F. No. 1442, 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.

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>
	20	Resolution No. 3	6:04 p.m. May 11	May 12
	157	120	5:45 p.m. May 11	May 12
	134	121	5:47 p.m. May 11	May 12
	1199	122	5:48 p.m. May 11	May 12
	385	123	5:50 p.m. May 11	May 12
	785	124	5:55 p.m. May 11	May 12
	807	125	5:57 p.m. May 11	May 12
	1442	126	6:02 p.m. May 11	May 12

Sincerely,

JOAN ANDERSON GROWE
Secretary of State

SECOND READING OF SENATE BILLS

S. F. Nos. 566, 580, 811 and 880 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Jaros; Huntley; Greiling; Brown, K., and Rukavina introduced:

H. F. No. 1772, A bill for an act relating to state agencies and appropriate local governmental units to make sure that no person in Minnesota will be homeless, hungry, or without medical care.

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

Rukavina introduced:

H. F. No. 1773, A bill for an act relating to taxation; authorizing the study of reform of the state's tax structure based upon a gross worth tax system.

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

Frerichs and Davids introduced:

H. F. No. 1774, A resolution memorializing Indian tribal casinos in Minnesota to compete fairly with Minnesota's private sector hospitality industry.

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

Rukavina, Sarna, Bishop and Jaros introduced:

H. F. No. 1775, A bill for an act relating to insurance; automobile; regulating auto glass repair practices; providing remedies; proposing coding for new law in Minnesota Statutes, chapter 65B.

The bill was read for the first time and referred to the Committee on Financial Institutions and Insurance.

Olson, M.; Long; Carruthers; Vellenga and Pugh introduced:

H. F. No. 1776, A resolution memorializing the President and Congress to enact the Children's Violence Protection Act of 1993.

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

Stanisus, Limmer, Smith, Holsten and Johnson, V., introduced:

H. F. No. 1777, A bill for an act relating to campaign reform; limiting noncampaign disbursements to items specified by law; requiring lobbyists and political committees and funds to include their registration number on contributions; prohibiting certain "friends of" committees; requiring reports by certain solicitors of campaign contributions; limiting certain contributions; changing the judicial ballot; regulating related committees; changing expenditure limits; limiting use of contributions carried forward; requiring unused postage to be carried forward as an expenditure; requiring certain notices; changing contribution limits; limiting contributions by political parties; prohibiting transfers from one candidate to another, with certain exceptions; limiting contributions by certain political committees, funds, and individuals; eliminating public subsidies to unopposed candidates; changing requirements for the income tax check-off; clarifying filing requirements for candidate agreements and the duration of the agreements; providing for distribution of public subsidies; requiring return of public subsidies under certain conditions; prohibiting political contributions by certain nonprofit corporations and partnerships; requiring certain

reports; providing transition language; defining certain terms; clarifying certain language; imposing penalties; appropriating money; amending Minnesota Statutes 1992, sections 10A.01, subdivisions 10b, 10c, 13, and by adding subdivisions; 10A.04, by adding a subdivision; 10A.065, subdivisions 1 and 5; 10A.14, subdivision 2; 10A.15, by adding subdivisions; 10A.16; 10A.17, subdivisions 4 and 5; 10A.19, subdivision 1; 10A.20, subdivisions 2, 3, and by adding subdivisions; 10A.24, subdivision 1; 10A.25, subdivisions 2, 6, 10, and by adding subdivisions; 10A.27, subdivisions 1, 2, 9, and by adding subdivisions; 10A.28, subdivision 2; 10A.31, subdivisions 3a, 6, 7, 10, and by adding a subdivision; 10A.315; 10A.322, subdivisions 1 and 2; 10A.323; 10A.324, subdivisions 1, 3, and by adding a subdivision; 204B.36, subdivision 4; 211B.12; 211B.15; and 290.06, subdivision 23; proposing coding for new law in Minnesota Statutes, chapter 211A; repealing Minnesota Statutes 1992, sections 10A.27, subdivision 6; 10A.31, subdivisions 8 and 9; 488A.021, subdivision 3; and 488A.19, subdivision 2.

The bill was read for the first time and referred to the Committee on General Legislation, Veterans Affairs and Elections.

HOUSE ADVISORIES

The following House Advisories were introduced:

Onnen; Simoneau; Anderson, R.; Lindner and Brown, K., introduced:

H. A. No. 23, A proposal to study the veterans homes.

The advisory was referred to the Committee on Health and Human Services.

Murphy, Rodosovich, Rukavina and Winter introduced:

H. A. No. 24, A proposal to study homestead property tax relief for senior citizens of low to moderate incomes.

The advisory was referred to the Committee on Taxes.

Cooper, Peterson, Klinzing, Ness and Brown, C., introduced:

H. A. No. 25, A proposal to study the role of regional development commissions in assisting local units of government.

The advisory was referred to the Committee on Local Government and Metropolitan Affairs.

Jacobs introduced:

H. A. No. 26, A proposal for studying nontraditional ratemaking concepts and federal regulatory changes affecting utilities.

The advisory was referred to the Committee on Regulated Industries and Energy.

Opatz, Sarna, Asch, Commers and Farrell introduced:

H. A. No. 27, A proposal to study mandatory malpractice insurance.

The advisory was referred to the Committee on Commerce and Economic Development.

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, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1450, A bill for an act relating to game and fish; authorizing expenditure of RIM funds for restoration of fish and wildlife habitat; directing a report on plantings of native trees and shrubs; amending Minnesota Statutes 1992, section 84.95, subdivision 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Trimble moved that the House concur in the Senate amendments to H. F. No. 1450 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1450, A bill for an act relating to game and fish; authorizing expenditure of RIM funds for restoration of fish and wildlife habitat; amending Minnesota Statutes 1992, section 84.95, subdivision 2.

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

The question was taken on the repassage of the bill and the roll was called. There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Madam Speaker:

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

H. F. No. 50, A bill for an act relating to agriculture; changing the apiary laws; reducing an appropriation; amending Minnesota Statutes 1992, sections 19.50, by adding a subdivision; 19.52, subdivision 1; 19.55; 19.56; 19.58, subdivisions 1, 2, and 4; 19.59; 19.64, subdivisions 1 and 4a; and 19.65; proposing coding for new law in Minnesota Statutes, chapter 19; repealing Minnesota Statutes 1992, sections 19.51, subdivision 3; 19.54; 19.58, subdivisions 3, 7, and 8; 19.60; 19.61, subdivision 2; 19.62; and 19.64, subdivisions 2, 3, and 4.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Cooper moved that the House concur in the Senate amendments to H. F. No. 50 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 50, A bill for an act relating to agriculture; changing the apiary laws; amending Minnesota Statutes 1992, sections 19.50, by adding a subdivision; 19.52, subdivision 1; 19.55; 19.56; 19.58, subdivisions 1, 2, and 4; 19.59; 19.64, subdivisions 1 and 4a; and 19.65; proposing coding for new law in Minnesota Statutes, chapter 19; repealing Minnesota Statutes 1992, sections 19.51, subdivision 3; 19.54; 19.58, subdivisions 3, 7, and 8; 19.60; 19.61, subdivision 2; 19.62; and 19.64, subdivisions 2, 3, and 4.

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

The question was taken on the repassage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Madam Speaker:

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

H. F. No. 671, A bill for an act relating to metropolitan government; requiring the metropolitan council to adopt rules allocating comprehensive choice housing among cities and towns in the metropolitan area; requiring metropolitan council review of city's and town's efforts to comply with the allocation; establishing penalties for noncompliance; amending Minnesota Statutes 1992, section 473.523, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 16A; and 473.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Orfield moved that the House concur in the Senate amendments to H. F. No. 671 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 671, A bill for an act relating to metropolitan government; requiring the metropolitan council to adopt rules allocating comprehensive choice housing among cities and towns in the metropolitan area; requiring metropolitan council review of city's and town's efforts to comply with the allocation; proposing coding for new law in Minnesota Statutes, chapter 473.

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

The question was taken on the repassage of the bill and the roll was called. There were 82 yeas and 48 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Cooper	Jacobs	Lasley	Neary	Reding	Tomassoni
Anderson, R.	Dauner	Jaros	Lieder	Nelson	Rest	Trimble
Battaglia	Dawkins	Jefferson	Lourey	Olson, E.	Rhodes	Tunheim
Bauerly	Delmont	Jennings	Luther	Olson, K.	Rice	Vellenga
Beard	Dorn	Johnson, A.	Mahon	Opatz	Rukavina	Wagenius
Bergson	Evans	Johnson, R.	Mariani	Orenstein	Sarna	Wejcman
Bertram	Farrell	Kahn	McCollum	Orfield	Sekhon	Welle
Brown, C.	Garcia	Kalis	McGuire	Ostrom	Simoneau	Wenzel
Brown, K.	Greiling	Kelley	Milbert	Ozment	Skoglund	Winter
Carlson	Hasskamp	Kinkel	Mosel	Pelowski	Solberg	Spk. Long
Carruthers	Hausman	Klinzing	Munger	Peterson	Sparby	
Clark	Huntley	Krueger	Murphy	Pugh	Steensma	

Those who voted in the negative were:

Abrams	Dehler	Haukoos	Leppik	Ness	Seagren	Vickerman
Asch	Erhardt	Holsten	Limmer	Olson, M.	Smith	Waltman
Bettermann	Frerichs	Hugoson	Lindner	Ornen	Stanis	Weaver
Bishop	Girard	Johnson, V.	Lynch	Pauly	Sviggum	Wolf
Blatz	Goodno	Kelso	Macklin	Pawlenty	Swenson	Worke
Commers	Gruenes	Koppendrayner	Molnau	Perlt	Tompkins	Workman
Davids	Gutknecht	Krinkie	Morrison	Rodosovich	Van Dellen	

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

Madam Speaker:

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

H. F. No. 948, A bill for an act relating to commerce; modifying the definition of business license; regulating residential building contractors and remodelers; providing licensing requirements; prescribing the powers and duties of the commissioner; prohibiting unlicensed persons from obtaining building permits; establishing a contractor's recovery fund; appropriating money; amending Minnesota Statutes 1992, sections 116J.70, subdivision 2a; 326.83, subdivisions 4, 6, 7, 8, 10, and by adding subdivisions; 326.84, subdivisions 1 and 3; 326.85, subdivision 1; 326.86; 326.87, subdivision 2; 326.88; 326.89, subdivisions 2, 3, and by adding subdivisions; 326.90; 326.91, subdivisions 1 and 2; 326.92, subdivisions 1 and 3; 326.93, subdivision 1; 326.94, subdivision 2; 326.97, subdivision 1, and by adding a subdivision; 326.99; and 326.991; proposing coding for new law in Minnesota Statutes, chapter 326; repealing Minnesota Statutes 1992, sections 326.84, subdivision 2; and 326.94, subdivision 1.

PATRICK E. FLAHAVER, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Bauerly moved that the House concur in the Senate amendments to H. F. No. 948 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 948, A bill for an act relating to commerce; modifying the definition of business license; regulating residential building contractors and remodelers; providing licensing requirements; prescribing the powers and duties of the commissioner; establishing a contractor's recovery fund; appropriating money; amending Minnesota Statutes 1992, sections 116J.70, subdivision 2a; 326.83, subdivisions 4, 6, 7, 8, 10, and by adding subdivisions; 326.84, subdivisions 1 and 3; 326.85, subdivision 1; 326.86; 326.87, subdivision 2; 326.88; 326.89, subdivisions 2, 3, and by adding subdivisions; 326.90; 326.91, subdivisions 1 and 2; 326.92, subdivisions 1 and 3; 326.93, subdivision 1; 326.94; 326.97, subdivision 1, and by adding a subdivision; 326.99; and 326.991; proposing coding for new law in Minnesota Statutes, chapter 326; repealing Minnesota Statutes 1992, section 326.84, subdivision 2.

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

The question was taken on the repassage of the bill and the roll was called. There were 101 yeas and 28 nays as follows:

Those who voted in the affirmative were:

Abrams	Dawkins	Jaros	Lieder	Neary	Rice	Turnheim
Anderson, I.	Dehler	Jefferson	Limmer	Olson, E.	Rodosovich	Van Dellen
Asch	Delmont	Jennings	Lourey	Opatz	Rukavina	Vellenga
Battaglia	Dorn	Johnson, A.	Luther	Orenstein	Sarna	Wagenius
Bauerly	Erhardt	Johnson, R.	Lynch	Orfield	Seagren	Weaver
Beard	Evans	Johnson, V.	Macklin	Osthoff	Sekhon	Wejzman
Bergson	Farrell	Kahn	Mahon	Ostrom	Simoneau	Welle
Bertram	Garcia	Kalis	Mariani	Ozment	Skoglund	Wenzel
Bishop	Greiling	Kelley	McCollum	Pauly	Smith	Winter
Blatz	Gruenes	Kelso	McGuire	Pelowski	Solberg	Workman
Brown, C.	Gutknecht	Kinkel	Milbert	Perlt	Sparby	Spk. Long
Brown, K.	Hausman	Klinzing	Morrison	Pugh	Stanis	
Carlson	Holsten	Koppendrayner	Mosel	Reding	Steensma	
Carruthers	Huntley	Krueger	Munger	Rest	Tomassoni	
Clark	Jacobs	Lasley	Murphy	Rhodes	Trimble	

Those who voted in the negative were:

Anderson, R.	Dauner	Goodno	Krinkie	Ness	Peterson	Vickerman
Bettermann	Davids	Hasskamp	Lindner	Olson, M.	Svigum	Waltman
Commers	Frerichs	Haukoos	Molnau	Onnen	Swenson	Wolf
Cooper	Girard	Hugoson	Nelson	Pawlenty	Tompkins	Worke

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

Madam Speaker:

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

H. F. No. 199, A bill for an act relating to insurance; workers' compensation; regulating the state fund mutual insurance company; requiring the workers' compensation reinsurance association to provide funds; amending Minnesota Statutes 1992, sections 176A.02, by adding a subdivision; 176A.11; proposing coding for new law in Minnesota Statutes, chapter 79.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Winter moved that the House concur in the Senate amendments to H. F. No. 199 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 199, A bill for an act relating to insurance; workers' compensation; regulating the state fund mutual insurance company; requiring the workers' compensation reinsurance association to provide funds; amending Minnesota Statutes 1992, sections 176A.02, by adding a subdivision; 176A.11; proposing coding for new law in Minnesota Statutes, chapter 79.

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

The question was taken on the repassage of the bill and the roll was called. There were 102 yeas and 28 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Cooper	Jefferson	Lourey	Olson, E.	Rest	Tomassoni
Anderson, R.	Dauner	Jennings	Luther	Olson, K.	Rhodes	Trimble
Asch	Dawkins	Johnson, A.	Lynch	Opatz	Rice	Tunheim
Battaglia	Delmont	Johnson, R.	Macklin	Orenstein	Rodosovich	Vellenga
Bauerly	Dorn	Johnson, V.	Mahon	Orfield	Rukavina	Wagenius
Beard	Erhardt	Kahn	Mariani	Osthoff	Sarna	Weaver
Bergson	Evans	Kalis	McCollum	Ostrom	Seagren	Wejcmán
Bertram	Farrell	Kelley	McGuire	Ozment	Sekhon	Wenzel
Bishop	Garcia	Kelso	Milbert	Pauly	Simoneau	Winter
Brown, C.	Greiling	Kinkel	Mosel	Pawlenty	Skoglund	Wolf
Brown, K.	Hasskamp	Klinzing	Munger	Pelowski	Solberg	Workman
Carlson	Hausman	Krueger	Murphy	Perlt	Sparby	Spk. Long
Carruthers	Huntley	Lasley	Neary	Peterson	Steensma	
Clark	Jacobs	Leppik	Nelson	Pugh	Sviggum	
Commers	Jaros	Lieder	Ness	Reding	Swenson	

Those who voted in the negative were:

Abrams	Dehler	Gruenes	Hugoson	Lindner	Onnen	Van Dellen
Bettermann	Frerichs	Gutknecht	Koppendrayner	Molnau	Smith	Vickerman
Blatz	Girard	Haukoos	Krinkie	Morrison	Stanius	Waltman
Davids	Goodno	Holsten	Limmer	Olson, M.	Tompkins	Worke

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

Madam Speaker:

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

S. F. No. 1062.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 1062, A bill for an act relating to metropolitan government and urban planning; establishing a metropolitan radio systems planning committee under the metropolitan council.

The bill was read for the first time.

Kelley moved that S. F. No. 1062 and H. F. No. 986, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 350

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; other education programs; miscellaneous provisions; choice programs; libraries; state agencies; and realignment of responsibilities; making conforming changes; 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, 4, and 16; 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; 124.84, subdivision 3; 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; 128C.02, by adding a subdivision; 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; 275.48; 473F.02, by adding a subdivision; and 475.61, subdivision 3; 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; proposing coding for new law in Minnesota Statutes, chapters 4; 121; 124; 124A; 124C; 125; 126; 128A; 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; 145.926; and Laws 1988, chapter 486, section 59.

May 12, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 350, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 350 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL EDUCATION REVENUE

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 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 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; and

(v) amounts levied under section 124.755.

(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 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~~ 1.03 pupil unit for fiscal year 1994 and 1.06 pupil unit for fiscal year 1995 and thereafter.

(g) A pupil who is in any of grades 7 to 12 is counted as 1.3 pupil units.

Sec. 3. 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. 4. Minnesota Statutes 1992, section 124.2131, subdivision 1, is amended to read:

Subdivision 1. [~~ADJUSTED GROSS TAX CAPACITY; ADJUSTED NET TAX CAPACITY.~~] (a) [COMPUTATION.] The department of revenue shall annually conduct an assessment/sales ratio study of the taxable property in each school district in accordance with the procedures in paragraphs (b) and (c). Based upon the results of this assessment/sales ratio study, the department of revenue shall determine ~~an aggregate equalized gross tax capacity and an aggregate equalized net tax capacity~~ for the various classes of taxable property in each school district, which tax capacity shall be designated as ~~the adjusted gross tax capacity and the adjusted net tax capacity, respectively. The adjusted net tax capacities shall be determined using the net tax capacity percentages in effect for the assessment year~~

following the assessment year of the study. The department of revenue shall make whatever estimates are necessary to account for changes in the classification system. The department of revenue may incur the expense necessary to make the determinations. The commissioner of revenue may reimburse any county or governmental official for requested services performed in ascertaining ~~the adjusted gross tax capacity and the adjusted net tax capacity.~~ On or before March 15 annually, the department of revenue shall file with the chair of the tax committee of the house of representatives and the chair of the committee on taxes and tax laws of the senate a report of ~~adjusted gross tax capacities and adjusted net tax capacities.~~ On or before ~~April 15~~ June 15 annually, the department of revenue shall file its final report on the ~~adjusted gross tax capacities and adjusted net tax capacities~~ established by the previous year's ~~assessment~~ assessments and the current year's net tax capacity percentages with the commissioner of education and each county auditor for those school districts for which the auditor has the responsibility for determination of local tax rates. A copy of the report so filed shall be mailed to the clerk of each district involved and to the county assessor or supervisor of assessments of the county or counties in which each district is located.

(b) [METHODOLOGY.] In making its annual assessment/sales ratio studies, the department of revenue shall use a methodology consistent with the most recent Standard on Assessment Ratio Studies published by the assessment standards committee of the International Association of Assessing Officers. The commissioner of revenue shall supplement this general methodology with specific procedures necessary for execution of the study in accordance with other Minnesota laws impacting the assessment/sales ratio study. The commissioner shall document these specific procedures in writing and shall publish the procedures in the State Register, but these procedures will not be considered "rules" pursuant to the Minnesota administrative procedure act. For purposes of this section, section 270.12, subdivision 2, clause (8), and section 278.05, subdivision 4, the commissioner of revenue shall exclude from the assessment/sales ratio study the sale of any nonagricultural property which does not contain an improvement, if (1) the statutory basis on which the property's taxable value as most recently assessed is less than market value as defined in section 273.11, or (2) the property has undergone significant physical change or a change of use since the most recent assessment.

(c) [AGRICULTURAL LANDS.] For purposes of determining the ~~adjusted gross tax capacity and adjusted net tax capacity~~ of agricultural lands for the calculation of ~~adjusted gross tax capacities and adjusted net tax capacities~~, the market value of agricultural lands shall be the price for which the property would sell in an arms length transaction.

(d) [FORCED SALES.] The commissioner may include forced sales in the assessment/sales ratio studies if it is determined by the commissioner that these forced sales indicate true market value.

(e) [STIPULATED VALUES.] The estimated market value to be used in calculating sales ratios shall be the value established by the assessor before any stipulations resulting from appeals by property owners.

(f) [SALES OF INDUSTRIAL PROPERTY.] Separate sales ratios shall be calculated for commercial property and for industrial property. These two classes shall be combined only in jurisdictions in which there is not an adequate sample of sales in each class.

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 DEBT OBLIGATION UPON POTENTIAL DEFAULT; REPAYMENT; STATE OBLIGATION NOT DEBT.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the term "debt obligation" means either a tax or aid anticipation certificate of indebtedness or a general obligation bond.

Subd. 2. [NOTIFICATIONS; PAYMENT; APPROPRIATION.] (a) If a school district believes that it may be unable to make a principal or interest payment on any outstanding debt obligation on the date that payment is due, it must notify the commissioner of education of that fact as soon as possible, but not less than 15 working days before the date that principal or interest payment is due. The notice shall include the name of the school district, an identification of the debt obligation 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 debt obligation, the wire transfer instructions to transfer funds to that paying agent, and an indication as to whether a payment is being requested by the district 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.

(b) Except as provided in subdivision 9, 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 debt obligation the specified amount on or before the date due. The amounts needed for the purposes of this subdivision are annually appropriated to the department of education from the state general fund.

(c) 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. 3. [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 debt obligation 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. Interest shall only accrue on the amounts paid and outstanding less the reduction in aid under subdivision 4 and other payments received from the district.

Subd. 4. [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 debt obligation 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 debt obligations 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. 5. [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, according to the schedule in section 124.155, subdivision 2, 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. Payments from the school endowment fund or any federal aid payments shall not be reduced. 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. 6. [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 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 must 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. To prevent undue hardship, the commissioner may allow the district to certify the levy over a five-year period. 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 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. A levy under this subdivision must be explained as a specific increase at the meeting required under section 275.065, subdivision 6.

Subd. 7. [ELECTION AS TO MANDATORY APPLICATION.] A school district may covenant and obligate itself, prior to the issuance of an issue of debt obligations, 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 debt obligations 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 debt obligations 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 debt obligations, the provisions of this section shall be binding as to that issue as long as any debt obligation of that issue remain outstanding. If the provisions of this section are or become binding for more than one issue of debt 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. 8. [MANDATORY PLAN; TECHNICAL ASSISTANCE.] If the state makes payments on behalf of a district under this section or the district defaults in the payment of principal or interest on an outstanding debt obligation, 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 state shall not make future payments under this section for debt obligations issued after the date specified in that notice until its plan is approved. The commissioner may also notify the school district that until its plan is approved, other aids due the district will be withheld after a date specified in the notice.

Subd. 9. [STATE BOND RATING.] If the commissioner of finance determines that the credit rating of the state would be adversely affected thereby, the commissioner shall not issue warrants under subdivision 2 for the payment of principal or interest on any debt obligations for which a school district did not, prior to their issuance, obligate itself to be bound by the provisions of this section.

Sec. 7. 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~~ 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 and later.~~

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

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

Subd. 1f. [REFERENDUM EQUALIZATION REVENUE.] A district's referendum equalization revenue equals ~~ten percent of the formula allowance~~ \$315 times the district's actual pupil units for that year.

Referendum equalization revenue must not exceed a district's ~~referendum revenue allowance times the district's actual pupil units total~~ referendum revenue for that year.

Sec. 9. Minnesota Statutes 1992, section 124A.03, subdivision 1g, is amended to read:

Subd. 1g. [REFERENDUM EQUALIZATION LEVY.] A district's referendum equalization levy equals the district's referendum equalization revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per actual pupil unit to ~~50~~ 100 percent of the equalizing factor as defined in section 124A.02, subdivision 8.

Sec. 10. 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) an amount equal to \$100, or (2) the amount calculated in paragraph (a).

(c) Notwithstanding paragraph (a) or (b), a school district's referendum allowance reduction equals (1) an amount equal to \$100, 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. 11. Minnesota Statutes 1992, section 124A.04, subdivision 2, is amended to read:

Subd. 2. [1993 AND LATER.] The training and experience index ~~for fiscal year 1993 and later fiscal years~~ must be constructed in the following manner:

(a) The department shall construct a matrix that classifies teachers by the extent of training received in accredited institutions of higher education and by the years of experience that districts take into account in determining teacher salaries.

(b) The average salary for each cell of the matrix must be computed as follows using data from the second year of the previous biennium:

(1) For each school district, multiply the salary paid to full-time equivalent teachers with that combination of training and experience according to the district's teacher salary schedule by the number of actual pupil units in that district.

(2) Add the amounts computed in clause (1) for all districts in the state and divide the resulting sum by the total number of actual pupil units in all districts in the state that employ teachers.

(c) For each cell in the matrix, compute the ratio of the average salary in that cell to the average salary for all teachers in the state. ~~Cells of the matrix in lanes beyond the master's degree plus 30 credits lane must receive the same ratio as the cells in the master's degree plus 30 credits lane.~~

(d) The index for each district that employs teachers equals the sum of the ratios for each teacher in that district divided by the number of teachers in that district. The index for a district that employs no teachers is zero.

Sec. 12. 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 and subsequent fiscal years is \$3,150.

Sec. 13. Minnesota Statutes 1992, section 124A.22, subdivision 4, is amended to read:

Subd. 4. [TRAINING AND EXPERIENCE REVENUE.] (a) ~~For fiscal year 1992, The previous formula 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) ~~(d)~~ 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)~~ (e) For fiscal year 1996 and thereafter, the training and experience revenue for each district equals the district's maximum training and experience revenue.

Sec. 14. 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. 15. 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. 16. 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 (1) \$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. 17. 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 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 \$3,050.~~

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

Sec. 18. [124A.225] [LEARNING AND DEVELOPMENT REVENUE AMOUNT AND USE.]

Subdivision 1. [REVENUE.] Of a district's general education revenue an amount equal to the sum of the number of elementary pupil units defined in section 124.17, subdivision 1, clause (f) and kindergarten pupil units as defined in section 124.17, subdivision 1, clause (e), times .03 for fiscal year 1994 and .06 for fiscal year 1995 and thereafter times the formula allowance must be reserved according to this section. A district that is not subject to a supplemental revenue reduction under section 17 or a referendum revenue reduction under section 10 must reserve an additional amount of revenue equal to \$100 times the district's actual pupil units times the ratio of the district's elementary average daily membership to the district's average daily membership according to this section. The revenue must be placed in a learning and development reserved account and may only be used according to this section. The ratio for fiscal year 1995 is adjusted by adding an amount equal to the ratio of the difference between the formula allowance for fiscal year 1995 minus 3,150 to 10,000.

Subd. 2. [INSTRUCTOR DEFINED.] Primary instructor means a public employee licensed by the board of teaching whose duties are full-time instruction, excluding a teacher for whom categorical aids are received pursuant to sections 124.273 and 124.32. Except as provided in section 125.230, subdivision 6, instructor does not include supervisory and support personnel, except school social workers as defined in section 125.03. An instructor whose duties are less than full-time instruction must be included as an equivalent only for the number of hours of instruction in grades K through 6.

Subd. 3. [INSTRUCTION CONTACT TIME.] Instruction may be provided by a primary instructor, by a team of instructors, or by teacher resident supervised by a primary instructor. The district must maximize instructor to learner average instructional contact time.

Subd. 4. [REVENUE USE.] Revenue shall be used to reduce and maintain the district's instructor to learner ratios in kindergarten through grade 6 to a level of 1 to 17 on average. The district must prioritize the use of the revenue to attain this level initially in kindergarten and grade 1 and then through the subsequent grades as revenue is available. The revenue may be used to prepare and use an individualized learning plan for each learner. A district must not increase the district wide instructor-learner ratios in other grades as a result of reducing instructor-learner ratios in kindergarten through grade 6. Revenue may not be used to provide instructor preparation time or to provide the district's share of revenue required under section 124.311. Revenue may be used to continue employment for nonlicensed staff employed in the district on the effective date of this act under Minnesota Statutes 1992, section 123.331, subdivision 2.

Subd. 5. [ADDITIONAL REVENUE USE.] If the school board of a school district determines that the district has achieved and is maintaining the instructor-learner ratios specified in subdivision 4 and is using individualized learning plans, the school board may use the revenue to purchase material and services or provide staff development needed for reduced instructor-learner ratios. If additional revenue remains, the district must use the revenue to improve program offerings, including programs provided through interactive television, throughout the district or other general education purposes.

Sec. 19. 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, \$1,044,000,000 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. 20. Minnesota Statutes 1992, section 124A.23, subdivision 5, is amended to read:

Subd. 5. [USES OF REVENUE.] Except as provided in section 124A.225, general education revenue may be used during the regular school year and the summer for general and special school purposes.

Sec. 21. Minnesota Statutes 1992, section 124A.24, is amended to read:

124A.24 [GENERAL EDUCATION LEVY EQUITY.]

If a district's general education levy is determined according to section 124A.23, subdivision 3, an amount must be deducted from state aid authorized in this chapter and chapters 124 and 124B, receivable for the same school year, and from other state payments receivable for the same school year authorized in chapter 273. The aid in section 124.646 must not be reduced.

The amount of the deduction equals the difference between:

(1) the general education tax rate, according to section 124A.23, times the district's adjusted net tax capacity used to determine the general education aid for the same school year; and

(2) the district's general education revenue, excluding training and experience revenue and supplemental revenue, for the same school year, according to section 124A.22.

~~However, for fiscal year 1992, the amount of the deduction shall be four sixths of the difference between clauses (1) and (2); and for fiscal year 1993, the amount of the deduction shall be five sixths of the difference between clauses (1) and (2).~~

Sec. 22. 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. 23. 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. 24. [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 and related support services, will facilitate improvement in the quality and delivery of programs and services, and will equalize revenues raised locally for discretionary purposes.

Sec. 25. 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 plus support services aid for the district as determined under section 124A.711. 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. 26. [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. 27. Minnesota Statutes 1992, section 273.13, subdivision 23, is amended to read:

Subd. 23. [CLASS 2.] (a) Class 2a property is agricultural land including any improvements that is homesteaded. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a property under subdivision 22. ~~If the market value of the house, garage, and surrounding one acre of land is less than \$115,000, The value of the remaining land including improvements equal up to the difference between \$115,000 and the market value of the house, garage, and surrounding one acre of land has a net class rate of .45 percent of market value and a gross class rate of 1.75 percent of market value. The remaining value of class 2a property over \$115,000 of market value that does not exceed 320 acres has a net class rate of 1.3 one percent of market value, and a gross class rate of 2.25 percent of market value. The remaining property over the \$115,000 market value in excess of 320 acres has a class rate of 1.6 1.5 percent of market value, and a gross class rate of 2.25 percent of market value.~~

(b) Class 2b property is (1) real estate, rural in character and used exclusively for growing trees for timber, lumber, and wood and wood products; and (2) real estate that is nonhomestead agricultural land. Class 2b property has a net class rate of 1-6 1.5 percent of market value, and a gross class rate of 2.25 percent of market value.

(c) Agricultural land as used in this section means contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land, and land included in state or federal farm programs. "Agricultural purposes" as used in this section means the raising or cultivation of agricultural products.

(d) Real estate of less than ten acres used principally for raising or cultivating agricultural products, shall be considered as agricultural land, if it is not used primarily for residential purposes.

(e) The term "agricultural products" as used in this subdivision includes:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock described in sections 18.44 to 18.61, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

(3) the commercial boarding of horses if the boarding is done in conjunction with raising or cultivating agricultural products as defined in clause (1); and

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing.

(f) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

(1) wholesale and retail sales;

(2) processing of raw agricultural products or other goods;

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

Sec. 28. Minnesota Statutes 1992, section 273.1398, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) In this section, the terms defined in this subdivision have the meanings given them.

(b) "Unique taxing jurisdiction" means the geographic area subject to the same set of local tax rates.

(c) "~~Gross tax capacity~~" means ~~the product of the gross class rates and estimated market values. "Total gross tax capacity" means the gross tax capacities for all property within the unique taxing jurisdiction. The total gross tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's gross tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the gross tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the gross tax capacity of transmission lines deducted from a local government's total gross tax capacity under section 273.425. Gross tax capacity cannot be less than zero.~~

(d) "Net tax capacity" means the product of (i) the appropriate net class rates for the year in which the aid is payable, except that for aids payable in 1992 the class rate applied to class 4b property shall be 2.9 percent; the class rate applied to class 4a property shall be 3.55 percent; the class rate applied to noncommercial seasonal recreational residential property shall be 2.25 percent; and the class rates applied to portions of class 1a, 1b, and 2a property shall be 2 percent for the market value between \$68,000 and \$110,000 and 2.5 percent for the market value over \$110,000; for aid payable in 1993 the class rate applicable to class 4a shall be 3.5 percent; and the class rate applicable to class 4b shall be 2.65 percent; and for aid payable in 1994 the class rate applicable to class 4b shall be 2.4 percent and the class rate applicable to class 2a property over \$115,000 market value and less than 320 acres is 1.15 percent, and (ii) estimated market values for the assessment two years prior to that in which aid is payable. The exclusion of the value of the house, garage, and one acre from the first tier of agricultural homestead property must not be considered in determining net tax capacity for purposes of this paragraph for aids payable in 1994. The reclassification of mobile home parks as class 4c shall not be considered in determining net tax capacity for purposes of this paragraph for aids payable in 1991 or 1992. Any reclassification of property by Laws 1991, chapter 291, shall not be considered in determining net tax capacity for aids payable in 1992. "Total net tax capacity" means the net tax capacities for all property within the unique taxing jurisdiction. The total net tax capacity used shall be reduced by the sum of (1) the unique taxing jurisdiction's net tax capacity of commercial industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. For purposes of determining the net tax capacity of property referred to in clauses (1) and (2), the net tax capacity shall be multiplied by the ratio of the highest class rate for class 3a property for taxes payable in the year in which the aid is payable to the highest class rate for class 3a property in the prior year. Net tax capacity cannot be less than zero.

(e) (d) "Previous net tax capacity" means the product of the appropriate net class rates for the year previous to the year in which the aid is payable, and estimated market values for the assessment two years prior to that in which aid is payable. "Total previous net tax capacity" means the previous net tax capacities for all property within the unique taxing jurisdiction. The total previous net tax capacity shall be reduced by the sum of (1) the unique taxing jurisdiction's previous net tax capacity of commercial-industrial property as defined in section 473F.02, subdivision 3, multiplied by the ratio determined pursuant to section 473F.08, subdivision 6, for the municipality, as defined in section 473F.02, subdivision 8, in which the unique taxing jurisdiction is located, (2) the previous net tax capacity of the captured value of tax increment financing districts as defined in section 469.177, subdivision 2, and (3) the previous net tax capacity of transmission lines deducted from a local government's total net tax capacity under section 273.425. Previous net tax capacity cannot be less than zero.

(f) (e) "Equalized market values" are market values that have been equalized by dividing the assessor's estimated market value for the second year prior to that in which the aid is payable by the assessment sales ratios determined by class in the assessment sales ratio study conducted by the department of revenue pursuant to section 124.2131 in the second year prior to that in which the aid is payable. The equalized market values shall equal the unequalized market values divided by the assessment sales ratio.

(g) "1989 local tax rate" means the quotient derived by dividing the gross taxes levied within a unique taxing jurisdiction for taxes payable in 1989 by the gross tax capacity of the unique taxing jurisdiction for taxes payable in 1989. For computation of the local tax rate for aid payable in 1991 and subsequent years, gross taxes for taxes payable in 1989 exclude equalized levies as defined in subdivision 2a. For purposes of computation of the local tax rate only, gross taxes shall not be adjusted by inflation or household growth.

(h) (f) "Equalized school levies" means the amounts levied for:

- (1) general education under section 124A.23, subdivision 2;
- (2) supplemental revenue under section 124A.22, subdivision 8a;
- (3) capital expenditure facilities revenue under section 124.243, subdivision 3;
- (4) capital expenditure equipment revenue under section 124.244, subdivision 2;
- (5) basic transportation under section 124.226, subdivision 1; and

(6) referendum revenue under section 124A.03.

(g) "Current local tax rate" means the quotient derived by dividing the taxes levied within a unique taxing jurisdiction for taxes payable in the year prior to that for which aids are being calculated by the net tax capacity of the unique taxing jurisdiction.

~~(i) For purposes of calculating the homestead and agricultural credit aid authorized pursuant to subdivision 2, the "subtraction factor" is the product of (i) a unique taxing jurisdiction's 1989 local tax rate; (ii) its total net tax capacity; and (iii) 0.9767.~~

~~(j) (h) For purposes of calculating and allocating homestead and agricultural credit aid authorized pursuant to subdivision 2 and the disparity reduction aid authorized in subdivision 3, "gross taxes levied on all properties," "gross taxes," or "taxes levied" means the total taxes levied on all properties except that levied on the captured value of tax increment districts as defined in section 469.177, subdivision 2, and that levied on the portion of commercial industrial properties' assessed value or gross tax capacity, as defined in section 473F.02, subdivision 3, subject to the areawide tax as provided in section 473F.08, subdivision 6, in a unique taxing jurisdiction. Gross taxes levied on all properties or gross taxes are before reduction by any credits for taxes payable in 1989. "Gross taxes" are before any reduction for disparity reduction aid but "taxes levied" are after any reduction for disparity reduction aid. Gross taxes levied or taxes levied cannot be less than zero.~~

~~"Taxes levied" excludes actual amounts levied for purposes listed in subdivision 2a equalized school levies.~~

~~(k) (i) "Human services aids" means:~~

- ~~(1) aid to families with dependent children under sections 256.82, subdivision 1, and 256.935, subdivision 1;~~
- ~~(2) medical assistance under sections 256B.041, subdivision 5, and 256B.19, subdivision 1;~~
- ~~(3) general assistance medical care under section 256D.03, subdivision 6;~~
- ~~(4) general assistance under section 256D.03, subdivision 2;~~
- ~~(5) work readiness under section 256D.03, subdivision 2;~~
- ~~(6) emergency assistance under section 256.871, subdivision 6;~~
- ~~(7) Minnesota supplemental aid under section 256D.36, subdivision 1;~~
- ~~(8) preadmission screening and alternative care grants;~~
- ~~(9) work readiness services under section 256D.051;~~
- ~~(10) case management services under section 256.736, subdivision 13;~~
- ~~(11) general assistance claims processing, medical transportation and related costs; and~~
- ~~(12) medical assistance, medical transportation and related costs.~~

~~(l) "Cost-of-living adjustment factor" means the greater of one or one plus the percentage increase in the consumer price index minus .36 percent. In no case may the cost of living adjustment factor exceed 1.0394.~~

~~(m) The percentage increase in the consumer price index means the percentage, if any, by which:~~

- ~~(1) the consumer price index for the calendar year preceeding that in which aid is payable, exceeds~~
- ~~(2) the consumer price index for calendar year 1989.~~

~~(n) "Consumer price index for any calendar year" means the average of the consumer price index as of the close of the 12 month period ending on May 31 of such calendar year.~~

~~(e) "Consumer price index" means the last consumer price index for all urban consumers published by the department of labor. For purposes of the preceding sentence, the revision of the consumer price index which is most consistent with the consumer price index for calendar year 1989 shall be used.~~

~~(p)~~ (j) "Household adjustment factor" means the number of households for the second most recent year preceding that in which the aids are payable divided by the number of households for the third most recent year. The household adjustment factor cannot be less than one.

~~(q)~~ (k) "Growth adjustment factor" means the household adjustment factor in the case of counties, cities, and towns. In the case of school districts the growth adjustment factor means the average daily membership of the school district under section 124.17, subdivision 2, for the school year ending in the second most recent year preceding that in which the aids are payable divided by the average daily membership for the third most recent year. In the case of special taxing districts, the growth adjustment factor equals one. The growth adjustment factor cannot be less than one.

~~(r)~~ (l) For aid payable in 1992 and subsequent years, "homestead and agricultural credit base" means the previous year's certified homestead and agricultural credit aid determined under subdivision 2 less any permanent aid reduction in the previous year to homestead and agricultural credit aid under section 477A.0132, plus, for aid payable in 1992, fiscal disparity homestead and agricultural credit aid under subdivision 2b.

~~(s)~~ (m) "Net tax capacity adjustment" means (1) the total previous net tax capacity minus the total net tax capacity, multiplied by (2) the unique taxing jurisdiction's current local tax rate. The net tax capacity adjustment cannot be less than zero.

~~(t)~~ (n) "Fiscal disparity adjustment" means the difference between (1) a taxing jurisdiction's fiscal disparity distribution levy under section 473F.08, subdivision 3, clause (a), for taxes payable in the year prior to that for which aids are being calculated, and (2) the same distribution levy multiplied by the ratio of the highest class rate for class 3 property for taxes payable in the year prior to that for which aids are being calculated to the highest class rate for class 3 property for taxes payable in the second prior year to that for which aids are being calculated. In the case of school districts, the fiscal disparity distribution levy shall exclude that part of the levy attributable to equalized school levies ~~as defined in subdivision 2a.~~

Sec. 29. Minnesota Statutes 1992, section 273.1398, subdivision 2a, is amended to read:

Subd. 2a. [EDUCATION LEVY REDUCTION.] (a) As used in this subdivision, "equalized levies" means the sum of the maximum amounts that may be levied for:

- (1) general education under section 124A.23, subdivision 2;
- (2) supplemental revenue under section 124A.23, subdivision 2a;
- (3) capital expenditure facilities revenue under section 124.243, subdivision 3;
- (4) capital expenditure equipment revenue under section 124.44, subdivision 2; ~~and~~
- (5) basic transportation under section 124.226, subdivision 1; and
- (6) referendum revenue under section 124A.03.

(b) By December 1, the commissioner of education shall determine and certify to the commissioner of revenue the amount of the education levy reduction. The reduction shall be equal to the amount by which:

(1) the amount that would have been computed as the district's total maximum levy for property taxes payable in 1990, if the equalized levies had been based upon the district's adjusted gross tax capacity, the general education tax rate had been 29.1 percent, the taconite levy reduction limit according to section 124.918, subdivision 8, had been 10.22 percent of adjusted gross tax capacity, and the capital expenditure equipment and facilities levies had been calculated using 70 percent of the equalizing factor, exceeds

(2) the amount that would have been computed as the district's total maximum levy for property taxes payable in 1990, if the equalized levies had been based upon the district's adjusted net tax capacity, the general education tax rate had been 29.1 percent, the taconite levy reduction limit according to section 124.918, subdivision 8, had been 10.22 percent of adjusted net tax capacity, and the capital expenditure equipment and facilities levies had been calculated using 70 percent of the equalizing factor.

(c) For property taxes payable in 1990, the amount of the education levy reduction shall be deducted from the homestead and agricultural credit aid payable to each school district under subdivision 2.

Homestead and agricultural credit aid shall not be reduced below zero.

Sec. 30. 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; and

(7) the amount required under section 124.755.

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. 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.

Sec. 31. Minnesota Statutes 1992, section 298.28, subdivision 4, is amended to read:

Subd. 4. [SCHOOL DISTRICTS.] (a) 27.5 cents per taxable ton plus the increase provided in paragraph (d) must be allocated to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, under paragraphs (b) and (c).

(b) 5.5 cents per taxable ton must be distributed to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The distribution must be based on the apportionment formula prescribed in subdivision 2.

(c)(i) 22 cents per taxable ton, less any amount distributed under paragraph (e), shall be distributed to a group of school districts comprised of those school districts in which the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 124.17 for the prior second previous school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapter 124A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions.

(ii) Notwithstanding clause (i), each school district that receives a distribution under sections 298.018; 298.23 to 298.28, exclusive of any amount received under this clause; 298.34 to 298.39; 298.391 to 298.396; 298.405; or any law imposing a tax on severed mineral values that is less than the amount of its levy reduction under section 124.918, subdivision 8, for the second year prior to the year of the distribution shall receive a distribution equal to the difference; the amount necessary to make this payment shall be derived from proportionate reductions in the initial distribution to other school districts under clause (i).

(d) On July 15, in years prior to 1988, an amount equal to the increase derived by increasing the amount determined by paragraph (c) in the same proportion as the increase in the steel mill products index over the base year of 1977 as provided in section 298.24, subdivision 1, clause (a), shall be distributed to any school district described in paragraph (c) where a levy increase pursuant to section 124A.03, subdivision 2, is authorized by referendum, according to the following formula. On July 15, 1988, the increase over the amount established for 1987 shall be determined as if there had been an increase in the tax rate under section 298.24, subdivision 1, paragraph (b), according to the increase in the implicit price deflator. On July 15, 1989, 1994, 1990, and 1991, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, paragraph (a). In 1992 and 1993, the amount distributed per ton shall be the same as that determined for distribution in 1991. In 1994, the amount distributed per ton shall be equal to the amount per ton distributed in 1991 increased in the same proportion as the increase between the fourth quarter of 1988 and the fourth quarter of 1992 in the implicit price deflator as defined in section 298.24, subdivision 1. On July 15, 1995, and subsequent years, and subsequent years, an amount equal to the increase derived by increasing the amount determined by paragraph (c) shall be distributed to any school district described in paragraph (c) where a levy increase pursuant to section 124A.03, subdivision 2, is authorized by referendum according to the following formula, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, paragraph (a). Each district shall receive the product of:

(i) \$175 times the pupil units identified in section 124.17, subdivision 1, enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 1.8 percent times the district's taxable net tax capacity in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the sum of the amount certified pursuant to section 124A.03, subdivision 1g, in the previous year, plus the amount certified pursuant to section 124A.03, subdivision 1i, in the previous year, plus the referendum aid according to section 124A.03, subdivision 1h, for the current year, to the product of 1.8 percent times the district's taxable net tax capacity in the second previous year.

If the total amount provided by paragraph (d) is insufficient to make the payments herein required then the entitlement of \$175 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general education aid which the district receives pursuant to section 124A.23 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of iron range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in subdivision 11.

Each district receiving money according to this paragraph shall reserve \$25 times the number of pupil units in the district. It may use the money for early childhood programs or for outcome-based learning programs that enhance the academic quality of the district's curriculum. The outcome-based learning programs must be approved by the commissioner of education.

(e) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

Sec. 32. 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. 33. [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. 34. [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. 35. [COALITION FOR EDUCATION REFORM AND ACCOUNTABILITY; TRANSITION PROVISIONS.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] The coalition for educational reform and accountability is established to promote public understanding of and support for policies and practices that help Minnesota students attain world-class education outcomes and succeed in the 21st century. The coalition shall promote innovation and sustainable reform in education.

Subd. 2. [MEMBERSHIP.] The coalition shall consist of 24 members. The coalition is encouraged to seek private donations and may hire an executive director if funds are available. The members, appointed by the panel in subdivision 3, must include eight people directly involved in public education including higher education, six people who represent state and local governments, and ten people who are public members, including parents, business leaders, labor leaders, government leaders, educators, journalists, and others who have demonstrated a commitment to excellence in Minnesota public schools. Membership terms and removal are governed by Minnesota Statutes, section 15.059.

Subd. 3. [PANEL.] A panel, composed of one person appointed by the governor, one person appointed by the speaker of the House of Representatives, one person appointed by the subcommittee on committees of the Senate committee on rules and administration, and the commissioner of education, shall appoint the members of the coalition. The members of the panel appointed by the speaker and the subcommittee on committees shall serve as two of the six members of the coalition representing state and local government. The panel shall consider gender and geographical and racial diversity in the appointments. The commissioner of education shall chair and convene the panel. The panel must make the first appointments to the coalition by September 1, 1993.

Subd. 4. [ACTIVITIES TO PROMOTE INNOVATION.] Coalition activities to promote innovation and sustainable reform in education include:

- (1) developing a strategic plan and corresponding target dates for implementing major reform goals and practices;
- (2) encouraging and supporting policies to bring systemic change into the state's public schools;
- (3) assisting in implementing various reform and accountability initiatives adopted by the state;
- (4) reporting annually on the state's progress in developing and implementing student and system outcomes; and
- (5) working with all stakeholders to identify and monitor their respective responsibilities for helping students and the public education system achieve educational objectives.

Subd. 5. [FINANCIAL PLAN.] The coalition must deliver to the legislature by January 31, 1995, a plan to achieve the purposes of Minnesota Statutes, sections 124A.698 to 124A.72. The plan shall at least include:

- (1) proposed definitions and estimated costs of core instruction, support services, and local discretionary services;
- (2) an implementation schedule for realizing this section by fiscal year 2000;
- (3) a process to monitor the development of education outcomes and make proposals for rewarding the progress that learning sites make toward achieving the outcomes and assisting those learning sites unable to make such progress;
- (4) consideration of whether the delivery system for implementing the proposed changes is more appropriately a prekindergarten through grade 10 system combined with a revised post-secondary system or the current prekindergarten through grade 12 system, and an examination of the most effective delivery system for programs such as youth apprenticeship, enrollment options, technical preparation, and secondary vocational programs, and area learning centers; and
- (5) other law and rule changes necessary to accomplish the purposes of this section.

Subd. 6. [STUDY.] The coalition, in conjunction with the Minnesota state high school league, the Minnesota academic excellence foundation, and the Minnesota school board association shall study the cost of and accounting for co-curricular and extracurricular activities and the implications of how the activities are funded. The coalition shall deliver the results of the study to the legislature with the plan required under subdivision 5.

Subd. 7. [EXPIRATION.] Notwithstanding Minnesota Statutes, section 15.059, subdivision 5, the coalition expires June 30, 2000.

Sec. 36. [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. 37. [REFERENDUM AUTHORITY.]

Unless scheduled to expire sooner, a referendum levy authorized under section 124A.03, expires July 1, 1997.

Sec. 38. [TAX CREDIT ADJUSTMENT.]

Prior to the computation of homestead and agricultural aid for taxes payable in 1994, the commissioner of revenue shall reduce a school district's homestead and agricultural aid by an amount equal to the homestead and agricultural aid for calendar year 1993 times the ratio of referendum levy certified for 1993 to the certified unequalized levies for 1993. The department of education shall determine the change in referendum levies payable in 1994 attributable to the increase in equalization under sections 8 and 9. Notwithstanding any law to the contrary, a district may recognize revenue equal to one-half of the levy reduction in the fiscal year the levy is certified and each year thereafter.

Sec. 39. [PAYMENT DATES.]

Upon notification from the commissioner of finance of the need to reduce or avoid state short-term borrowing in fiscal year 1995, the commissioner of education shall delay payments due under section 124.195, subdivision 3, by up to ten business days. For purposes of this section, the commissioner of education may make adjustments in the amount of delayed payments to a school district if it is determined that the district's cash balances will not be sufficient to cover payroll during the 15-day period following the due date.

Sec. 40. [GENERAL EDUCATION REVENUE CORRECTION.]

Subdivision 1. [DULUTH RECOMPUTATION.] The department of education shall recompute the base revenue in fiscal year 1988 for supplemental revenue determination for fiscal year 1994 and thereafter for the omission of supplemental pension contributions for independent school district No. 709, Duluth.

Subd. 2. [COMPUTATION.] The department of education, with consultation of the legislative commission on pensions and retirement, shall determine the pension contribution amounts in subdivision 1.

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

<u>\$1,795,024,000</u>	<u>.....</u>	<u>1994</u>
<u>\$2,040,181,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$257,551,000 for 1993 and \$1,537,473,000 for 1994.

The 1995 appropriation includes \$270,110,000 for 1994 and \$1,770,071,000 for 1995.

Sec. 42. [REPEALER.]

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

Sec. 43. [EFFECTIVE DATE.]

Section 16 is effective for supplemental revenue beginning July 1, 1993. Sections 7, 8, 9, 10, 11, 13, 14, 15, 17, 22, and 23 are effective for revenue for fiscal year 1995.

Section 6 is effective the day following final enactment and shall be applicable to all school district debt obligations issued on or after its effective date.

Section 4 is effective for assessment year 1992 and subsequent years. Section 28 is effective for taxes payable in 1994 and subsequent years. Section 29 is effective for aids payable in 1994 and subsequent years.

ARTICLE 2

TRANSPORTATION

Section 1. Minnesota Statutes 1992, section 120.062, subdivision 9, is amended to read:

Subd. 9. [TRANSPORTATION.] (a) If requested by the parent of a pupil, the nonresident district shall provide transportation within the district. The state shall pay transportation aid to the district according to section 124.225.

The resident district is not required to provide or pay for transportation between the pupil's residence and the border of the nonresident district. A parent may be reimbursed by the nonresident district for the costs of transportation from the pupil's residence to the border of the nonresident district if the pupil is from a family whose income is at or below the poverty level, as determined by the federal government. 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.

At the time a nonresident district notifies a parent or guardian that an application has been accepted under subdivision 5 or 6, the nonresident district must provide the parent or guardian with the following information regarding the transportation of nonresident pupils under this section:

(1) a nonresident district may transport a pupil within the pupil's resident district under this section only with the approval of the resident district; and

(2) a parent or guardian of a pupil attending a nonresident district under this section may appeal under section 123.39, subdivision 6, the refusal of the resident district to allow the nonresident district to transport the pupil within the resident district.

(b) Notwithstanding paragraph (a) and section 124.225, subdivision 8l, transportation provided by a nonresident district between home and school for a pupil attending school under this section is authorized for nonregular transportation revenue under section 124.225, if the following criteria are met:

(1) the school that the pupil was attending prior to enrolling in the nonresident district under this section was 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 the resident district; and

(4) the pupil's residence is closer to the school of attendance in the nonresident district than to any school the pupil could attend in the resident district.

Sec. 2. 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 under section 123.39, subdivision 16. 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. 3. 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. 4. Minnesota Statutes 1992, section 123.39, is amended by adding a subdivision to read:

Subd. 16. [POST-SECONDARY ENROLLMENT OPTIONS PUPILS.] School districts may provide bus transportation along school bus routes established to provide nonregular transportation as defined in section 124.225, subdivision 1, paragraph (c), clause (2), when space is available, for pupils attending programs at a post-secondary institution under the post-secondary enrollment options program. The transportation is permitted only if it does not increase the district's expenditures for transportation. Fees collected for this service under section 120.73, subdivision 1, paragraph (m), shall be subtracted from the authorized cost for nonregular transportation for the purpose of section 124.225.

Sec. 5. 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. 6. 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. 7. 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~~ 2.35 percent to determine the district's regular transportation allowance for the ~~1991-1992~~ 1993-1994 school year and by ~~2.0~~ 3.425 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. 8. 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 1.0435 for the 1992-1993 1993-1994 school year is 1.064 and 1.03425 for the 1994-1995 school year.

Sec. 9. 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. 10. 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. 11. 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. 12. 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. 13. 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. 14. [ADDITIONAL LATE ACTIVITY LEVY.]

A school district that is eligible to certify a levy under section 12 and was not eligible to certify a levy in 1992 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. 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:

\$127,889,000	.....	1994
\$141,658,000	.....	1995

The 1994 appropriation includes \$18,327,000 for 1993 and \$108,706,000 for 1994.

The 1995 appropriation includes \$19,183,000 for 1994 and \$120,410,000 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.]

Section 1 is effective the day following final enactment.

Sections 10 and 11 are effective July 1, 1994.

Sections 12 and 14 are effective for levies certified in 1993 for taxes payable in 1994.

Section 13 is effective for fiscal years 1992 and 1993 only.

ARTICLE 3

SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1992, section 120.17, subdivision 2, is amended to read:

Subd. 2. [METHOD OF SPECIAL INSTRUCTION.] (a) Special instruction and services for children with a disability must be based on the assessment and individual education plan. The instruction and services may be provided by one or more of the following methods:

(1) in connection with attending regular elementary and secondary school classes;

- (2) establishment of special classes;
- (3) at the home or bedside of the child;
- (4) in other districts;
- (5) instruction and services by special education cooperative centers established under this section, or in another member district of the cooperative center to which the resident district of the child with a disability belongs;
- (6) in a state residential school or a school department of a state institution approved by the commissioner;
- (7) in other states;
- (8) by contracting with public, private or voluntary agencies;
- (9) for children under age five and their families, programs and services established through collaborative efforts with other agencies;
- (10) for children under age five and their families, programs in which children with a disability are served with children without a disability; and
- (11) any other method approved by the commissioner.

(b) Preference shall be given to providing special instruction and services to children under age three and their families in the residence of the child with the parent or primary caregiver, or both, present.

(c) The primary responsibility for the education of a child with a disability shall remain with the district of the child's residence regardless of which method of providing special instruction and services is used. If a district other than a child's district of residence provides special instruction and services to the child, then the district providing the special instruction and services shall notify the child's district of residence before the child's individual education plan is developed and shall provide the district of residence an opportunity to participate in the plan's development. The district of residence must inform the parents of the child about the methods of instruction that are available.

(d) Paragraphs (e) to (i) may be cited as the "blind persons' literacy rights and education act."

(e) The following definitions apply to paragraphs (f) to (i).

"Blind student" means an individual who is eligible for special educational services and who:

- (1) has a visual acuity of 20/200 or less in the better eye with correcting lenses or has a limited field of vision such that the widest diameter subtends an angular distance of no greater than 20 degrees; or
- (2) has a medically indicated expectation of visual deterioration.

"Braille" means the system of reading and writing through touch commonly known as standard English Braille.

"Individualized education plan" means a written statement developed for a student eligible for special education and services pursuant to this section and section 602(a)(20) of part A of the Individuals with Disabilities Education Act, United States Code, title 20, section 1401(a).

(f) In developing an individualized education plan for each blind student the presumption must be that proficiency in Braille reading and writing is essential for the student to achieve satisfactory educational progress. The assessment required for each student must include a Braille skills inventory, including a statement of strengths and deficits. Braille instruction and use are not required by this paragraph if, in the course of developing the student's individualized education program, team members concur that the student's visual impairment does not affect reading and writing performance commensurate with ability. This paragraph does not require the exclusive use of Braille if other special education services are appropriate to the student's educational needs. The provision of other appropriate services does not preclude Braille use or instruction. Instruction in Braille reading and writing shall be available for each blind student for whom the multidisciplinary team has determined that reading and writing is appropriate.

(g) Instruction in Braille reading and writing must be sufficient to enable each blind student to communicate effectively and efficiently with the same level of proficiency expected of the student's peers of comparable ability and grade level.

(h) The student's individualized education plan must specify:

- (1) the results obtained from the assessment required under paragraph (f);
- (2) how Braille will be implemented through integration with other classroom activities;
- (3) the date on which Braille instruction will begin;
- (4) the length of the period of instruction and the frequency and duration of each instructional session;
- (5) the level of competency in Braille reading and writing to be achieved by the end of the period and the objective assessment measures to be used; and

(6) if a decision has been made under paragraph (f) that Braille instruction or use is not required for the student:

(i) a statement that the decision was reached after a review of pertinent literature describing the educational benefits of Braille instruction and use; and

(ii) a specification of the evidence used to determine that the student's ability to read and write effectively without Braille is not impaired.

(i) Instruction in Braille reading and writing is a service for the purpose of special education and services under this section.

(j) Paragraphs (e) to (i) shall not be construed to supersede any rights of a parent or guardian of a child with a disability under federal or state law.

Sec. 2. Minnesota Statutes 1992, section 120.17, subdivision 3, is amended to read:

Subd. 3. [RULES OF THE STATE BOARD.] The state board shall promulgate rules relative to qualifications of essential personnel, courses of study, methods of instruction, pupil eligibility, size of classes, rooms, equipment, supervision, parent consultation, and any other rules it deems necessary for instruction of children with a disability. These rules shall provide standards and procedures appropriate for the implementation of and within the limitations of subdivisions 3a and 3b. These rules shall also provide standards for the discipline, control, management and protection of children with a disability. The state board shall not adopt rules for pupils served in level 1, 2, or 3, as defined in Minnesota Rules, part 3525.2340, establishing either case loads or the maximum number of pupils that may be assigned to special education teachers. The state board, in consultation with the departments of health and human services, shall adopt permanent rules for instruction and services for children under age five and their families. These rules are binding on state and local education, health, and human services agencies. The state board shall adopt rules to determine eligibility for special education services. The rules shall include procedures and standards by which to grant variances for experimental eligibility criteria. The state board shall, according to section 14.05, subdivision 4, notify a district applying for a variance from the rules within 45 calendar days of receiving the request whether the request for the variance has been granted or denied. If a request is denied, the board shall specify the program standards used to evaluate the request and the reasons for denying the request.

Sec. 3. Minnesota Statutes 1992, section 120.17, subdivision 11a, is amended to read:

Subd. 11a. [STATE INTERAGENCY COORDINATING COUNCIL.] An interagency coordinating council of at least ~~15 members~~ 17, but not more than 25 members is established, in compliance with Public Law Number 102-119, section 682. The members shall be appointed by the governor. Council members shall elect the council chair. The representative of the commissioner of education may not serve as the chair. The council shall be composed of at least five parents, including persons of color, of children with disabilities under age 12, including at least three parents of a child with a disability under age seven, ~~three~~ five representatives of public or private providers of services for children with disabilities under age five, including a special education director, county social service director, and a community health services or public health nursing administrator, one member of the senate, one member of the house of representatives, one representative of teacher preparation programs in early childhood-special education or

other preparation programs in early childhood intervention, at least one representative of advocacy organizations for children with disabilities under age five, one physician who cares for young children with special health care needs, one representative each from the commissioners of commerce, education, health, human services, and jobs and training, and a representative from Indian health services or a tribal council. Section 15.059, subdivisions 2 to 5, apply to the council. The council shall meet at least quarterly.

The council shall address methods of implementing the state policy of developing and implementing comprehensive, coordinated, multidisciplinary interagency programs of early intervention services for children with disabilities and their families.

The duties of the council include recommending policies to ensure a comprehensive and coordinated system of all state and local agency services for children under age five with disabilities and their families. The policies must address how to incorporate each agency's services into a unified state and local system of multidisciplinary assessment practices, individual intervention plans, comprehensive systems to find children in need of services, methods to improve public awareness, and assistance in determining the role of interagency early intervention committees.

Each year by June 1, the council shall recommend to the governor and the commissioners of education, health, human services, commerce, and jobs and training policies for a comprehensive and coordinated system.

Sec. 4. Minnesota Statutes 1992, section 120.17, subdivision 11b, is amended to read:

Subd. 11b. [RESPONSIBILITIES OF COUNTY BOARDS AND SCHOOL DISTRICTS BOARDS.] It is the joint responsibility of county boards and school districts boards to coordinate, provide, and pay for appropriate services, and to facilitate payment for services from public and private sources. Appropriate services for children eligible under section 120.03 must be determined in consultation with parents, physicians, and other educational, medical, health, and human services providers. The services provided must be in conformity with an individual family service plan (IFSP) as defined in code of federal regulations, title 34, sections 303.340, 303.341a, and 303.344 for each eligible infant and toddler from birth through age two and its family, or an individual education plan (IEP) or individual service plan (ISP) for each eligible child ages three through four. County boards and school boards shall not be required to provide any services under an individual family service plan that are not required in an individual education plan or individual service plan. Appropriate services include family education and counseling, home visits, occupational and physical therapy, speech pathology, audiology, psychological services, special instruction, case management including service coordination, medical services for diagnostic and evaluation purposes, early identification, and screening, assessment, and health services necessary to enable children with disabilities to benefit from early intervention services. School districts must be the primary agency in this cooperative effort. County and school boards shall jointly determine the primary agency in this cooperative effort and must notify the commissioner of education of their decision.

Sec. 5. Minnesota Statutes 1992, section 120.17, subdivision 12, is amended to read:

Subd. 12. [INTERAGENCY EARLY INTERVENTION ~~COMMITTEE~~ COMMITTEES.] (a) A school district, group of districts, or special education cooperative, in cooperation with the health and human service agencies located in the county or counties in which the district or cooperative is located, shall establish an interagency early intervention committee for children with ~~a disability~~ disabilities under age five and their families. ~~Members of the committee~~ Committees shall include representatives of local and regional health, education, and county human service agencies; county boards; school boards; early childhood family education programs; parents of young children with disabilities under age twelve; current service providers; parents of young children with a disability; and may also include representatives from other private or public agencies. The committee shall elect a chair from among its members and shall meet at least quarterly.

(b) The committee shall ~~perform~~ develop and implement interagency policies and procedures concerning the following ongoing duties:

(1) ~~identify current services and funding being provided within the community for children with a disability under the age of five and their families~~ develop public awareness systems designed to inform potential recipient families of available programs and services;

(2) implement interagency child find systems designed to actively seek out, identify, and refer infants and young children with, or at risk of, disabilities and their families;

(3) establish and evaluate the identification, referral, child and family assessment systems, procedural safeguard process, and community learning systems to recommend, where necessary, alterations and improvements;

(3) facilitate (4) assure the development of individualized family service plans for all eligible infants and toddlers with disabilities from birth through age two, and their families, and individual education plans and individual service plans when necessary to appropriately serve children with a disability under the age of five disabilities, age three and older, and their families and recommend assignment of financial responsibilities to the appropriate agencies. Agencies are encouraged to develop individual family service plans for children with disabilities, age three and older;

(4) (5) implement a process for assuring that services involve cooperating agencies at all steps leading to individualized programs;

(5) review and comment on the early intervention section of the total special education system for the district and the county social services plan; and

(6) facilitate the development of a transitional plan if a service provider is not recommended to continue to provide services;

(7) identify the current services and funding being provided within the community for children with disabilities under age five and their families; and

(8) develop a plan for the allocation and expenditure of additional state and federal early intervention funds under United States Code, title 20, section 1471 et seq. (Part H, Public Law Number 102-119) and United States Code, title 20, section 631, et seq. (Chapter I, Public Law Number 89-313).

(c) The local committee shall also:

(1) participate in needs assessments and program planning activities conducted by local social service, health and education agencies for young children with disabilities and their families;

(2) review and comment on the early intervention section of the total special education system for the district, the county social service plan, the section or sections of the community health services plan that address needs of and service activities targeted to children with special health care needs, and the section of the maternal and child health special project grants that address needs of and service activities targeted to children with chronic illness and disabilities; and

(3) prepare a yearly summary on the progress of the community in serving young children with disabilities, and their families, including the expenditure of funds, the identification of unmet service needs identified on the individual family services plan and other individualized plans, and local, state, and federal policies impeding the implementation of this section.

(d) The summary must be organized following a format prescribed by the commissioner of education and must be submitted to each of the local agencies and to the state interagency coordinating council by October 1 of each year.

The departments of education, health, and human services ~~are encouraged to~~ must provide assistance to the local agencies in developing cooperative plans for providing services.

Sec. 6. Minnesota Statutes 1992, section 120.17, subdivision 14, is amended to read:

Subd. 14. [MAINTENANCE OF EFFORT.] A county human services agency or county board shall continue to provide services set forth in their county social service agency plan ~~for. The county human services agency or county board shall serve~~ children with a ~~disability~~ disabilities under age five, and their families, or as specified in the individualized family service plan for children with disabilities, birth through age two, or the individual service plan of each child. Special instruction and related services for which a child with a disability is eligible under this section are not ~~are~~ the responsibility of the local ~~human services agency or county school board~~. It is the joint responsibility of county boards and school ~~districts~~ boards to coordinate, provide, and pay for all appropriate services ~~not required under this section in subdivision 11b~~ and to facilitate payment for services from public and private sources. ~~School districts and counties are encouraged to enter into agreements to cooperatively serve and provide funding for children with a disability under age five and their families.~~

Sec. 7. Minnesota Statutes 1992, section 120.17, is amended by adding a subdivision to read:

Subd. 14a. [LOCAL INTERAGENCY AGREEMENTS.] School boards and the county board may enter into agreements to cooperatively serve and provide funding for children with disabilities, under age five, and their families within a specified geographic area.

The local interagency agreement must address, at a minimum, the following issues:

(1) responsibilities of local agencies on local interagency early intervention committees (IEIC's), consistent with subdivision 12;

(2) assignment of financial responsibility for early intervention services;

(3) methods to resolve intra-agency and interagency disputes;

(4) identification of current resources and recommendations about the allocation of additional state and federal early intervention funds under the auspices of United States Code, title 20, section 1471 et seq. (Part H, Public Law Number 102-119) and United State Code, title 20, section 631, et seq. (Chapter I, Public Law Number 89-313);

(5) data collection; and

(6) other components of the local early intervention system consistent with Public Law Number 102-119.

Sec. 8. Minnesota Statutes 1992, section 120.17, subdivision 15, is amended to read:

Subd. 15. [THIRD PARTY PAYMENT.] Nothing in this section relieves an insurer or similar third party from an otherwise valid obligation to pay, or changes the validity of an obligation to pay, for services rendered to a child with a disability, and the child's family.

Sec. 9. Minnesota Statutes 1992, section 120.17, is amended by adding a subdivision to read:

Subd. 18. [STATE INTERAGENCY AGREEMENT.] (a) The commissioners of the departments of education, health, and human services shall enter into an agreement to implement this section and Part H, Public Law Number 102-119, and as required by Code of Federal Regulations, title 34, section 303.523, to promote the development and implementation of interagency, coordinated, multidisciplinary state and local early childhood intervention service systems for serving eligible young children with disabilities, birth through age two, and their families. The agreement must be reviewed annually.

(b) The state interagency agreement shall outline at a minimum the conditions, procedures, purposes, and responsibilities of the participating state and local agencies for the following:

(1) membership, roles, and responsibilities of a state interagency committee for the oversight of priorities and budget allocations under Part H, Public Law Number 102-119, and other state allocations for this program;

(2) child find;

(3) establishment of local interagency agreements;

(4) review by a state interagency committee of the allocation of additional state and federal early intervention funds by local agencies;

(5) fiscal responsibilities of the state and local agencies;

(6) intra-agency and interagency dispute resolution;

(7) payor of last resort;

(8) maintenance of effort;

(9) procedural safeguards, including mediation;

(10) complaint resolution;

(11) quality assurance;

(12) data collection; and

(13) other components of the state and local early intervention system consistent with Public Law Number 102-119.

Written materials must be developed for parents, IEIC's, and local service providers that describe procedures developed under this section as required by Code of Federal Regulations, title 34, section 303.

Sec. 10. Minnesota Statutes 1992, section 124.245, subdivision 6, is amended to read:

Subd. 6. [ALTERNATIVE ATTENDANCE PROGRAMS.] The capital expenditure facilities aid under section 124.243 and the capital expenditure equipment aid under section 124.244 for districts must be adjusted for each pupil, ~~excluding a pupil with a disability as defined in section 120.03, attending a nonresident district under sections 120.062, 120.075, 120.0751, 120.0752, 124C.45 to 124C.48, and 126.22.~~ The adjustments must be made according to this subdivision.

(a) Aid paid to a district of the pupil's residence must be reduced by an amount equal to the revenue amount per actual pupil unit of the resident district times the number of pupil units of pupils enrolled in nonresident districts.

(b) Aid paid to a district serving nonresidents must be increased by an amount equal to the revenue amount per actual pupil unit of the nonresident district times the number of pupil units of nonresident pupils enrolled in the district.

(c) If the amount of the reduction to be made from the aid of a district is greater than the amount of aid otherwise due the district, the excess reduction must be made from other state aids due the district.

Sec. 11. Minnesota Statutes 1992, section 124.273, subdivision 1b, is amended to read:

Subd. 1b. [TEACHERS SALARIES.] Each year the state shall pay a school district a portion of the salary of one full-time equivalent teacher for each ~~45~~ 40 pupils of limited English proficiency enrolled in the district. Notwithstanding the foregoing, the state shall pay a portion of the salary of one-half of a full-time equivalent teacher to a district with ~~22~~ 20 or fewer pupils of limited English proficiency enrolled. The portion for a full-time teacher shall be the lesser of 55.2 percent of the salary or \$15,320. The portion for a part-time or limited-time teacher shall be the lesser of 55.2 percent of the salary or the product of \$15,320 times the ratio of the person's actual employment to full-time employment. For the purposes of this subdivision, a teacher includes nonlicensed personnel who provide direct instruction to students of limited English proficiency under the supervision of a licensed teacher.

Sec. 12. 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.

Sec. 13. Minnesota Statutes 1992, section 124.32, subdivision 1b, is amended to read:

Subd. 1b. [TEACHERS SALARIES.] (a) Each year the state shall pay to a district a portion of the salary of each essential person employed in the district's program for children with a disability during the regular school year, whether the person is employed by one or more districts. The state shall also pay to the Minnesota state academy for the deaf or the Minnesota state academy for the blind a part of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan.

~~(b) For the 1991-1992 school year, the portion for a full-time person shall be an amount not to exceed the lesser of 56.4 percent of the salary or \$15,700. The portion for a part-time or limited-time person shall be an amount not to exceed the lesser of 56.4 percent of the salary or the product of \$15,700 times the ratio of the person's actual employment to full-time employment.~~

(e) For the 1992-1993 school year and thereafter, the portion for a full-time person is an amount not to exceed the lesser of 55.2 percent of the salary or \$15,320. The portion for a part-time or limited-time person is an amount not to exceed the lesser of 55.2 percent of the salary or the product of \$15,320 times the ratio of the person's actual employment to full-time employment.

Sec. 14. 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.

Sec. 15. Minnesota Statutes 1992, section 124.32, is amended by adding a subdivision to read:

Subd. 1f. [ESSENTIAL PERSONNEL.] For the purposes of this section and section 124.321, essential personnel means teachers, related services and support services staff providing direct services to students.

Sec. 16. Minnesota Statutes 1992, section 124.32, is amended by adding a subdivision to read:

Subd. 12. [ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATE DISTRICTS.] For purposes of this section, a special education cooperative or an intermediate district shall allocate its approved expenditures for special education programs among participating school districts. Special education aid for services provided by a cooperative or intermediate district shall be paid to the participating school districts.

Sec. 17. Minnesota Statutes 1992, section 124.321, subdivision 1, is amended to read:

Subdivision 1. [LEVY EQUALIZATION REVENUE.] Special education levy equalization revenue for a school district, excluding an intermediate school district, equals the sum of the following amounts:

(1) ~~66~~ 68 percent of the salaries paid to essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these essential personnel under section 124.32, subdivisions 1b and 10, for the year to which the levy is attributable, plus

(2) ~~66~~ 68 percent of the salaries paid to essential personnel in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of those essential personnel under section 124.574, subdivision 2b, for the year to which the levy is attributable, plus

(3) ~~64~~ 68 percent of the salaries paid to limited English proficiency program teachers in that district minus the amount of state aid and any federal aid, if applicable, paid to that district for salaries of these teachers under section 124.273, subdivision 1b, for the year to which the levy is attributable, plus

(4) the alternative delivery levy revenue determined according to section ~~124.321~~ 124.322, subdivision 4, plus

(5) the amount allocated to the district by special education cooperatives or intermediate districts in which it participates according to subdivision 2.

A district that receives alternative delivery levy revenue according to section 124.322, subdivision 4, shall not receive levy equalization revenue under clause (1) or subdivision 2, clause (1), for the same fiscal year.

Sec. 18. Minnesota Statutes 1992, section 124.321, subdivision 2, is amended to read:

Subd. 2. [REVENUE ALLOCATION FROM COOPERATIVES AND INTERMEDIATE DISTRICTS.] (a) For purposes of this section, a special education cooperative or an intermediate district shall allocate to participating school districts the sum of the following amounts:

(1) ~~66~~ 68 percent of the salaries paid to essential personnel in that cooperative or intermediate district minus the amount of ~~state aid and~~ any federal aid, if applicable, paid to that cooperative or intermediate district for salaries of these essential personnel under section 124.32, subdivisions 1b and 10, for the year to which the levy is attributable, plus

(2) ~~66~~ 68 percent of the salaries paid to essential personnel in that district minus the amount of ~~state aid and~~ any federal aid, if applicable, paid to that district for salaries of those essential personnel under section 124.574, subdivision 2b, for the year to which the levy is attributable, plus

(3) ~~64~~ 68 percent of the salaries paid to limited English proficiency program teachers in that cooperative or intermediate district minus the amount of ~~state aid and~~ any federal aid, if applicable, paid to that cooperative or intermediate district for salaries of these teachers under section 124.273, subdivision 1b, for the year to which the levy is attributable.

(b) A special education cooperative or an intermediate district that allocates amounts to participating school districts under this subdivision must report the amounts allocated to the department of education.

(c) For purposes of this subdivision, the Minnesota state academy for the deaf or the Minnesota state academy for the blind each year shall allocate an amount equal to ~~66~~ 68 percent of salaries paid to instructional aides in either academy minus the amount of state aid and any federal aid, if applicable, paid to either academy for salaries of these instructional aides under sections 124.32, subdivisions 1b and 10, for the year to each school district that assigns a child with an individual education plan requiring an instructional aide to attend either academy. The school districts that assign a child who requires an instructional aide may make a levy in the amount of the costs allocated to them by either academy.

(d) When the Minnesota state academy for the deaf or the Minnesota state academy for the blind allocates unreimbursed portions of salaries of instructional aides among school districts that assign a child who requires an instructional aide, for purposes of the districts making a levy under this subdivision, the academy shall provide information to the department of education on the amount of unreimbursed costs of salaries it allocated to the school districts that assign a child who requires an instructional aide.

Sec. 19. 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. 20. 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. 21. 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. 22. 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. 23. [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. 24. Minnesota Statutes 1992, section 124.573, subdivision 2b, is amended to read:

Subd. 2b. [SECONDARY VOCATIONAL AID.] A district's or cooperative center's "secondary vocational aid" for secondary vocational education programs for a fiscal year equals the sum of the following amounts for each program:

(a) the greater of zero, or 75 percent of the difference between:

(1) the salaries paid to essential, licensed personnel in that school year for services rendered in that program, and

(2) 50 percent of the general education revenue attributable to secondary pupils for the number of hours that the pupils are enrolled in that program; and

(b) 40 percent of approved expenditures for the following:

(1) salaries paid to essential, licensed personnel providing direct instructional services to students in that fiscal year for services rendered in the district's approved secondary vocational education programs;

(2) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under subdivision 3a;

(2) (3) necessary travel between instructional sites by licensed secondary vocational education personnel;

(3) (4) necessary travel by licensed secondary vocational education personnel for vocational student organization activities held within the state for instructional purposes;

(4) (5) curriculum development activities that are part of a five-year plan for improvement based on program assessment;

(5) (6) necessary travel by licensed secondary vocational education personnel for noncollegiate credit bearing professional development; and

(6) (7) specialized vocational instructional supplies.

Sec. 25. Minnesota Statutes 1992, section 124.573, is amended by adding a subdivision to read:

Subd. 2e. [ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATE DISTRICTS.] For purposes of subdivision 2b, paragraph (b), a cooperative center or an intermediate district shall allocate its approved expenditures for secondary vocational education programs among participating school districts.

Sec. 26. Minnesota Statutes 1992, section 124.574, subdivision 2b, is amended to read:

Subd. 2b. [SALARIES.] (a) Each year the state shall pay to any district or cooperative center a portion of the salary of each essential licensed person who provides direct instructional services to students, employed during that fiscal year for services rendered in that district or center's district's secondary vocational education programs for children with a disability.

(a) For fiscal year 1992, the portion for a full-time person shall be an amount not to exceed the lesser of 56.4 percent of the salary or \$15,700. The portion for a part-time or limited-time person shall be the lesser of 56.4 percent of the salary or the product of \$15,700 times the ratio of the person's actual employment to full-time employment.

(b) For fiscal year 1993 and thereafter, the portion for a full-time person is an amount not to exceed the lesser of 55.2 percent of the salary or \$15,320. The portion for a part-time or limited-time person is the lesser of 55.2 percent of the salary or the product of \$15,320 times the ratio of the person's actual employment to full-time employment.

Sec. 27. 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 vocational evaluation services for children with a disability for children that are not yet enrolled in grade 12. The state shall pay the school district an amount equal to 52 percent of the amount of the contract for that pupil. The contracts must be approved by the commissioner.

Sec. 28. Minnesota Statutes 1992, section 124.574, is amended by adding a subdivision to read:

Subd. 9. [ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATE DISTRICTS.] For purposes of this section, a cooperative center or an intermediate district shall allocate its approved expenditures for secondary vocational programs for children with a disability among participating school districts. Aid for secondary vocational programs for children with a disability for services provided by a cooperative or intermediate district shall be paid to the participating school districts.

Sec. 29. Minnesota Statutes 1992, section 124A.036, subdivision 5, is amended to read:

Subd. 5. [ALTERNATIVE ATTENDANCE PROGRAMS.] The general education aid for districts must be adjusted for each pupil, excluding a pupil with a disability as defined in section 120.03 or a pupil without a disability as defined by section 120.181, attending a nonresident district under sections 120.062, 120.075, 120.0751, 120.0752, 124C.45 to 124C.48, and 126.22. The adjustments must be made according to this subdivision.

(a) General education aid paid to a resident district must be reduced by an amount equal to the general education revenue exclusive of compensatory revenue attributable to the pupil in the resident district.

(b) General education aid paid to a district serving a pupil in programs listed in this subdivision shall be increased by an amount equal to the general education revenue exclusive of compensatory revenue attributable to the pupil in the nonresident district.

(c) If the amount of the reduction to be made from the general education aid of the resident district is greater than the amount of general education aid otherwise due the district, the excess reduction must be made from other state aids due the district.

(d) The district of residence shall pay tuition to a district or an area learning center, operated according to paragraph (e), providing special instruction and services to a pupil with a disability, as defined in section 120.03, or a pupil, as defined in section 120.181, who is enrolled in a program listed in this subdivision. The tuition shall be equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for debt service and for capital expenditure facilities and equipment, and debt service but not including any amount for transportation, minus (2) the amount of general education aid, the amount of capital expenditure facilities aid and capital expenditure equipment aid received under section 124.245, subdivision 6, and special education aid, attributable to that pupil, that is received by the district providing special instruction and services.

(e) An area learning center operated by an educational cooperative service unit, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge tuition for pupils rather than to calculate general education aid adjustments under paragraph (a), (b), or (c). The tuition must be equal to the greater of the average general education revenue per pupil unit attributable to the pupil, or the actual cost of providing the instruction, excluding transportation costs, if the pupil meets the requirements of section 120.03 or 120.181.

Sec. 30. 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. 31. Minnesota Statutes 1992, section 128B.10, subdivision 1, is amended to read:

Subdivision 1. [EXTENSION.] This chapter is repealed July 1, 1993 1995.

Sec. 32. [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. 33. [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 those state special education rules the district includes in its approved plan to implement the integrated service model if the district complies with the requirements in subdivision 2. In developing and implementing the integrated service model, the district must adhere to the intent of each rule for which it seeks a waiver and the procedural and substantive protections afforded eligible and low-performing students under law. Nothing in this section shall be construed to permit the waiver of any provision required under federal law.

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 and the outcomes of all state 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 and state 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 approval from the advisory council in paragraph (c) and the local school board for 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, one local 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.

(d) The district shall not seek a variance to a special education rule from the state board of education under Minnesota Statutes, section 121.11, subdivision 12, during the term of the project. This prohibition does not include any rule waived under subdivision 1.

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 programmatic outcomes and financial efficiency 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. 34. [FISCAL REPORTS; AUTHORIZATION REQUIRED.]

(a) The commissioner of education shall contract with an independent consultant outside of state or local government for a study of the short- and long-term fiscal impact to state and local governments of providing a comprehensive and coordinated system of services to infants and young children with disabilities, from birth to age two, and their families under United States Code, title 20, sections 1471 through 1485. The commissioner shall submit a report on the results of the study to the education committees of the legislature by January 15, 1994. At a minimum, the study shall include an estimate of the number of infants and young children from birth to age two eligible for services through the year 2000; the estimated average cost for services per eligible child and the child's family; the anticipated total additional annual cost to state and local governments through the year 2000 of fully implementing year 5 services; the anticipated amount of additional federal early intervention funds available to the state under United States Code, title 20, section 1471 et. seq., and United States Code, title 20, section 631 et seq.; what definition of eligibility the education department proposes to adopt; what the major components affecting the costs of participation will be; the estimated costs of intake, evaluation, assessment, monitoring, and program planning through the year 2000 for a fully implemented year 5 program; the estimated costs of child find, public awareness, complaints and due process procedures, data management information systems, state level supervision and monitoring, interagency collaboration, local planning and coordination, technical assistance, personnel standards and development, and surrogate parent programs for a fully implemented year 5 program; and an inventory of current expenditures by county boards, school boards, and other local services providers for services provided under Minnesota Statutes, section 120.17, subdivision 11b, including social work, nursing, nutrition, vision, and transportation services, assistive technology, parent-to-parent support, and respite care. The cost of the contract shall not exceed \$75,000 and shall be paid for from revenue received from federal grants for regular special education central administration and state initiated discretionary projects.

(b) The state department of education may 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 or until after April 1, 1994, whichever comes first.

Sec. 35. [TASK FORCE ON EDUCATION FOR CHILDREN WITH DISABILITIES.]

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.] The task force on education for children with disabilities consists of 15 members appointed by the commissioner of education. The membership shall include parents of children with disabilities, students with disabilities, special education teachers and general education teachers, school administrators, special education directors, representatives of higher education, representatives of advocacy organizations for children with disabilities, and no more than one representative of state government. At least five members shall be parents of children with disabilities or representatives of advocacy groups. One member shall be a student with a disability.

Subd. 3. [DUTIES.] The task force established under subdivisions 1 and 2 shall review the educational needs of children with disabilities and the current system of services, including the state and federal regulatory scheme and associated costs, and recommend ways to remove barriers to effective education and improve measurable learner outcomes. The task force shall make recommendations to:

(1) reduce paperwork and other administrative burdens on classroom teachers to increase the amount of time they spend educating students;

(2) improve access to effective education for children with disabilities by increased coordination of special and general education services, including staff development programs;

(3) assure that education for children with disabilities is outcome-based while maintaining due process protections for students and their families;

(4) eliminate duplication in the regulatory scheme; and

(5) state the outcomes of the state's special education rules.

Subd. 4. [STAFF SUPPORT.] The department of education and any other state agency shall provide information and other assistance requested by the task force.

Subd. 5. [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. 6. [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 1, 1994.

Sec. 36. [ALTERNATIVE DELIVERY OF SPECIAL EDUCATION SERVICES AND PROGRAMS.]

Subdivision 1. [ESTABLISHMENT; PURPOSE; GOAL.] A three-year pilot project is established to permit 11 school districts and one rural special education cooperative 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 and the cost effectiveness of the services and programs. Nothing in this section shall be construed to permit the waiver of any provision required under federal law.

Subd. 2. [ELIGIBILITY; APPLICATIONS.] (a) 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, 1995. 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.

(b) The commissioner shall make available to school districts interested in applying to participate in the project discretionary funds under Public Law Number 101-476 to allow the districts to cover the costs of convening their advisory council members under subdivision 6 to assist in developing an application under this subdivision.

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 2, item B, 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.

(d) School districts participating in the pilot projects shall not seek a variance to a special education rule from the state board of education under Minnesota Statutes, section 121.11, subdivision 12, during the term of the project. This prohibition does not include the rules listed in subdivision 3.

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, one local representative of advocacy organizations, and district personnel in the field of special education who are potentially affected by the rule exemptions under subdivision 3. Participants that are exempt, or school districts seeking to be exempt under subdivision 2, paragraph (b), from Minnesota Rules, part 3525.1314, must include on the council either a parent of a student with a specific learning disability or a local representative of an organization that advocates on behalf of students with specific learning disabilities. 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. The council must approve the district's application to participate in the project before it is submitted to the local school board for approval under subdivision 2. 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. The evaluation must include a mechanism for documenting parents' responses to the project. 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 cost effectiveness of the services and programs 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. 37. [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. 38. [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:

<u>\$176,257,000</u>	<u>.....</u>	<u>1994</u>
<u>\$186,649,000</u>	<u>.....</u>	<u>1995</u>

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:

<u>\$318,000</u>	<u>.....</u>	<u>1994</u>
<u>\$337,000</u>	<u>.....</u>	<u>1995</u>

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:

<u>\$4,472,000</u>	<u>.....</u>	<u>1994</u>
<u>\$4,530,000</u>	<u>.....</u>	<u>1995</u>

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:

<u>\$124,000</u>	<u>.....</u>	<u>1994</u>
<u>\$159,000</u>	<u>.....</u>	<u>1995</u>

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:

<u>\$2,616,000</u>	<u>.....</u>	<u>1994</u>
<u>\$.. -0- ..</u>	<u>.....</u>	<u>1995</u>

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

<u>\$..-0-..</u>	<u>.....</u>	<u>1994</u>
<u>\$5,555,000</u>	<u>.....</u>	<u>1995</u>

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

Subd. 8. [LIMITED ENGLISH PROFICIENCY PUPILS PROGRAM AID.] For aid to educational programs for pupils of limited English proficiency according to Minnesota Statutes, section 124.273:

<u>\$5,529,000</u>	<u>.....</u>	<u>1994</u>
<u>\$6,228,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$600,000 for 1993 and \$4,929,000 for 1994.

The 1995 appropriation includes \$870,000 for 1994 and \$5,358,000 for 1995.

\$106,000 in fiscal year 1994 and \$124,000 in fiscal year 1995 are for supplies and equipment for limited English proficiency instruction according to section 12.

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

<u>\$857,000</u>	<u>.....</u>	<u>1994</u>
<u>\$857,000</u>	<u>.....</u>	<u>1995</u>

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:

<u>\$591,000</u>	<u>.....</u>	<u>1994</u>
<u>\$591,000</u>	<u>.....</u>	<u>1995</u>

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:

<u>\$4,015,000</u>	<u>.....</u>	<u>1994</u>
<u>\$3,933,000</u>	<u>.....</u>	<u>1995</u>

The 1994 appropriation includes \$684,000 for 1993 and \$3,331,000 for 1994.

The 1995 appropriation includes \$588,000 for 1994 and \$3,345,000 for 1995.

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

<u>\$12,949,000</u>	<u>.....</u>	<u>1994</u>
<u>\$13,163,000</u>	<u>.....</u>	<u>1995</u>

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:

<u>\$2,485,000</u>	<u>.....</u>	<u>1994</u>
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The 1994 appropriation includes \$2,485,000 for 1993.

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

\$14,210,000	.....	1994
\$16,867,000	.....	1995

The 1994 appropriation includes \$1,626,000 for 1993 and \$12,584,000 for 1994.

The 1995 appropriation includes \$2,221,000 for 1994 and \$14,646,000 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.

If the 1994 appropriation is not sufficient, the amount must be allocated to eligible schools in the same proportion as the 1993 appropriation.

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. [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>\$15,000</u>	<u>.....</u>	<u>1994</u>
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Subd. 22. [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. 23. [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. 39. [LCC FOR SPECIAL EDUCATION RULES REVIEW TASK FORCE.]

\$15,000 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. 40. [REPEALER.]

Minnesota Statutes 1992, section 124.32, subdivision 5, is repealed effective July 1, 1994. Minnesota Statutes 1992, sections 124.331; 124.332; 124.333; and 124.573, subdivisions 2c and 2d, are repealed effective July 1, 1993.

Sec. 41. [EFFECTIVE DATE.]

Sections 10 and 29 are effective beginning with the 1992-1993 school year.

Section 33 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 33, subdivision 2.

Section 36 is effective the day following final enactment and applies to participating school districts through the 1996-1997 school year.

Section 32, clause (b), is effective June 30, 1994, and section 32, clauses (c) and (d), are effective June 30, 1995.

Section 35 is effective the day after final enactment and shall remain in effect until February 15, 1994, except that subdivision 5 shall remain in effect until June 1, 1994.

ARTICLE 4

COMMUNITY PROGRAMS

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

Subd. 4. [STAFF.] The legislative coordinating commission shall supply the commission with the necessary staff, office space, and administrative services. 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 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 with the children's cabinet.

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 legislative commission on children, youth, and their families and the children's cabinet must study and make joint recommendations regarding a state-level governance structure to deliver funding and coordinate policy for children and their families. These recommendations may include structural changes to minimize barriers to and actively promote collaborating and integrating services for children and families in the community. The commission and cabinet must jointly evaluate the need for a new cabinet-level agency for children. The commission and cabinet shall report their findings and recommendations to the legislature by January 15, 1994.

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. [4.045] [CHILDREN'S CABINET.]

The children's cabinet shall consist of the commissioners of education, human services, jobs and training, public safety, corrections, finance, health, administration, housing finance agency, transportation, and the director of the office of strategic and long-range planning. The governor shall designate one member to serve as cabinet chair. The chair is responsible for ensuring that the duties of the children's cabinet are performed.

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;~~

(6) community outreach to ensure participation by families who represent the racial, cultural, and economic diversity of the community; and

(7) community-based staff and program resources, including interpreters, that reflect the racial and ethnic characteristics of the children participating in the program.

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) participation by families who are representative of the racial, cultural, and economic diversity of the community;

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

(4) (3) 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) (4) identification of identify the needs of families with respect to in the content of the child's learning readiness;

(6) (5) 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) (6) coordination of coordinate treatment and follow-up services for all children's identified physical and mental health problems;

(8) staff and program resources, including interpreters, that reflect the racial and ethnic population of the children in the program;

(9) (7) 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) (8) 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);

(9) use community-based, trained home visitors serving as paraprofessionals to provide social support, referrals, parent education, and other services;

(10) create community-based family resource centers and interdisciplinary teams; and

(11) enhance the quality of family or center-based child care programs by providing supplementary services and resources, staff training, and assistance with children with special needs.

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, child care providers, culturally specific service organizations, local resource and referral agencies, 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:

(1) 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, or a licensed parent educator~~. A program provided according to a contract between a school district and a nonprofit organization or another private organization shall be supervised and staffed 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.

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. [121.8355] [FAMILY SERVICES AND COMMUNITY-BASED COLLABORATIVES.]

Subdivision 1. [ESTABLISHMENT.] (a) In order to qualify as a family services collaborative, a minimum of one school district, one county, and one public health entity must agree in writing to provide coordinated family services and commit resources to an integrated fund. Collaboratives are expected to have broad community representation, which may include other local providers, including additional school districts, counties, and public health entities, other municipalities, existing culturally specific community organizations, local health organizations, private and nonprofit service providers, child care providers, local foundations, community-based service groups, businesses, local transit authorities or other transportation providers, community action agencies under section 268.53, senior citizen volunteer organizations, and sectarian organizations that provide nonsectarian services.

(b) Community-based collaboratives composed of representatives of schools, local businesses, local units of government, parents, students, clergy, health and social services providers, youth service organizations, and existing culturally specific community organizations may plan and develop services for children and youth. A community-based collaborative must agree to collaborate with county, school district, and public health entities. Their 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. 1a. [DEFINITION.] For purposes of this section, "collaborative" means either a family services collaborative described under subdivision 1, paragraph (a) or community-based collaboratives described under subdivision 1, paragraph (b).

Subd. 2. [DUTIES.] (a) Each collaborative shall:

(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;

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

(9) identify federal, state, and local institutional barriers to coordinating services and suggest ways to remove these barriers; and

(10) design and implement an integrated local service delivery system for children and their families that coordinates services across agencies and is client centered. The delivery system shall provide a continuum of services for children birth to age 18. The collaborative shall describe the community plan for serving pregnant women and children from birth to age six.

(b) The outcome-based indicators developed in paragraph (a), clause (1) may include the number of low birthweight babies, the infant mortality rate, the number of children who are adequately immunized and healthy, require out-of-home placement or long-term special education services, and the number of minor parents.

Subd. 3. [INTEGRATED LOCAL SERVICE DELIVERY SYSTEM.] A collaborative shall design an integrated local service delivery system that coordinates funding streams and the delivery of services between existing agencies. The integrated local service delivery system may:

- (1) improve outreach and early identification of children and families in need of services and intervene across service systems on behalf of families;
- (2) offer an inclusive service system that supports all families within a community;
- (3) coordinate services that eliminate the need to match funding streams, provider eligibilities, or clients with multiple providers;
- (4) improve access to services by coordinating transportation services;
- (5) provide initial outreach to all new mothers and periodic family visits to children who are potentially at risk;
- (6) coordinate assessment across systems to determine which children and families need coordinated multiagency services and supplemental services;
- (7) include multiagency service plans and coordinate unitary case management; and
- (8) integrate funding of services.

Subd. 4. [INTEGRATED FUND.] (a) A collaborative must establish an integrated fund to help provide an integrated service system and fund additional supplemental services. The integrated fund may consist of federal, state, local, or private resources. The collaborative agreement must specify a minimum financial commitment by the contributors to an integrated fund. Contributors may not reduce their financial commitment except as specified in the agreement or by federal declaration.

(b) A collaborative must seek to maximize federal and private funds by designating local expenditures for services that can be matched with federal or private grant funds and by designing services to meet the requirements for state or federal reimbursement.

(c) Collaboratives may seek to maximize federal reimbursement of funds under section 256F.10.

Subd. 5. [LOCAL PLANS.] The collaborative plan shall describe how the collaborative will carry out the duties and implement the integrated local services delivery system required under this section. The plan shall include a list of the collaborative participants, a copy of the agreement required under subdivision 1, the amount and source of resources each participant will contribute to the integrated fund, and methods for increasing local participation in the collaborative, involving parents and other community members in implementing and operating the collaborative, and providing effective outreach services to all families with young children in the community. The plan shall also include specific goals that the collaborative intends to achieve and methods for objectively measuring progress toward meeting the goals.

Subd. 6. [PLAN APPROVAL BY THE CHILDREN'S CABINET.] (a) The children's cabinet shall approve local plans for collaboratives. In approving local plans, the children's cabinet shall give highest priority to a plan that provides:

- (1) early intervention and family outreach services;
- (2) family visitation services;
- (3) a continuum of services for children from birth to age 18;
- (4) family preservation services;
- (5) culturally sensitive approaches for delivering services and utilizing culturally specific organizations;
- (6) clearly defined outcomes and valid methods of assessment;
- (7) effective service coordination;

(8) participation by the maximum number of jurisdictions and local, county, and state funding sources;

(9) integrated community service providers and local resources;

(10) integrated transportation services;

(11) integrated housing services; and

(12) coordinated services that include a children's mental health collaborative authorized by law.

(b) The children's cabinet shall ensure that the collaboratives established under this section do not conflict with any state or federal policy or program and do not negatively impact the state budget.

Subd. 7. [RECEIPT OF FUNDS.] The office of strategic and long-range planning may receive and administer public and private funds for the purposes of this act.

Sec. 11. 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. 12. 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. 13. 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. 14. 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, review of family circumstances that might affect development, 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. 15. 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. 16. 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. 17. Minnesota Statutes 1992, section 123.702, subdivision 5, is amended to read:

Subd. 5. Every school board shall integrate and utilize volunteer screening programs in implementing sections 123.702 to ~~123.705~~ 123.7045 wherever possible.

Sec. 18. 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. 19. 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. 20. 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. 21. 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. 22. 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. 23. 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. 24. 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. 25. Minnesota Statutes 1992, section 124.2711, subdivision 2a, is amended to read:

Subd. 2a. [EARLY CHILDHOOD FAMILY EDUCATION LEVY.] To obtain early childhood family education revenue, a district may levy an amount equal to the tax rate of ~~.596~~ .626 percent times the adjusted tax capacity of the district for the year preceding the year the levy is certified. If the amount of the early childhood family education levy would exceed the early childhood family education revenue, the early childhood family education levy shall equal the early childhood family education revenue.

Sec. 26. Minnesota Statutes 1992, section 124.2711, is amended by adding a subdivision to read:

Subd. 6. [HOME VISITING LEVY.] A school district that enters into a collaborative agreement to provide education services and social services to families with young children may levy an amount equal to \$1.60 times the number of people under five years of age residing in the district on September 1 of the last school year. Levy revenue under this subdivision shall not be included as revenue under subdivision 1. the revenue shall be used for home visiting programs under section 121.882, subdivision 2b.

Sec. 27. Minnesota Statutes 1992, section 124.2713, subdivision 5, is amended to read:

Subd. 5. [YOUTH SERVICE REVENUE.] Youth service program revenue is available to a district that has implemented a youth development plan and a youth service program. Youth service revenue equals ~~75~~ 85 cents for fiscal year ~~1992~~ 1994, \$1 for fiscal year 1995, and 85 cents for fiscal year ~~1993~~ 1996 and thereafter, times the greater of 1,335 or the population of the district.

Sec. 28. Minnesota Statutes 1992, section 124.2713, subdivision 6, is amended to read:

Subd. 6. [COMMUNITY EDUCATION LEVY.] To obtain community education revenue, a district may levy the amount raised by a tax rate of ~~1.07 percent for fiscal year 1992 and 1.095~~ 1.13 percent for fiscal year ~~1993~~ 1995 and thereafter, times the adjusted net tax capacity of the district. If the amount of the community education levy would exceed the community education revenue, the community education levy shall ~~equal the community education revenue~~ be determined according to subdivision 6a.

Sec. 29. Minnesota Statutes 1992, section 124.2713, is amended by adding a subdivision to read:

Subd. 6a. [COMMUNITY EDUCATION LEVY; DISTRICTS OFF THE FORMULA.] If the amount of the community education levy for a district exceeds the district's community education revenue, the amount of the community education levy is limited to the sum of:

- (1) the district's community education revenue according to subdivision 1; plus
- (2) the amount of the aid reduction for the same fiscal year according to subdivision 6b.

For purposes of statutory cross-reference, a levy made according to this subdivision is the levy made according to subdivision 6.

Sec. 30. Minnesota Statutes 1992, section 124.2713, is amended by adding a subdivision to read:

Subd. 6b. [COMMUNITY EDUCATION LEVY EQUITY.] (a) If a district's community education levy for a fiscal year is determined according to subdivision 6a, an amount must be deducted from state aid authorized in this chapter receivable for the same fiscal year, and from state payments authorized in chapter 273 and receivable for the same fiscal year, the amount of the deduction equals the difference between:

- (1) the district's community education revenue according to subdivision 1; and
- (2) the district's maximum community education levy according to subdivision 6.

(b) The amount of the deduction in any fiscal year must not exceed the amount of state payments authorized in chapters 124 and 273 and receivable for the same fiscal year in the district's community service fund.

Sec. 31. 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 general community education revenue under section 124.2713, subdivision 3, 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. 32. Minnesota Statutes 1992, section 124.2716, is amended to read:

124.2716 [EXTENDED DAY ~~LEVY~~ REVENUE.]

Subdivision 1. [ELIGIBILITY.] A school district that offers an extended day program according to section 121.88, subdivision 10, may levy is eligible for extended day revenue for the additional costs of providing services to children with disabilities or to children experiencing family or related problems of a temporary nature who participate in the extended day program.

Subd. 2. [EXTENDED DAY REVENUE.] The extended day revenue for an eligible school district equals the approved additional cost of providing services to children with disabilities or children experiencing family or related problems of a temporary nature who participate in the extended day program.

Subd. 3. [EXTENDED DAY LEVY.] To obtain extended day revenue, a school district may levy an amount equal to the district's extended day revenue as defined in subdivision 2 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 before 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 \$3,700.

Subd. 4. [EXTENDED DAY AID.] A district's extended day aid is the difference between its extended day revenue and its extended day levy. If a district does not levy the entire amount permitted, extended day aid must be reduced in proportion to the actual amount levied.

Sec. 33. 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. 34. 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

(e) 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 268.011, 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. 35. 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. 36. 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. 37. 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. 38. 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. 39. 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 year ~~1993~~ 1994 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. 40. [INTEGRATED CHILDREN'S DATABASE.]

Subdivision 1. [PLAN.] The departments of education, administration, health and human services, and the office of strategic and long-range planning shall jointly develop a plan for an integrated statewide children's service database. The plan must contain common essential data elements that include all children from birth through kindergarten enrollment by July 1, 1995. The essential data elements shall be the basis for a statewide children's service database. Initial service areas shall 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, headstart and community resource program.

In developing a plan for a statewide integrated children's database the joint planning team must:

(1) conduct a high-level needs analysis of service delivery and reporting and decision making areas;

(2) catalogue current information systems;

(3) establish outcomes for developing systems;

- (4) analyze the needs of individuals and organizations that will use the system; and
- (5) identify barriers to sharing information and recommend changes to the Data Practices Act to remove those barriers.

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

Subd. 3. [AGENCY SYSTEM INTEGRATION.] Any state agency or department with programs serving children that is designing or redesigning its information system must ensure that the resulting information system can be fully integrated into the statewide children's service database by June 30, 1995. Agencies or departments must submit plans to design or redesign information systems for review by the information policy office to ensure that agency or department information can be fully integrated into the statewide children's service database.

Sec. 41. [REPORTS.]

By February 15, 1994, the children's cabinet shall report to the chairs of the family services and education committees of the legislature and to the legislative commission on children, youth, and families the number of plans approved under section 10, subdivision 5, the amounts of the grants distributed, a brief description of the proposals, and the status of the collaboratives established under section 41, subdivision 3.

Sec. 42. [NORTH BRANCH COMMUNITY PARTICIPATION SCHOOL.]

Subdivision 1. [PILOT PROGRAM.] Independent school district No. 138, North Branch, shall establish a pilot outcome-based community participation school with the following components:

- (1) educational opportunities for preschool through grade 6 learners;
- (2) social services located at the school, including student and family counseling and appropriate referrals when necessary;
- (3) programs that focus on self-esteem, conflict resolution, violence prevention, truancy, and other related issues;
- (4) health services located at the school to address the health needs of learners, including prevention programs designed to reduce health-related problems caused by drug and alcohol use, poor nutrition, and other factors;
- (5) community education programs designed to assist parents with the challenges of parenting in today's society;
- (6) regular contact with the families of students by teachers, social workers, nurses, and other school personnel through home visits, conferences at school or the workplaces of family members, telephone contact, and written communication; and
- (7) a Saturday program designed to address issues such as remedial work and family dynamics that impact student learning, or to provide other learning opportunities for students and their families.

Subd. 2. [FAMILY-SCHOOL PARTNERSHIP.] The families of students attending the community participation school must agree to participate in the program by:

- (1) supporting the philosophy of the school;
- (2) serving as volunteers at the school during the day, the evening, or on weekends;
- (3) attending family training and information sessions on topics such as conflict resolution and parenting skills; and
- (4) emphasizing the value of education at home through activities such as reading to their children and encouraging them to read, taking them to libraries, and reducing the family's television viewing.

Subd. 3. [COMMUNITY LEARNING COMMITTEE.] A community learning committee shall be formed with representatives from the school district, city council, county, student groups, and others to develop a community plan for the implementation of this pilot program and to identify strategies for enhancing community recognition of the value that needs to be placed on education. The committee shall address how agencies will combine resources to collaborate on service delivery to carry out the purposes of the pilot school. The school board of independent school district No. 138 shall convene the initial meeting of this committee.

Subd. 4. [TIMELINES.] (a) The board of independent school district No. 138 shall establish this program no later than January 1, 1994. The community learning committee must be convened within 30 days following enactment of this section.

(b) By July 15, 1994, independent school district No. 138 shall submit a report on the pilot program's status to the commissioner of education, the state board of education, and the education committees of the legislature.

(c) By February 1, 1995, independent school district No. 138 shall submit a report on the program's initial year to the commissioner of education, the state board of education, and the education committees of the legislature. The report must document the impact of the pilot program on student performance in meeting outcomes, changes in student social behaviors and student health, family involvement in the school and the impact of that involvement, agency collaboration in providing school-based services, and other community participation.

Sec. 43. [COLLABORATIVE GRANTS.]

Subdivision 1. [APPLICATIONS FOR COLLABORATIVE PLANNING GRANTS.] By August 1, 1993, the children's cabinet shall publish procedures for applying for and awarding planning grants under subdivision 2. Local collaboratives may obtain an application from the commissioner of education, human services, or health and must submit the completed application to the children's cabinet. The applicant must indicate the amount of the planning grant being sought and how the applicant will use the grant funds.

Subd. 2. [DISTRIBUTION OF PLANNING GRANTS.] By February 1, 1994, the children's cabinet must ensure that planning grant funds are distributed to collaboratives with approved applications. The funds must be geographically distributed throughout the state and balanced between the seven-county metropolitan area and elsewhere throughout the state. No more than 2.5 percent of the appropriation is available to the state to administer and evaluate the grant program. 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.

Subd. 3. [COLLABORATIVE IMPLEMENTATION GRANTS; EVALUATION.] To apply for an implementation grant, a collaborative must submit a plan to the children's cabinet by either December 1, 1993, or December 1, 1994. The plan must indicate the amount of the implementation grant requested and how the grant funds will be used. Grant recipients must use the grant money solely to provide direct services to children and families. Up to one-half of the appropriation available for implementation grants may be awarded to collaboratives with plans received by December 1, 1993, that the cabinet approves. The remaining appropriation is available for grants to collaboratives with plans received by December 1, 1994. The children's cabinet shall review a plan and notify the collaborative within 60 days of receiving the plan whether or not the plan has been approved. No more than 2.5 percent of the appropriation is available to the state to administer and evaluate the grant program. 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.

Subd. 4. [REPORTS BY COLLABORATIVES.] Collaboratives receiving implementation grants must submit a report to the children's cabinet. The report shall describe the progress the collaborative made toward implementing the local plan, how funds received under subdivision 3 were used, the number and type of clients served, and the types of services provided. The report shall be submitted to the children's cabinet by December 31, 1994, by collaboratives whose local plan was approved no later than February 1, 1994, and by December 31, 1995, for those collaboratives whose local plan was approved no later than February 1, 1995. Within two years of the date on which a collaborative receives an implementation grant, a collaborative shall submit a report to the children's cabinet describing the extent to which the collaborative achieved the outcomes developed under Minnesota Statutes, section 121.8355, subdivision 1, clause (1).

Sec. 44. [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:

\$5,904,000	.....	1994
\$7,998,000	.....	1995

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:

\$670,000	.....	1994
\$670,000	.....	1995

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):

\$514,000	.....	1994
\$514,000	.....	1995

(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 \$226,000 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. Of this amount, up to \$133,000 may be used for kids reaching kids programs and up to \$93,000 may be used for the driving under the influence demonstration program. No more than five percent of the amount received 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:

\$3,182,000	.....	1994
\$3,319,000	.....	1995

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:

\$1,827,000	.....	1994
\$1,986,000	.....	1995

The 1994 appropriation includes \$204,000 for 1993 and \$1,623,000 for 1994.

The 1995 appropriation includes \$286,000 for 1994 and \$1,700,000 for 1995.

In the event that the appropriation in either year is insufficient, the adult graduation aid paid to a school district and to a higher education institution shall be prorated equally.

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>\$1,000,000</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 COORDINATION.] For statewide coordination of the GED program:

<u>\$60,000</u>	<u>.....</u>	<u>1994</u>
<u>\$60,000</u>	<u>.....</u>	<u>1995</u>

Subd. 12. [WAY TO GROW.] For grants for existing 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. [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. 14. [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. 15. [ECFE HOME VISITING.] For the early childhood family education program home visiting component according to Minnesota Statutes, section 121.882, subdivision 2b:

\$450,000	1994
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The entire amount is available in 1994.

Subd. 16. [LEARNING READINESS PROGRAM REVENUE.] For revenue for learning readiness programs:

\$9,495,000	.....	1994
\$9,505,000	.....	1995

The 1994 appropriation includes \$1,412,000 for 1993 and \$8,083,000 for 1994.

The 1995 appropriation includes \$1,426,000 for 1994 and \$8,079,000 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. 17. [VIOLENCE PREVENTION COUNCILS.] (a) For grants to cities, counties, and school boards for community violence prevention councils:

\$200,000	.....	1994
\$200,000	.....	1995

(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. 18. [OMBUDSPERSONS.]

\$80,000	1994
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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. 19. [NORTH BRANCH GRANT.] For a grant to independent school district No. 138, North Branch, to develop a community school program:

\$200,000	1994
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Any balance in the first year does not cancel but is available in the second year.

Subd. 20. [LOCAL COLLABORATIVES.] For grants to local collaboratives according to section 43, subdivisions 2 and 3:

\$5,000,000

.....

1994

\$1,500,000 is for collaborative planning grants.

Up to \$130,000 of the sum listed above is for the legislative coordinating commission for purposes of carrying out the responsibilities under Minnesota Statutes, section 3.873.

Up to \$400,000 is for the office of strategic and long-range planning for development of a statewide children's service database and for staffing the children's cabinet.

Any portion of this sum not spent on planning grants shall be used for implementation grants.

\$3,500,000 is for collaborative implementation grants.

The amounts appropriated under this subdivision do not cancel but are available until June 30, 1996.

Subd. 21. [EXTENDED DAY AID.] For extended day aid according to Minnesota Statutes, section 124.2716:

\$340,000

.....

1995

Sec. 45. [REPEALER.]

Minnesota Statutes 1992, sections 126.22, subdivision 2a; and 145.926, are repealed.

Sec. 46. [EFFECTIVE DATES.]

Section 33 is effective July 1, 1993, and apply to the 1993-1994 school year and later school years. Sections 26 and 30 are effective for the 1993, payable 1994 levies.

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 1,850,000 square feet of space;

(3) average age of building space is 20 years or older;

(4) 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

(5) 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 according to the schedule approved in the plan.

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.] (a) For fiscal years 1994 and 1995, capital expenditure facilities revenue for a district equals \$128 times its actual pupil units for the school year.

(b) For fiscal years 1996 and later, capital expenditure facilities revenue for a district equals \$100 times the district's maintenance cost index times its actual pupil units for the school year.

(c) 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.

(d) For 1996 and later fiscal years, the previous formula revenue equals the amount of revenue computed for the district according to section 124.243 for fiscal year 1995.

(e) Notwithstanding paragraph (b), for fiscal year 1996, the revenue for each district equals 25 percent of the amount determined in paragraph (b) plus 75 percent of the previous formula revenue.

(f) Notwithstanding paragraph (b), for fiscal year 1997, the revenue for each district equals 50 percent of the amount determined in paragraph (b) plus 50 percent of the previous formula revenue.

(g) Notwithstanding paragraph (b), for fiscal year 1998, the revenue for each district equals 75 percent of the amount determined in paragraph (b) plus 25 percent of the previous formula revenue.

(h) The revenue in paragraph (b) for a district that operates a program under section 121.585, is increased by an amount equal to \$15 times the number of actual pupil units at the site where the program is implemented.

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 per fund balance pupil unit for a period not to exceed ~~three~~ five 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 up to \$400,000;~~
- (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.

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. Minnesota Statutes 1992, section 124.243, is amended by adding a subdivision to read:

Subd. 12. [MAINTENANCE COST INDEX.] (a) A district's maintenance cost index is equal to the ratio of:

(1) the total weighted square footage for all eligible district-owned facilities; and

(2) the total unweighted square footage of these facilities.

(b) The department shall determine a district's maintenance cost index annually. Eligible district owned facilities shall include only instructional or administrative square footage owned by the district. The commissioner of education may adjust the age of a building or addition for major renovation projects.

(c) The square footage weighting factor for each original building or addition equals the lesser of:

(1) one plus the ratio of the age in years to 100; or

(2) 1.5.

(d) The weighted square footage for each original building or addition equals the product of the unweighted square footage times the square footage weighting factor.

Sec. 10. Minnesota Statutes 1992, section 124.244, subdivision 1, is amended to read:

Subdivision 1. [REVENUE AMOUNT.] (a) For fiscal years 1994 and 1995, the capital expenditure equipment revenue for each district equals \$63 times its actual pupil units counted according to section 124.17, subdivision 1, for the school year.

(b) For fiscal years 1996 and later, the capital expenditure equipment revenue for each district equals \$68 times its actual pupil units for the school year.

Sec. 11. [124.2455] [BONDS FOR CERTAIN CAPITAL FACILITIES.]

(a) 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:

(1) under section 124.243, subdivision 6, capital expenditure facilities revenue uses specified in clauses (4), (6), (7), (8), (9), and (10);

(2) the cost of energy modifications;

(3) improving handicap accessibility to school buildings; and

(4) bringing school buildings into compliance with life and safety codes and fire codes.

(b) 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.

(c) 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.

(d) 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. 12. 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. 13. 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. 14. 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 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. 15. 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. 16. 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. 17. 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. 18. 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. 19. 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. 20. 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. 21. [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. 22. 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. 23. Minnesota Statutes 1992, section 124.83, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF PROGRAM.] A district ~~may~~ must 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, which 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, as regulated by the federal Occupational Safety and Health Administration under Code of Federal Regulations, title 29, part 1910, subpart Z; or is 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 124.829.

(e) A plan to test for and mitigate radon produced hazards.

Sec. 24. 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. 25. 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. 26. 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. 27. Minnesota Statutes 1992, section 124.85, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] The definitions in this subdivision apply to this section.

(a) "Energy conservation measure" means a training program or facility alteration designed to reduce energy consumption or operating costs and includes:

(1) insulation of the building structure and systems within the building;

(2) storm windows and doors, caulking or weatherstripping, multiglazed windows and doors, heat absorbing or heat reflective glazed and coated window and door systems, additional glazing, reductions in glass area, and other window and door system modifications that reduce energy consumption;

(3) automatic energy control systems;

(4) heating, ventilating, or air conditioning system modifications or replacements;

(5) replacement or modifications of lighting fixtures to increase the energy efficiency of the lighting system without increasing the overall illumination of a facility, unless such increase in illumination is necessary to conform to the applicable state or local building code for the lighting system after the proposed modifications are made;

(6) energy recovery systems;

(7) cogeneration systems that produce steam or forms of energy such as heat, as well as electricity, for use primarily within a building or complex of buildings;

(8) energy conservation measures that provide long-term operating cost reductions.

(b) "Guaranteed energy savings contract" means a contract for the evaluation and recommendations of energy conservation measures, and for one or more energy conservation measures. The contract must provide that all payments, except obligations on termination of the contract before its expiration, are to be made over time, but not to exceed ~~ten~~ 25 years from the date of final installation, and the savings are guaranteed to the extent necessary to make payments for the systems.

(c) "Qualified provider" means a person or business experienced in the design, implementation, and installation of energy conservation measures. A qualified provider to whom the contract is awarded shall give a sufficient bond to the school district for its faithful performance.

Sec. 28. Minnesota Statutes 1992, section 124.85, subdivision 4, is amended to read:

Subd. 4. [DISTRICT ACTION.] A district may enter into a guaranteed energy savings contract with a qualified provider if, after review of the report, it finds that the amount it would spend on the energy conservation measures recommended in the report is not likely to exceed the amount to be saved in energy and operation costs over ~~ten~~ 25 years from the date of installation if the recommendations in the report were followed, and the qualified provider provides a written guarantee that the energy or operating cost savings will meet or exceed the costs of the system. The guaranteed energy savings contract may provide for payments over a period of time, not to exceed ~~ten~~ 25 years. Notwithstanding section 121.912, a district annually may transfer from the general fund to the capital expenditure fund an amount up to the amount saved in energy and operation costs as a result of guaranteed energy savings contracts.

Sec. 29. Minnesota Statutes 1992, section 124.85, subdivision 5, is amended to read:

Subd. 5. [INSTALLATION CONTRACTS.] A school district may enter into an installment payment contract for the purchase and installation of energy conservation measures. The contract must provide for payments of not less than ~~one-tenth~~ 1/25 of the price to be paid within two years from the date of the first operation, and the remaining costs to be paid monthly, not to exceed a ~~ten-year~~ 25-year term from the date of the first operation.

Sec. 30. 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. 31. 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, lease purchase payments under section 124.91, subdivisions 2 and 3, 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. 32. 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. 33. 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. 34. 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. 35. 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. 36. [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. 37. 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 where appropriate.

Sec. 38. 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. 39. 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. 40. 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. 41. [FACILITY REVENUE USE.]

Notwithstanding section 124.243, subdivision 6, for fiscal years 1994 and 1995, a district may use up to one-third of its capital expenditure facilities revenue for equipment uses under section 124.244.

Sec. 42. [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 space being used for administrative purposes as of the effective date of this section 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, section 124.91, subdivision 1.

Sec. 43. [EXCEPTION TO 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.

Upon approval by the commissioner of education, the district may levy for as many years as required under the agreement the amount necessary to make payments required by the agreement. To obtain approval from the commissioner, the district must demonstrate substantial collaboration with the city in the use of the facility. The city must also agree to contribute \$100,000 toward the cost of the education portion of the facility. The amount of the levy shall be annually included in the district's debt service levy under Minnesota Statutes, section 124.95, subdivision 1, for purposes of determining the district's debt service equalization aid.

Sec. 44. [RADON TESTING; SCHOOL DISTRICTS.]

Subdivision 1. [VOLUNTARY PLAN.] The commissioners of health and education may jointly develop a plan to encourage school districts to accurately and efficiently test for the presence of radon in public school buildings serving students in kindergarten through grade 12. To the extent possible, the commissioners shall base the plan on the standards established by the United States Environmental Protection Agency.

Subd. 2. [RADON TESTING.] A school district may include radon testing as a part of its health and safety plan. If a school district receives authority to use health and safety revenue to conduct radon testing, the district shall conduct the testing according to the radon testing plan developed by the commissioners of health and education.

Subd. 3. [REPORTING.] A school district that has tested its school buildings for the presence of radon shall report the results of its tests to the department of health in a form and manner prescribed by the commissioner of health. A school district that has tested for the presence of radon shall also report the results of its testing at a school board meeting.

Sec. 45. [CAPITAL LOANS.]

Subdivision 1. [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. The school districts listed in this section are the top priority for funding capital loans until July 1, 1995. If either of these capital loan projects remains unfunded, the commissioner shall resubmit the loan application to the legislature by February 1, 1994, and February 1, 1995.

Subd. 2. [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.

Sec. 46. [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:

\$73,290,000	.....	1994
\$75,980,000	.....	1995

The 1994 appropriation includes \$10,730,000 for 1993 and \$62,560,000 for 1994.

The 1995 appropriation includes \$11,040,000 for 1994 and \$64,940,000 for 1995.

Subd. 3. [CAPITAL EXPENDITURE EQUIPMENT AID.] For capital expenditure equipment aid according to Minnesota Statutes, section 124.244, subdivision 3:

\$36,049,000	.....	1994
\$37,390,000	.....	1995

The 1994 appropriation includes \$5,279,000 for 1993 and \$30,720,000 for 1994.

The 1995 appropriation includes \$5,430,000 for 1994 and \$31,960,000 for 1995.

Subd. 4. [HEALTH AND SAFETY AID.] (a) For health and safety aid according to Minnesota Statutes, section 124.83, subdivision 5:

\$11,260,000	.....	1994
\$18,924,000	.....	1995

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) For fiscal year 1995, the sum of total health and safety revenue and levies under section 3 may not exceed \$64,000,000. The state board of education shall establish criteria for prioritizing district health and safety project applications not to exceed this amount.

(e) 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:

\$17,018,000	.....	1994
\$26,000,000	.....	1995

\$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:

\$30,000	1994
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Within one year of receiving a grant under this subdivision, the grant recipient must evaluate the jointly operated library services and report the results of the evaluation to the legislature.

Subd. 7. [PLANNING AND EXPENSES.] For a grant and administrative expenses to facilitate planning for cooperative secondary facilities for independent school district Nos. 341, Atwater, 461, Cosmos, and 464, Grove City, acting under a joint powers agreement:

\$100,000

.....

1994

Sec. 47. [EFFECTIVE DATE.]

Section 39 is effective July 1, 1996. Sections 18 and 20 are effective for cooperative secondary facilities grants approved by the legislature after January 1, 1994.

ARTICLE 6

EDUCATION ORGANIZATION AND COOPERATION

Section 1. Minnesota Statutes 1992, section 120.0621, is amended by adding a subdivision to read:

Subd. 3a. [CANADIAN PUPILS.] A pupil who resides in Canada may enroll in a Minnesota school district if the province in which the pupil resides pays tuition to the school district in which the pupil is enrolled. A pupil may enroll either full-time or part-time for all instructional programs and shall be considered eligible for all other purposes for all other programs offered by the district. The tuition must be an amount that is at least comparable to the tuition specified in section 120.08, subdivision 1. A school district may accept funds from any international agency for these programs.

Sec. 2. 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. 3. Minnesota Statutes 1992, section 121.931, subdivision 5, is amended to read:

Subd. 5. [SOFTWARE DEVELOPMENT.] The state board, with the advice of the ESV computer council, commissioner shall provide for the development of applications software for ESV-IS and SDE-IS. The state board may provide state or federal funds for the development of software for an alternative management information system only if it determines that this system may have statewide applicability. Notwithstanding the foregoing, the state board may, for innovative projects involving computers, approve grants to districts pursuant to title IV of the Elementary and Secondary Education Act of 1965 as amended, or any other appropriate statute. The commissioner may charge school districts or regional organizations for the actual cost of software development used by the district or regional entity. Any amount received is annually appropriated to the department of education for this purpose.

Sec. 4. 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 equipment 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. 5. 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. 6. Minnesota Statutes 1992, section 122.243, subdivision 2, is amended to read:

Subd. 2. [VOTER APPROVAL.] A referendum on the question of combination shall be conducted during the first or second year of cooperation for districts that cooperate according to section 122.241, or no more than 18 months before the effective date of combination for districts that do not cooperate. The referendum shall be on a date called by the school boards. The referendum shall be conducted by the school boards according to the Minnesota election law, as defined in section 200.01. If the referendum fails, the same question or a modified question may be submitted the following school year. If the referendum fails again, the districts shall modify their cooperation and combination plan. A third referendum may be conducted. If a second or third referendum is conducted after October 1, the newly combined district may not levy under section 124.2725 until the following year. Referendums shall be conducted on the same date in all districts.

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 124.195, 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. 9. 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. 10. 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. 11. 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.

(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.

(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. 12. 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. 13. Minnesota Statutes 1992, section 124.2725, subdivision 9, is amended to read:

Subd. 9. [SUBSEQUENT DISTRICTS.] If a district subsequently cooperates or combines with districts that have previously received revenue under this section, the new district shall receive revenue, according to subdivision 4 or 6, ~~as though it had been a party to the initial agreement follows:~~

(1) if the districts previously received revenue under sections 10, paragraph (a), 11, paragraph (a), and 12, clause (1), the new district will receive two years of revenue under those provisions;

(2) if the districts previously received revenue under sections 10, paragraph (b), (c), or (d), 11, paragraph (b), (c), or (d), and 12, clause (2) or (3), the new district shall receive four years of revenue under the applicable provisions of sections 11 to 13. The previously cooperating or combined districts may not receive revenue, according to subdivision 6 or 10, as though parties to a new agreement.

As of the effective date of a cooperation and combination agreement between districts that have previously received revenue under this section and a new district, the new group of districts may not receive revenue in excess of the limit specified in subdivision 10.

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 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. Minnesota Statutes 1992, section 124.2727, is amended to read:

124.2727 [INTERMEDIATE SCHOOL DISTRICT COOPERATION REVENUE.]

Subd. 6. [LEVY AUTHORITY.] (a) For fiscal years prior to fiscal year 1996, an intermediate school district may levy, as a single taxing district, according to this paragraph, an amount that may not exceed the greater of:

(1) five-sixths of the levy certified for special education and secondary vocational education for taxes payable in 1989; or

(2) the lesser of (i) \$50 times the actual pupil units in each participating district for the fiscal year to which the levy is attributable, or (ii) 1.43 percent of the adjusted net tax capacity. The levy shall be certified according to section 275.07. Upon such certification, the county auditors shall levy and collect the levies and remit the proceeds of the levy to the intermediate school district. The levies shall not be included in computing the limitation upon the levy of any of the participating districts.

(b) Five-elevenths of the proceeds of the levy shall be used for special education. Six-elevenths of the proceeds of the levy shall be used for secondary vocational education.

(c) When a school district joins or withdraws from an intermediate school district after July 1, 1991, the department of education shall recalculate the levy certified for taxes payable in 1989, for the purpose of determining the levy amount authorized under paragraph (a), clause (1), to reflect the change in membership of the intermediate school district. The department shall recalculate the levy as though the intermediate school district had certified the maximum permitted levy for taxes payable in 1989.

This subdivision expires July 1, 1995.

Subd. 6a. [DISTRICT COOPERATION REVENUE.] A district's cooperation revenue is equal to the greater of \$50 times the actual pupil units or \$25,000.

Subd. 6b. [DISTRICT COOPERATION LEVY.] To receive district cooperation revenue, a district may levy an amount equal to the district's cooperation revenue 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 \$3,500.

Subd. 6c. [DISTRICT COOPERATION AID.] A district's cooperation aid is the difference between its district cooperation revenue and its district cooperation levy. If a district does not levy the entire amount permitted, aid must be reduced in proportion to the actual amount levied.

Subd. 6d. [REVENUE USES.] A district must place its district cooperation revenue in a reserved account and may only use the revenue to purchase goods and services from entities formed for cooperative purposes or to otherwise provide educational services in a cooperative manner. A district that is a member of an intermediate school district organized pursuant to chapter 136D may not access revenue under this section.

Subd. 7. [CERTIFICATES OF INDEBTEDNESS.] After a levy has been certified according to subdivision 6, an intermediate school board may issue and sell certificates of indebtedness in anticipation of the collection of levies, but in aggregate amounts that will not exceed the portion of the levies which is then not collected and not delinquent.

Subd. 8. [ADDITIONAL LEVY AUTHORITY.] A district other than intermediate school district No. 287 on July 1, 1993, may levy for taxes payable in 1995, \$5 times the number of actual pupil units, for taxes payable in 1996, \$9 times the number of actual pupil units, for taxes payable in 1997, \$13 times the number of actual pupil units and for taxes payable in 1998 and thereafter, \$17 times the number of actual pupil units in the district for the year for which the levy is attributable.

(c) The levy revenue under this subdivision must be used according to subdivision 6d. Of the levy revenue under subdivision 8, paragraph (b), at least 55 percent must be spent on secondary vocational programs.

Sec. 17. Minnesota Statutes 1992, section 124.914, is amended by adding a subdivision to read:

Subd. 4. [1992 OPERATING DEBT.] (a) Each year, a district that has filed a plan pursuant to section 121.917, subdivision 4, may levy, with the approval of the commissioner, to eliminate a deficit in the net unappropriated balance in the operating funds of the district, determined as of June 30, 1992, and certified and adjusted by the commissioner. Each year this levy may be an amount not to exceed the greater of:

(1) an amount raised by a levy of a net tax rate of one percent times the adjusted net tax capacity; or

(2) \$100,000.

This amount shall be reduced by referendum revenue authorized under section 124A.03 pursuant to the plan filed under section 121.917. However, the total amount of this levy for all years it is made shall not exceed the amount of the deficit in the net unappropriated balance in the operating funds of the district as of June 30, 1992. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy shall be discontinued.

(b) A district, if eligible, may levy under this subdivision or subdivision 2 or 3, or under section 122.531, subdivision 4a, or Laws 1992, chapter 499, article 7, sections 16 or 17, but not under more than one.

(c) The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(d) Any district that levies pursuant to this subdivision shall certify the maximum levy allowable under section 124A.23, subdivision 2, in that same year.

Sec. 18. [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. 19. [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. 20. [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. 21. [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. 22. [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. 23. [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. 24. [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. 25. [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) one representative of the Minnesota association of school administrators;
- (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;
- (6) one representative of the Minnesota business partnership; and
- (7) one school principal jointly agreed on by the Minnesota association of secondary school principals and the Minnesota elementary school principals association.

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 (7), 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. 26. [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. 27. [REORGANIZATION OPERATING DEBT LEVY IN TAYLORS FALLS-CHISAGO LAKES COMBINATION.]

Notwithstanding Minnesota Statutes 1992, section 122.531, subdivision 4a, or any other law to the contrary, any reorganization operating debt levy contained in the approved cooperation and combination plan for independent school district No. 140, Taylors Falls, and independent school district No. 141, Chisago Lakes, may be certified over a period of seven years.

Sec. 28. [RETIRED EMPLOYEE HEALTH BENEFITS LEVY.]

Subdivision 1. Notwithstanding any other law to the contrary, in the consolidated school district consisting in whole or in part of former independent school district No. 692, Babbitt, and independent school district No. 710, St. Louis county, any amount levied under section 124.916, subdivision 2, or any other law to pay the health insurance or unreimbursed medical expenses of retirees of the former independent school district No. 692, may only be certified and spread on property which was taxable in the former independent school district No. 692.

Subd. 2. Any reduction in the levy of the consolidated school district consisting in whole or in part of former independent school district No. 692 and independent school district No. 710 under section 124.918, subdivision 8, must be applied first to the levy in subdivision 1 and then to any remaining levy as provided under section 124.918, subdivision 8.

Sec. 29. [INTERMEDIATE GOVERNANCE STRUCTURE AND TRANSITION.]

Subdivision 1. [PLAN.] School districts, based on the planning process required under Laws 1992, chapter 499, article 6, section 33, may either purchase goods and services through informal cooperative arrangements or may enter into agreements through Minnesota Statutes, section 471.59, to act cooperatively.

Subd. 2. [TRANSITION.] Any unresolved disputes regarding the allocation of assets and liabilities resulting from the repeal of the enabling legislation for various entities by Laws 1992, chapter 499, article 6, section 39, subdivision 3, as amended by Laws 1992, chapter 603, section 10, and not governed by the applicable agreement or enabling legislation for that entity may be appealed by any party to the dispute to the commissioner of education. The determination of the commissioner shall be final and binding.

Sec. 30. [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:

\$733,000	....	1994
\$110,000	....	1995

The 1994 appropriation includes \$110,000 for fiscal year 1993 and \$623,000 for fiscal year 1994.

The 1995 appropriation includes \$110,000 for 1994.

(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 fiscal year 1994. 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 fiscal year 1994.

(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 subsidies:

\$3,275,000	1994
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\$356,000 in fiscal year 1994 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:

\$142,000	....	1994
\$ 24,000	....	1995

The 1994 appropriation includes -\$0- for 1993 and \$142,000 for 1994.

The 1995 appropriation includes \$24,000 for 1994.

Subd. 6. [DISTRICT COOPERATION REVENUE.] For cooperation revenue according to section 16:

\$7,960,000	1995
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The 1995 appropriation is based on an entitlement of \$9,364,000 for fiscal year 1995.

Subd. 7. [MOUNTAIN IRON-BUHL SCHOOL DISTRICT.] For independent school district No. 712, Mountain Iron-Buhl:

\$75,000	....	1994
\$75,000	....	1995

Sec. 31. [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 25.

Sec. 32. [REPEALER.]

Minnesota Statutes 1992, sections 124.2721; 124.2725, subdivision 8; and 124.575, subdivisions 2 and 4; 124.912, subdivisions 4 and 5, are repealed.

Sec. 33. [EFFECTIVE DATE.]

Sections 3 and 8 are effective July 1, 1994. Section 28, subdivisions 1 and 2, are effective for taxes payable in 1994 and thereafter.

Sections 7, 13, 19, and 22 are effective the day following final enactment.

ARTICLE 7

COMMITMENT TO EXCELLENCE

Section 1. [PURPOSE.]

The purpose of this article is to implement the mission of public education in Minnesota as stated below through innovation and systemic restructuring.

The mission of public education in Minnesota, a system for lifelong learning, is to ensure individual academic achievement, an informed citizenry, and a highly productive work force. This system focuses on the learner, promotes and values diversity, provides participatory decision-making, ensures accountability, models democratic principles, creates and sustains a climate for change, provides personalized learning environments, encourages learners to reach their maximum potential, and integrates and coordinates human services for learners.

Sec. 2. [121.602] [EDUCATIONAL EFFECTIVENESS PROGRAM.]

Subdivision 1. [PROGRAM OUTCOMES.] The outcomes of the educational effectiveness program are to:

- (1) increase meaningful parental involvement in site-based decision making;
- (2) improve results-oriented instructional processes;
- (3) create flexible school-based organizational structures; and
- (4) improve student achievement.

Subd. 2. [ADVISORY TASK FORCE; PROGRAM IMPLEMENTATION.] The commissioner of education shall develop and maintain a program of educational effectiveness and results-oriented instruction. The commissioner may appoint an advisory task force to assist the department of education in developing an implementation program for providing staff development to school district staff in educational effectiveness. The program shall be based on established principles of instructional design and the essential elements of effective instruction as determined by educational research. The program shall take into account the diverse needs of the school districts due to such factors as district size and location.

Subd. 3. [EVALUATION AND REPORT.] The commissioner shall annually provide for independent evaluation of the effectiveness of this section. The evaluation shall measure the extent to which the outcomes defined in subdivision 1 are met and the cost effectiveness of any funding for the program. The evaluation shall also determine to what extent the program has a measurable impact on student achievement at the site level.

Subd. 4. [EDUCATIONAL EFFECTIVENESS STAFF DEVELOPMENT.] The department of education shall provide assistance to the school districts in implementing an educational effectiveness program. In selecting an agency to provide assistance to the school districts, the department shall consider such factors as support of the proposal by the participating school districts and the extent to which the proposal provides for participation by school district staff. The department shall evaluate the performance of the service providers. The staff development shall be facilitated by building level decision-making teams. The staff development shall include clarification of individual school missions, goals, expectations, enhancement of collaborative planning and collegial relationships among the building staff, improvement of curriculum, assessment, instructional and organizational skills, improvement of financial and management skills, and planning of other staff development programs.

Subd. 5. [SCHOOL IMPROVEMENT INCENTIVE GRANTS.] The state board of education shall develop criteria to provide school improvement incentive grants to schools sites. The criteria must include the extent to which a site has implemented the characteristics of the educational effectiveness program and demonstrated improvement in student achievement of education outcomes. Notwithstanding any law to the contrary, the grant must remain under the control of the site decision-making team or principal at the site and may be used for any purpose determined by the team. A school board may not reduce other funding otherwise due the site. A grant may not exceed \$60,000 per site in any fiscal year.

Sec. 3. 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. 4. 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. 5. [121.919] [FINANCIAL MANAGEMENT ASSISTANCE AND TRAINING TO SCHOOL DISTRICTS AND SCHOOL SITES.]

The department of education shall make available to school districts and individual school sites assistance and training in financial management. The assistance and training shall be in at least the following areas:

- (1) provision of an updated uniform financial and reporting system manual in both hard copy and computerized form which will be applicable to both the school district and to a school site under site-based management;
- (2) regularly scheduled training and assistance in accounting and financial operations, and special assistance as requested;
- (3) long-term financial planning, including that involved with district reorganization;

(4) district and school level expenditure and revenue budgeting and other fiscal and organizational requirements, including that under site-based management;

(5) assistance with school, district, and regional capital budget planning; and

(6) the development of a model reporting system for school sites for resource use and outcome achievement. The model shall include characteristics about the student population, staffing levels, and achievement results attributable to the instructional and organizational structure of the school site.

Sec. 6. Minnesota Statutes 1992, section 123.33, is amended by adding a subdivision to read:

Subd. 2a. [SCHOOL BOARD MEMBER TRAINING.] A member must receive training in school finance and management developed in consultation with the Minnesota school boards association and consistent with section 9. The school boards association shall make available to each newly-elected school board member training in school finance and management consistent with section 9 within 180 days of that member taking office. The program shall be developed in consultation with the department of education and appropriate representatives of higher education.

Sec. 7. Minnesota Statutes 1992, section 123.951, is amended to read:

123.951 [SCHOOL SITE MANAGEMENT DECISION-MAKING AGREEMENT.]

(a) A school board may enter into an agreement with a school site ~~management~~ decision-making team concerning the governance, management, or control of any school in the district. Upon a written request from a proposed school site ~~management~~ decision-making team, an initial school site ~~management~~ decision-making team shall be appointed by the school board and may include the school principal, representatives of teachers in the school, representatives of other employees in the school, representatives of parents of pupils in the school, representatives of pupils in the school, representatives of other members in the community, or others determined appropriate by the board. The school site ~~management~~ decision-making team shall include the school principal or other person having general control and supervision of the school.

(b) School site ~~management~~ decision-making agreements must ~~focus on creating management delegate powers and duties to site teams and in involving~~ involve staff members, students as appropriate, and parents in decision making.

(c) An agreement may include:

(1) a strategic plan for districtwide decentralization of resources developed through staff participation; a mechanism to implement flexible support systems for improvement in student achievement of education outcomes;

(2) a decision-making structure that allows teachers to identify instructional problems and control and apply the resources needed to solve them; and

(3) a mechanism to allow principals, or other persons having general control and supervision of the school, to make decisions regarding how financial and personnel resources are best allocated and to act as advocates for additional resources on behalf of the entire school at the site and from whom goods or services are purchased;

(4) a mechanism to implement parental involvement programs under section 126.69 and to provide for effective parental communication and feedback on this involvement at the site level;

(5) a provision that would allow the team to determine who is hired into licensed and nonlicensed positions;

(6) a provision that would allow teachers to choose the principal or other person having general control;

(7) direct contact with other social service providers;

(8) inservice training for site decision-making team members for financial management of school sites; and

(9) any other powers and duties determined appropriate by the board.

The school board of the district remains the legal employer under clauses (5) and (6).

(d) Any powers or duties not delegated to the school site management team in the school site management agreement shall remain with the school board.

(e) Approved agreements shall be filed with the commissioner. If a school board denies a request to enter into a school site management agreement, it shall provide a copy of the request and the reasons for its denial to the commissioner.

Sec. 8. Minnesota Statutes 1992, section 124.19, subdivision 5, is amended to read:

Subd. 5. [SCHEDULE ADJUSTMENTS.] (a) It is the intention of the legislature to encourage efficient and effective use of staff and facilities by school districts. School districts are encouraged to consider both cost and energy saving measures.

(b) Notwithstanding the provisions of subdivision 1 or 4, any district operating a program pursuant to sections 120.59 to 120.67, 121.585 or 125.701 to 125.705, or operating a commissioner-designated area learning center program under section 124C.49, or that otherwise receives the approval of the commissioner to operate its instructional program to avoid an aid reduction in any year, may adjust the annual school schedule for that program throughout the calendar year so long as the number of instructional hours in the year is not less than the number of instructional hours per day specified in the rules of the state board multiplied by the minimum number of instructional days required by subdivision 1.

Sec. 9. Minnesota Statutes 1992, section 124.195, subdivision 10, is amended to read:

Subd. 10. [AID PAYMENT PERCENTAGE.] Except as provided in subdivisions 8, 9, and 11, each fiscal year, all education aids and credits in this chapter and chapters 121, 123, 124A, 124B, 125, 126, 134, and section 273.1392, shall be paid at 90 percent for districts operating a program under section 121.585 for grades 1 to 12 for all students in the district and 85 percent for other districts of the estimated entitlement during the fiscal year of the entitlement, unless a higher rate has been established according to section 121.904, subdivision 4d. The amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement shall be paid as the final adjustment payment according to subdivision 6.

Sec. 10. 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 15 percent per year for districts operating a program under section 121.585 for grades 1 to 12 for all students in the district and 12-1/2 percent per year for other districts 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 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 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. 11. Minnesota Statutes 1992, section 124.225, subdivision 10, is amended to read:

Subd. 10. [DEPRECIATION.] Any school district that owns school buses or mobile units shall transfer annually from the undesignated fund balance account in its transportation fund to the reserved fund balance account for bus purchases in its transportation fund at least an amount equal to 15 percent per year for districts operating a program under section 121.585 for grades 1 to 12 for all students in the district and 12-1/2 percent per year for other districts of the original cost of each type one or type two bus or mobile unit until the original cost of each type one or type two bus or mobile unit is fully amortized, plus 20 percent of the original cost of each type three bus included in the district's authorized cost under the provisions of subdivision 1, paragraph (b), clause (4), until the original cost of each type three bus is fully amortized, plus 33-1/3 percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections until the cost of the reconditioning is fully amortized; provided, if the district's transportation aid or levy is reduced pursuant to subdivision 8a because the appropriation for that year is insufficient, this amount shall be reduced in proportion to the reduction pursuant to subdivision 8a as a percentage of the district's transportation revenue under subdivision 7d.

Sec. 12. Minnesota Statutes 1992, section 124.91, subdivision 5, is amended to read:

Subd. 5. [INTERACTIVE TELEVISION.] (a) A school district with its central administrative office located within economic development region one, two, three, four, five, six, seven, eight, nine, and ten may levy apply to the commissioner of education for ITV revenue up to the greater of .5 percent of the adjusted net tax capacity of the district or \$20,000 \$25,000 for the construction, maintenance, and lease costs of an interactive television system for instructional purposes. The approval by the commissioner of education and the application procedures set forth in subdivision 1 shall apply to the levy authority revenue in this subdivision. In granting the approval, the commissioner must consider whether the district is maximizing efficiency through peak use and off-peak use pricing structures.

(b) To obtain ITV revenue, a district may levy an amount not to exceed the district's ITV revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the actual pupil units in the district for the year prior to the year the levy is certified; to

(2) 100 percent of the equalizing factor as defined in section 124A.02, subdivision 8, for the year to which the levy is attributable.

(c) A district's ITV aid is the difference between its ITV revenue and the ITV levy.

Sec. 13. Minnesota Statutes 1992, section 124.912, is amended by adding a subdivision to read:

Subd. 8. [OUTPLACEMENT LEVY.] Upon the recommendation of a school's mentoring team, a school district may levy the amounts necessary to pay the cost of outplacement services for licensed teachers, including counseling and job search costs.

Sec. 14. Minnesota Statutes 1992, section 124A.29, subdivision 1, is amended to read:

Subdivision 1. [STAFF DEVELOPMENT, AND VIOLENCE PREVENTION PARENTAL INVOLVEMENT PROGRAMS REVENUE.] (a) Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to \$15 one percent in fiscal year 1994, two percent in fiscal year 1995, and thereafter times the formula allowance 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, challenging instructional activities and experiences or staff development programs, including outcome-based education, for the purpose of improving student achievement of education outcomes 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. The school board shall initially allocate 50 percent of the revenue to each school site in the district on a per teacher basis. The board may retain 25 percent to be used for district wide staff development efforts. The remaining 25 percent of the revenue shall be used to make grants to school sites that demonstrate exemplary use of allocated staff development revenue. A grant may be used for any purpose determined by the site decision-making team. The site decision-making team must demonstrate to the school board the extent to which staff at the site have met the outcomes of the program. The board may withhold a portion of initial allocation of revenue if the staff development outcomes are not being met.

(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. 15. Minnesota Statutes 1992, section 124A.291, is amended to read:

124A.291 [RESERVED REVENUE FOR CAREER CERTAIN TEACHER PROGRAM.]

A district that has a career teacher program or a mentor-teacher program may reserve part of the basic revenue under section 124A.22, subdivision 2, for the district's share, according to section 124.276, of the portion of the teaching contract that is in addition to the standard teaching contract of the district.

Sec. 16. [124A.292] [STAFF DEVELOPMENT INCENTIVE.]

Subdivision 1. [ELIGIBILITY.] A school site is eligible for revenue under this section if it has implemented an outplacement program on an ongoing basis to counsel staff and has implemented a program according to section 125.231.

Subd. 2. [REVENUE.] Staff development incentive revenue is equal to the number of teachers at the site times \$25.

Subd. 3. [STAFF DEVELOPMENT LEVY.] A district's levy equals its revenue times the lesser of one or the ratio of the district's adjusted net tax capacity per actual pupil unit for the year before the year the levy is certified to the equalizing factor for the school year to which the levy is attributable.

Subd. 4. [STAFF DEVELOPMENT AID.] A district's aid equals its revenue minus its levy times the ratio of the actual amount levied to the permitted levy.

Subd. 5. [USE.] The revenue must be used at the site for staff development purposes.

Sec. 17. 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, elementary, secondary, or special education programs.

~~(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. 18. Minnesota Statutes 1992, section 125.138, is amended to read:

125.138 [FACULTY EXCHANGE AND TEMPORARY ASSIGNMENT PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] A program of faculty ~~exchange is~~ collaboration shall be established to allow school districts and post-secondary institutions to arrange temporary ~~exchanges between members of their instructional staffs placements in each other's institutions.~~ These arrangements must be made on a voluntary cooperative basis between a school district and post-secondary institution, or between post-secondary institutions. Exchanges between post-secondary institutions may occur among campuses in the same system or in different systems.

Subd. 2. [USES OF PROGRAM.] Each participating school district and post-secondary institution may determine the way in which the ~~instructional staff member's time is to be used, but it must be in a way that promotes understanding of the needs of each educational system or institution. For example, a public school teacher educator may teach courses, provide counseling and tutorial services, assist with the preparation of future teachers educators, or take professional development courses. A post-secondary teacher might teach advanced placement courses or other classes to aid an underserved population at the school district, counsel students about future educational plans, or work with teachers to better prepare students for post-secondary education in school administration.~~ Participation need not be limited to one school or institution and may involve other groups including educational cooperative service units.

Subd. 3. [SALARIES; BENEFITS; CERTIFICATION.] ~~Exchanges Temporary placements~~ made under the program must not have a negative effect on participants' salaries, seniority, or other benefits. Notwithstanding sections 123.35, subdivision 6, and 125.04, a member of the ~~instructional staff of a post-secondary institution may teach in an elementary or secondary school or perform a service, agreed upon according to this section, for which a license would otherwise be required without holding the applicable license. In addition, a licensed teacher educator employed by a school district may teach or perform a service, agreed upon according to this section, at a post-secondary institution without meeting the applicable qualifications of the post-secondary institution. A school district is not subject to section 124.19, subdivision 3, as a result of entering into an agreement according to this section that enables a post-secondary instructional staff member educator to teach or provide services in the district. All arrangements and details regarding the exchange must be mutually agreed to by each participating school district and post-secondary institution before implementation.~~

Subd. 4. [EDUCATORS' EMPLOYMENT; CONTINUATION.] An educator who held a temporary position or an exchanged position under section 125.138 shall be continued in or restored to the position previously held, or to a position of like seniority, status, and pay upon return. Retirement benefits under an employer-sponsored pension or retirement plan shall not be reduced because of time spent on an exchange or temporary position under section 125.138.

Subd. 5. [ENTITLEMENT TO BENEFITS AND POSITION.] An educator who is continued in or restored to a position in accordance with subdivision 4:

(1) shall be continued or restored without loss of seniority; and

(2) may participate in insurance or other benefits offered by the employer under its established rules and practices.

Subd. 6. [GRANTS.] The department of education shall award grants to public post-secondary teacher preparation programs and school districts that collaborate on staff exchanges or temporary placements. One institution must be identified as the fiscal agent for the grant.

Subd. 7. [PURPOSE OF THE GRANTS.] School districts and post-secondary institutions are encouraged to collaborate by allowing educators to exchange positions, team teach, or hold temporary positions of no longer than one academic year in the other's institutions. No loss of salary or benefits shall occur. Grants shall be used to ensure no loss of status, retirement, and insurance benefits.

Subd. 8. [APPLICATION PROCESS.] The department of education shall develop and publicize the process by which school districts, the University of Minnesota and its campuses, and the state universities which have teacher and administrator preparation programs may apply for grants.

Subd. 9. [CRITERIA.] The department of education shall evaluate proposals using the following criteria:

(1) evidence of collaborative arrangements between post-secondary educators and early childhood through grade 12 educators;

(2) evidence that outstanding early childhood through grade 12 educators will be involved in post-secondary classes and programs, including presentations, discussions, teaming, and responsibility for teaching some post-secondary courses;

(3) evidence that post-secondary educators will have direct experience working in a classroom or school district, including presentations, discussions, teaming, and responsibility for teaching some early childhood through grade 12 classes; and

(4) evidence of adequate financial support from employing and receiving institutions.

Subd. 10. [EVALUATION.] The department of education shall evaluate the results of the grants provided under subdivision 6 and make recommendations to the legislature and governor regarding future funding in the 1995 biennial budget document.

Subd. 11. [GRANT LIMITATIONS; PROPOSALS.] All grants shall be for salary and benefit costs beyond those normally covered by each of the institutions involved in the exchange or temporary assignment. Staff exchanging positions or placed in temporary assignments shall not suffer loss of salary, benefits, or retirement benefits. A grant from the department of education shall cover 50 percent of the excess costs with the remainder of the excess costs shared equally by the school district and the post-secondary institution.

Sec. 19. [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. 20. [125.230] [TEACHING RESIDENCY PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] A school district with a teaching residency plan approved by the board of teaching may hire graduates of approved Minnesota teacher preparation programs as teaching residents. A district shall employ each resident for one school year. The district and the resident may agree to extend the residency for one additional school year. A school may employ no more than one teaching resident for every eight full-time equivalent licensed teachers. No more than 600 eligible teachers may be employed as teacher residents in any one school year.

Subd. 2. [TEACHER ELIGIBILITY.] Persons eligible to be hired as teaching residents must have received their initial license no more than two years prior to applying for a residency and must have less than nine months of full-time equivalency teaching experience as a licensed teacher.

Subd. 3. [PROGRAM COMPONENTS.] In order to be approved by the board of teaching, a school district's residency program must at minimum include:

- (1) training to prepare teachers to serve as mentors to teaching residents;
- (2) a team mentorship approach to expose teaching residents to a variety of teaching methods, philosophies, and classroom environments;
- (3) ongoing peer coaching and assessment;
- (4) assistance to the teaching resident in preparing an individual professional development plan that includes goals, activities, and assessment methodologies; and
- (5) involvement of resource persons from higher education institutions, career teachers, and other community experts to provide local or regional professional development seminars or other structured learning experiences for teaching residents.

A teaching resident shall not be given direct classroom supervision responsibilities that exceed 80 percent of the instructional time required of a full-time equivalent teacher in the district. During the remaining time, a teaching resident shall participate in professional development activities according to the individual plan developed by the resident in conjunction with the school's mentoring team.

Subd. 4. [EMPLOYMENT CONDITIONS.] A school district shall pay a teaching resident a salary equal to 75 percent of the statewide average salary of a first-year teacher with a bachelor's degree. The resident shall be a member of the local bargaining unit and shall be covered under the terms of the contract, except for salary and benefits, unless otherwise provided in this subdivision. The school district shall provide health insurance coverage for the resident if the district provides it for teachers, and may provide other benefits upon negotiated agreement.

Subd. 5. [APPLIES TOWARD PROBATIONARY PERIOD.] A teaching residency shall count as one year of a teacher's probationary period under section 125.12, subdivision 3, or section 125.17, subdivision 2. A residency extended for one year shall not count as an additional year under this subdivision.

Subd. 6. [LEARNING AND DEVELOPMENT REVENUE ELIGIBILITY.] A school district with an approved teaching residency program may use learning and development revenue for each teaching resident in kindergarten through grade six. A district also may use the revenue for a paraprofessional who is a person of color enrolled in an approved teacher preparation program. A school district shall not use a teaching resident to replace an existing teaching position.

Subd. 7. [RECOMMENDATION FOR LICENSURE REQUIREMENTS.] (a) The board of teaching shall develop for teachers of students in pre-K through grade 12, model teaching residency outcomes and assessments, and mentoring programs.

(b) The board of teaching shall report to the education committees of the legislature by February 15, 1994, on developing a residency program as part of teacher licensure. The report shall at least discuss:

- (1) whether a teacher residency program should be a prerequisite to obtaining an initial teaching license or a continuing teacher license;
 - (2) the number of teacher residency positions available statewide by school district;
 - (3) how a teacher residency program and a mentorship program for school teachers can be structured;
 - (4) whether additional state funding for teacher residency programs is required;
 - (5) the interrelationship between existing teacher preparation programs and a teacher residency program;
 - (6) issues related to implementing a teacher residency program, including a timeline for implementing the program;
- and

(7) how a teacher residency program may impact upon a teacher licensed in another state who seeks a teaching position in Minnesota.

Sec. 21. Minnesota Statutes 1992, section 125.231, is amended to read:

125.231 [TEACHER ASSISTANCE THROUGH MENTORSHIP PROGRAM.]

Subdivision 1. [TEACHER MENTORING PROGRAM PROGRAMS.] School districts are encouraged to ~~participate in a competitive grant program that explores~~ develop teacher mentoring programs for teachers new to the profession or district, ~~or for including teaching residents, teachers with special needs, or experienced teachers in need of peer coaching.~~

Subd. 2. [TEACHER MENTORING TASK FORCE.] The ~~commissioner~~ board of teaching shall appoint and work with a teacher mentoring task force including representatives of the two teachers unions, the two principals organizations, school boards association, administrators association, ~~board of teaching department of education,~~ parent teacher association, post-secondary institutions, foundations, and the private sector. Representation on the task force by populations of color shall reflect the proportion of people of color in the public schools.

The task force shall:

- (1) develop the application forms, criteria, and procedures for ~~the grants for mentorship program programs;~~
- (2) select sites to receive mentorship grant funding; and
- (3) provide ongoing support and direction for mentorship program implementation in school districts, including those that do not receive mentorship grants;

Subd. 3. [APPLICATIONS.] The ~~commissioner of education~~ board of teaching shall make application forms available to sites interested in developing or expanding a mentorship program. A school district, a group of school districts, or a coalition of districts, teachers and teacher education institutions may apply for a teacher mentorship program grant. The ~~commissioner~~ board of teaching, in consultation with the teacher mentoring task force, shall approve or disapprove the applications. To the extent possible, the approved applications must reflect effective mentoring components, include a variety of coalitions and be geographically distributed throughout the state. The ~~commissioner of education~~ board of teaching shall encourage the selected sites to consider the use of ~~the its~~ assessment procedures developed by the board of teaching.

Subd. 4. [CRITERIA FOR SELECTION.] At a minimum, applicants must express commitment to:

- (1) allow staff participation;
- (2) assess skills of both beginning and mentor teachers;
- (3) provide appropriate in-service to needs identified in the assessment;
- (4) provide leadership to the effort;
- (5) cooperate with higher education institutions;
- (6) provide facilities and other resources; and
- (7) share findings, materials, and techniques with other school districts.

Subd. 5. [ADDITIONAL FUNDING.] Applicants are required to seek additional funding and assistance from sources such as school districts, post-secondary institutions, foundations, and the private sector.

Subd. 7. [PROGRAM IMPLEMENTATION.] New and expanding mentorship sites that are funded to design, develop, implement, and evaluate their program must participate in activities that support program development and implementation. The ~~department of education~~ board of teaching must provide resources and assistance to support new sites in their program efforts. These activities and services may include, but are not limited to: planning, planning guides, media, training, conferences, institutes, and regional and statewide networking meetings. Nonfunded schools or districts interested in getting started may participate ~~in some activities and services.~~ Fees may be charged for meals, materials, and the like.

Sec. 22. [126.019] [SCHOOL RESTRUCTURING PROGRAM.]

Subdivision 1. [LEVY AUTHORITY.] (a) The purpose of school district restructuring pilots is to examine practices and organizational structure for improvement of student achievement of education outcomes through site decision-making. A school district may submit an application to the department of education for school district restructuring levy authority. The authority may be for up to \$50 times the number of actual pupil units at the site. The levy is available for the fiscal year for which the pilot receives approval and for the subsequent four years. A district need only apply once for this authority. The actual amount of levy authority given shall depend on the level of power and control delegated to a site under section 123.951. The state board, upon consultation of the education chairs of the legislature, shall determine criteria for measuring this level and allocating the appropriate levy authority. The criteria may include a provision that would allow the site decision-making team to request waivers from the master contract between the school board and the collective bargaining representative in the district. Notwithstanding any law to the contrary, the state board of education and the state board of teaching may grant waivers that would apply only to a single site within the district from any board rule. The levy authority may be increased or decreased by the state board if a district changes implementation of this section. Revenue from the levy must be under the control of local site decision-making team and may be used for any purpose determined by the team. All information about education achievement and effective reduction in elementary learner-instructor ratios at the school site must be made available to the public. Each school board must communicate the availability of this authority to each school site in the district.

(b) The local levy shall be matched dollar for dollar with state aid. The commissioner shall not approve total levy authority in excess of available state appropriations.

Subd. 2. [REPORT.] The state board shall report on the implementation of this section and learning improvement results to the education committees of the legislature on February 1 of each year. The board shall also develop model reporting forms for districts to use to report to local communities. The board shall develop these forms in consultation with the department and the chairs of the education committees of the legislature.

Sec. 23. Minnesota Statutes 1992, section 126.22, subdivision 8, is amended to read:

Subd. 8. [ENROLLMENT VERIFICATION.] (a) For a pupil attending an eligible program full time under subdivision 3, paragraph (d), the department of education shall pay 88 percent of the basic revenue of the district to the eligible program and 12 percent of the basic revenue to the resident district within 30 days after the eligible program verifies enrollment using the form provided by the department. For a pupil attending an eligible program part time, basic revenue shall be reduced proportionately, according to the amount of time the pupil attends the program, and the payments to the eligible program and the resident district shall be reduced accordingly. A pupil for whom payment is made according to this section may not be counted by any district for any purpose other than computation of basic revenue, according to section 124A.22, subdivision 2. If payment is made for a pupil under this subdivision, a school district shall not reimburse a program under section 126.23 for the same pupil.

(b) The department of education shall pay up to 100 percent of the basic revenue to the eligible program if there is an agreement to that effect between the school district and the eligible program.

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

126.70 [STAFF DEVELOPMENT PLAN PROGRAM.]

Subdivision 1. [ELIGIBILITY FOR REVENUE STAFF DEVELOPMENT COMMITTEE.] A school board may shall use the revenue authorized in section 124A.29 for in-service education for violence prevention programs under section 126.77, subdivision 2, or if it establishes a staff development advisory committee and adopts a for staff development plan under this subdivision. The board must establish a staff development committee to develop the plan, advise a site decision-making team about the plan, and evaluate staff development efforts at the site level. A majority of the advisory committee must be teachers representing various grade levels and subject areas. The advisory committee must also include parents and administrators. The advisory committee shall develop a staff development plan that includes related expenditures and shall submit the plan to the school board. If the school board approves the plan, the district may use the staff development revenue authorized in section 124A.29. Districts must submit approved plans shall report staff development results to the commissioner in the form and manner determined by the commissioner.

Subd. 2. [CONTENTS OF THE PLAN.] The plan ~~may~~ must include:

- (1) ~~procedures the district will use to analyze education needs;~~
- (2) ~~methods for integrating education needs with in-service and curricular efforts already in progress;~~
- (3) ~~education goals and~~ outcomes under subdivision 2a, the means to achieve the goals; outcomes and
- (4) procedures for evaluating progress at each school site toward meeting education needs and goals outcomes.

Subd. 2a. ~~[PERMITTED USES STAFF DEVELOPMENT OUTCOMES.] A school board may approve a~~ (a) The staff development committee shall adopt a staff development plan to accomplish any of the following purposes for the improvement of student achievement of education outcomes. The plan must be consistent with education outcomes determined by the school board. The plan shall include the following outcomes:

- (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 or mentorship oversight 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; and
 - (9) teach elementary and secondary staff to effectively meet the needs of children with disabilities within the regular classroom setting.
- (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. [SUPERVISORY LICENSURE.]

All administrative and supervisory licensure rules adopted or amended by the state board of education must include outcomes relating to financial management practices of school districts and buildings.

Sec. 26. [TEACHER COMPENSATION TASK FORCE.]

Subdivision 1. [ESTABLISHED.] A teacher compensation task force is established under the state board of education. The board shall initially organize the task force and prepare any reports to the legislature. The department of education shall assist the board as required.

Subd. 2. [MEMBERSHIP.] The task force shall consist of the following members:

One member each representing:

- (1) the state board of education;
- (2) the Minnesota business partnership;
- (3) school principals;
- (4) Minnesota association of school administrators;
- (5) a parent of a student with disabilities;
- (6) Minnesota congress of parents, teachers, and students; and
- (7) the bureau of mediation services.

Three members representing the Minnesota school boards association and two members each representing the Minnesota education association and the Minnesota federation of teachers.

Subd. 3. [PURPOSE AND DUTIES.] The purpose of the task force is to study and recommend alternatives to a teacher compensation system based on training and experience to one that may include compensation based on knowledge, skills, responsibilities, or other considerations. Specifically, the task force must identify the knowledge, skills, and abilities needed by teachers to:

- (1) identify, communicate, and measure outcomes at a school site;
- (2) improve educational instruction to achieve expected outcomes at a school site;
- (3) evaluate peers and make other related personnel decisions at a school site;
- (4) manage organizational and financial needs at a school site;
- (5) undertake duties that would lead to the improvement in the achievement of educational outcomes at either the district level or the school site; and
- (6) identify personal staff development and educational needs to help students in achieving the student's educational outcomes.

The task force shall make a preliminary report on February 1, 1994, and a final report on February 1, 1995, to the education committees of the legislature.

Sec. 27. [GRADUATION RULE ACCELERATION.]

\$5,188,000 in fiscal year 1994 and \$5,188,000 in fiscal year 1995 is appropriated to the department of education for accelerated development of the state board of education high school graduation rule. Of this amount, \$5,000,000 each year is from the general fund and \$188,000 each year is from the special revenue fund. The appropriation is to be used to fund assessment and standards pilot sites; to broaden public understanding of the rule through local public meeting and focus groups, citizens forums, and other general communication; to continue development of curriculum frameworks; for ongoing statewide assessment efforts; and to develop system performance standards. The appropriation from the special revenue fund may be used for development efforts in health-related outcomes. Any amount of this appropriation does not cancel and shall be carried forward to the following fiscal year. Notwithstanding any law to the contrary, the commissioner may contract for national expertise and related services in each of the development areas.

Sec. 28. [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:

<u>\$150,000</u>	<u>.....</u>	<u>1994</u>
<u>\$150,000</u>	<u>.....</u>	<u>1995</u>

Subd. 3. [ADVANCED PLACEMENT AND INTERNATIONAL BACCALAUREATE PROGRAMS.] For the state advanced placement and international baccalaureate programs, including training programs, support programs, and examination fee subsidies:

<u>\$300,000</u>	<u>.....</u>	<u>1994</u>
<u>\$300,000</u>	<u>.....</u>	<u>1995</u>

Subd. 4. [NSF MATH-SCIENCE SYSTEMIC INITIATIVE.] To meet requirements for a proposal to the National Science Foundation for a systemic initiative in mathematics and science:

<u>\$1,500,000</u>	<u>.....</u>	<u>1994</u>
<u>\$1,500,000</u>	<u>.....</u>	<u>1995</u>

This appropriation is not contingent upon receiving funding from the National Science Foundation.Subd. 5. [EDUCATIONAL EFFECTIVENESS.] For educational effectiveness programs according to Minnesota Statutes, sections 121.608 and 121.609:

<u>\$870,000</u>	<u>.....</u>	<u>1994</u>
<u>\$870,000</u>	<u>.....</u>	<u>1995</u>

Subd. 6. [INTERNET.] To provide statewide access to INTERNET for elementary and secondary schools:

<u>\$200,000</u>	<u>.....</u>	<u>1994</u>
<u>\$200,000</u>	<u>.....</u>	<u>1995</u>

Any balance remaining in the first year does not cancel but is available in the second year.Subd. 7. [ACADEMIC EXCELLENCE FOUNDATION.] (a) For the academic excellence foundation according to Minnesota Statutes, section 121.612:

<u>\$525,000</u>	<u>.....</u>	<u>1994</u>
<u>\$525,000</u>	<u>.....</u>	<u>1995</u>

(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 \$265,000 each year is for the foundation's partners for quality initiative.Subd. 8. [ENVIRONMENTAL EDUCATION.] For distributing materials and conducting workshops to implement model K-12 environmental education curriculum integration described in Laws 1991, chapter 254, article 1, section 14, subdivision 5, paragraph (a):

<u>\$60,000</u>	<u>.....</u>	<u>1994</u>
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Any balance remaining in the first year does not cancel but is available in the second year.Subd. 9. [ITV LEVY AID.] For ITV levy aid under section 24:

<u>\$2,681,000</u>	<u>.....</u>	<u>1995</u>
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The appropriation anticipates an entitlement of \$3,154,200 for fiscal year 1995.

Subd. 10. [SCHOOL IMPROVEMENT INCENTIVE GRANTS.] For grants to school improvement incentive sites under section 3:

\$125,000	.....	1994
\$125,000	.....	1995

Subd. 11. [SCHOOL RESTRUCTURING GRANTS.] For school restructuring grants under section 22:

\$500,000	1995
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This appropriation does not cancel.

Up to \$100,000 of this amount may be used for a grant to a nonstate organization to develop systemic site decision making models.

Subd. 12. [EXCHANGE AND TEMPORARY ASSIGNMENT PROGRAMS.] For faculty exchange, and temporary assignment programs according to Minnesota Statutes, section 125.138:

\$75,000	1994
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This appropriation is available until June 30, 1995.

Subd. 13. [STAFF DEVELOPMENT INCENTIVE.] For staff development incentives:

\$100,000	1994
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This appropriation is available until June 30, 1995.

Sec. 29. [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. 30. [MINNESOTA HUMANITIES COMMISSION.]

(a) \$325,000 in fiscal year 1994 and \$325,000 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 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.

Sec. 31. [REPEALER.]

Minnesota Statutes 1992, sections 121.609; 124A.27, subdivisions 1 to 9; and 125.185, subdivision 4a, are repealed July 1, 1993.

Sec. 32. [EFFECTIVE DATE.]

Section 19 remains in effect until July 1, 1995.

ARTICLE 8

OTHER EDUCATION PROGRAMS

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 shall reimburse schools in the amount of 5.1 cents for each fully paid breakfast and for each free and reduced price breakfast not eligible for the "severe need" rate.

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 \$197 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. Minnesota Statutes 1992, section 124.916, subdivision 2, is amended to read:

Subd. 2. [RETIRED EMPLOYEE HEALTH BENEFITS.] For taxes payable in ~~1993 and 1994~~ and 1995 only, a school district may levy an amount up to the amount the district is required by the collective bargaining agreement in effect on March 30, 1992, to pay for health insurance or unreimbursed medical expenses for licensed and nonlicensed employees who have terminated services in the employing district and withdrawn from active teaching service or other active service, as applicable, before July 1, 1992. The total amount of the levy each year may not exceed \$300,000.

Notwithstanding section 121.904, 50 percent of the proceeds of this levy shall be recognized in the fiscal year in which it is certified.

Sec. 6. Minnesota Statutes 1992, section 124.916, subdivision 3, is amended to read:

Subd. 3. ~~[MINNEAPOLIS CIVIL SERVICE RETIREMENT LEVIES.]~~ (1) In addition to the excess levy authorized in 1976 any district within a city of the first class which was authorized in 1975 to make a retirement levy under Minnesota Statutes 1974, section 275.127 and chapter 422A may levy an amount per pupil unit which is equal to the amount levied in 1975 payable 1976, under Minnesota Statutes 1974, section 275.127 and chapter 422A, divided by the number of pupil units in the district in 1976-1977.

(2) In 1979 and each year thereafter, any district which qualified in 1976 for an extra levy under clause (1) shall be allowed to levy the same amount as levied for retirement in 1978 under this clause reduced each year by ten percent of the difference between the amount levied for retirement in 1971 under Minnesota Statutes 1971, sections 275.127 and 422.01 to 422.54 and the amount levied for retirement in 1975 under Minnesota Statutes 1974, section 275.127 and chapter 422A.

(3) In 1991 and each year thereafter, a district to which this subdivision applies may levy an additional amount required for contributions to the Minneapolis employees retirement fund as a result of the maximum dollar amount limitation on state contributions to the fund imposed under section 422A.101, subdivision 3. The additional levy shall not exceed the most recent amount certified by the board of the Minneapolis employees retirement fund as the district's share of the contribution requirement in excess of the maximum state contribution under section 422A.101, subdivision 3.

(4) For taxes payable in 1994 and thereafter, special school district No. 1, Minneapolis, and independent school district No. 625, St. Paul, may levy for the increase in the employer retirement fund contributions, under Laws 1992, chapter 598, article 5, section 1. Notwithstanding section 121.904, the entire amount of this levy may 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.

(5) If the employer retirement fund contributions under section 354A.12, subdivision 2a, are increased for fiscal year 1994 or later fiscal years, special school district No. 1, Minneapolis, and independent school district No. 625, St. Paul, may levy in payable 1994 or later an amount equal to the amount derived by applying the net increase in the employer retirement fund contribution rate of the respective teacher retirement fund association between fiscal year 1993 and the fiscal year beginning in the year after the levy is certified to the total covered payroll of the applicable teacher retirement fund association. Notwithstanding section 121.904, the entire amount of this levy may 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. If an applicable school district levies under this paragraph, they may not levy under paragraph (4).

(6) In addition to the levy authorized under paragraph 5, special school district No. 1, Minneapolis, may also levy in payable 1994 or later an amount equal to the state aid contribution under section 354A.12, subdivision 3b. Notwithstanding section 121.904, the entire amount of this levy may 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. 7. 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. 8. 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. 9. [125.623] [TEACHERS 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 Hispanic.

Subd. 2. [GRANTS.] The commissioner of education in consultation with the multicultural advisory committee established in section 126.81 shall award grants for professional development programs to recruit and educate people of color in the field of education, including early childhood and parent education. Grant applicants must be a school district with a growing minority population working in collaboration with a state institution of higher education with an approved teacher licensure program or an approved early childhood or parent education licensure program.

Subd. 3. [PROGRAM REQUIREMENTS.] (a) A grant recipient shall recruit persons of color to be teachers in elementary, secondary, early childhood or parent education, and provide support in linking program participants with jobs in the recipient's school district.

(b) A grant recipient shall establish an advisory council composed of representatives of communities of color.

(c) A grant recipient, with the assistance of the advisory council, shall recruit high school students and other persons, support them through the higher education application and admission process, advise them while enrolled and link them with support resources in the college or university and the community.

(d) A grant recipient shall award stipends to students of color enrolled in an approved licensure program to help cover the costs of tuition, student fees, supplies, and books. Stipend awards must be based on a student's financial need and students must apply for any additional financial aid they are eligible for to supplement this program. No more than ten percent of the grant may be used for costs of administering the program. Students must agree to teach in the grantee school district for at least two years after licensure. If the district has no licensed positions open, the student may teach in another district in Minnesota.

(e) The commissioner of education shall consider the following criteria in awarding grants:

(1) whether the program is likely to increase the recruitment and retention of students of color in teaching;

(2) whether grant recipients will recruit paraprofessionals from the district to work in its schools; and

(3) whether grant recipients will establish or have a mentoring program for students of color.

Sec. 10. [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 16, subdivision 10.

Sec. 11. Minnesota Statutes 1992, section 275.48, is amended to read:

275.48 [ADDITIONAL TAX LEVIES IN CERTAIN MUNICIPALITIES.]

When by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the net tax capacity of a city, township or school district for a taxable year is reduced after the taxes for the year have been spread by the county auditor, and when the local tax rate determined by the county auditor based on the original net tax capacity is applied on the reduced net tax capacity and does not produce the full amount of taxes actually levied and certified for that taxable year on the original net tax capacity, the city, township or school district may include an additional amount in its tax levy made following final determination and notice of the reduction in net tax capacity. The amount shall equal the difference between the total amount of taxes actually levied and certified for that taxable year upon the original net tax capacity, not exceeding the maximum amount which could be raised on the net tax capacity as reduced, within existing local tax rate limitations, if any, and the amount of taxes collected for that taxable year on the reduced net tax capacity. The total tax levy authorized for a school district by this section may also include an amount equal to any interest paid on the abatement refunds. The levy for a school district shall be reduced by the total amount of any abatement adjustments received by the district pursuant to section 124.214, subdivision 2, in the same calendar year in which the levy is certified. As part of the certification required by section 124.918, subdivision 1, the commissioner of education shall certify the amount of the abatement levy limitation adjustment for each school district headquartered in that county.

Except for school districts, the amount of taxes so included shall be levied separately and shall be levied in addition to all limitations imposed by law; and further shall not result in any penalty in the nature of a reduction in state aid of any kind.

Sec. 12. 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. 13. [COMMISSIONER APPROVAL; INTEREST ON PAYMENTS.]

For taxes payable in 1994, the commissioner of education must grant approval of all levies for interest payments on abatement refunds. If the total amount of levy would exceed \$1,000,000, the commissioner shall proportionately reduce each district's interest on abatements levy.

Sec. 14. [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 culturally sensitive. The board shall include in the plan how it proposes to assure that the examination questions are culturally sensitive, evaluate interpersonal skills, and more comprehensively assess general knowledge and skills. The board shall seek the assistance of organizations representing diverse cultures in developing the plan. 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 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. 15. 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. 16. [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. 17. [EARLY RETIREMENT INCENTIVE.]

Subdivision 1. [BOARD MUST OFFER.] A school board, a joint vocational technical district under Minnesota Statutes, section 136C.60, or an intermediate school district under Minnesota Statutes, chapter 136D, must offer the early retirement incentive provided in this section to a teacher, as defined in Minnesota Statutes, section 354.05, subdivision 2, or 354A.011, subdivision 27, who is eligible under subdivision 2.

Subd. 2. [ELIGIBILITY.] A teacher is eligible to receive the incentive if the person:

(1) has at least 25 years of combined service credit in any Minnesota public pension plans governed by Minnesota Statutes, section 356.30, subdivision 3, or is at least 65 years old and has at least one year of combined service credit in these pension plans;

(2) upon retirement is immediately eligible for a retirement annuity from a defined benefit plan;

(3) is at least 55 years of age; and

(4) retires on or after May 17, 1993, and before August 1, 1993.

Subd. 3. [INCENTIVE.] For a person who selects the incentive under this section, the multiplier percentage used to calculate the retirement annuity must be increased by .10 for each year of allowable service credit up to 30 years.

Subd. 4. [CONDITIONS.] For purposes of this section, a person retires when the person terminates active employment and applies for retirement benefits. An employee who retires under this section using the rule of 90 must not be included in the calculations required by Minnesota Statutes, section 356.85.

Sec. 18. [EMPLOYER-PAID HEALTH INSURANCE.]

Subdivision 1. [PUBLIC EMPLOYEES.] A school district, intermediate school district, or joint vocational technical district formed under Minnesota Statutes, sections 136C.60 to 136C.69, shall provide employer-paid hospital, medical, and dental benefits to a person who:

(1) is eligible for employer-paid insurance under collective bargaining agreements or personnel plans in effect on the day before the effective date of this section;

(2) has at least 25 years of combined service credit in any Minnesota public pension plans other than volunteer firefighter plans;

(3) has at least as many months of service with the current employer as the number of months younger than age 65 the person is at the time of retirement;

(4) upon retirement is immediately eligible for a retirement annuity if the person is a member of a defined benefit plan;

(5) is at least 55 and not yet 65 years of age; and

(6) in the case of a school district employee, retires on or after May 15, 1993, and before July 21, 1993; and in the case of an employee of another employer in this subdivision, retires on or after July 1, 1993, and before October 1, 1993.

Subd. 2. [CONDITIONS; COVERAGE.] For purposes of this section, a person retires when the person terminates active employment and applies for retirement benefits. The retired employee is eligible for single and dependent coverages and employer payments to which the person was entitled immediately before retirement, subject to any changes in coverage and employer and employee payments through collective bargaining or personnel plans, for employees in positions equivalent to the position from which the employee retired. The retired employee is not eligible for employer-paid life insurance. Eligibility ceases when the retired employee attains the age of 65, or when the employee chooses not to receive the retirement benefits for which the employee has applied, or when the employee is eligible for employer-paid health insurance from a new employer. Coverages must be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program.

Subd. 3. [RULE OF 90.] An employee who retires under this section using the rule of 90 must not be included in the calculations required by Minnesota Statutes, section 356.85.

Subd. 4. [APPLICATION OF OTHER LAWS.] Unilateral implementation of this section by a public employer is not an unfair labor practice for purposes of Minnesota Statutes, chapter 179A. The authority provided in this section for an employer to pay health insurance costs for certain retired employees is not subject to the limits in Minnesota Statutes, section 179A.20, subdivision 2a.

Subd. 5. [SCHOOL DISTRICT LEVY.] A school district may levy the amount necessary to make employer contributions for insurance for retired employees under this section. Notwithstanding Minnesota Statutes, section 121.904, 50 percent of the amount levied must be recognized as revenue for the fiscal year in which the levy is certified. This levy must not be considered in computing the aid reduction under Minnesota Statutes, section 124.155. If a school district levies according to this section, it may not also levy according to Minnesota Statutes, section 122.531, subdivision 9, for eligible employees.

Sec. 19. 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 from one taxpayer 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 attributed to the payment for the following two five fiscal years.

Sec. 20. [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:

\$100,000	.....	1994
\$100,000	.....	1995

(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.

Subd. 3. [TEACHER EDUCATION IMPROVEMENT.] For board of teaching responsibilities relating to implementation of the teaching residency program:

\$300,000	.....	1994
\$300,000	.....	1995

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

Subd. 4. [TEACHER MENTORING PROGRAMS.] For teacher mentoring programs according to Minnesota Statutes, section 125.131:

\$340,000	.....	1994
\$340,000	.....	1995

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

Sec. 21. [MINNESOTA CENTER FOR ARTS EDUCATION APPROPRIATION.]

Subdivision 1. [ARTS CENTER.] The sums indicated in this section are appropriated from the general fund to the Minnesota center for arts education in the fiscal year designated:

\$387,000	.....	1994
\$421,000	.....	1995

Of the fiscal year 1994 appropriation, \$225,000 is to fund artist and arts organization participation in the education residency project, \$75,000 is for school support for the residency project, and \$87,000 is for further development of the partners: arts and school for students (PASS) program, including pilots. Of the fiscal year 1995 appropriation, \$215,000 is to fund artist and arts organizations participation in the education residency project, \$75,000 is for school support for the residency project, and \$121,000 is to fund the PASS program, including additional pilots. The guidelines for the education residency project and the pass program shall be developed and defined by the Minnesota arts board. The Minnesota arts board shall participate in the review and allocation process. The center for arts education shall cooperate with the Minnesota arts board to fund these projects.

Sec. 22. [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:

\$7,334,000	.....	1994
\$7,567,000	.....	1995

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:

\$18,844,000	.....	1994
\$18,844,000	.....	1995

(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. [NONPUBLIC PUPIL AID.] For nonpublic pupil education aid according to Minnesota Statutes, sections 123.931 to 123.947:

\$9,623,000	.....	1994
\$9,696,000	.....	1995

The 1994 appropriation includes \$1,333,000 for 1993 and \$8,290,000 for 1994.

The 1995 appropriation includes \$1,463,000 for 1994 and \$8,233,000 for 1995.

Subd. 5. [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:

\$6,525,000	.....	1994
\$6,525,000	.....	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. 6. [SCHOOL BREAKFAST.] To operate the school breakfast program:

\$200,000	.....	1994
\$200,000	.....	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. 7. [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. 8. [CROSS-CULTURAL INITIATIVES.] For cross-cultural initiatives:

\$135,000	1994.
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(a) \$10,000 is for the State Multicultural Education Advisory Council.

(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. 9. [APPROPRIATIONS FOR SCHOOL DISTRICTS.] For grants to certain school districts:

\$ 50,000	.....	1994
\$ 50,000	.....	1995

\$20,000 in 1994 and \$20,000 in 1995 are for grants to independent school district No. 707, Nett Lake, to pay insurance premiums under Minnesota Statutes, section 466.06.

\$30,000 in 1994 and \$30,000 in 1995 are for grants to independent school district No. 707, Nett Lake, for the payment of obligations of the school district for unemployment compensation. The appropriation must be paid to the appropriate state agency for such purposes in the name of the school district.

Subd. 10. [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.

Subd. 11. [CAREER TEACHER AID.] For career teacher aid according to Minnesota Statutes, section 124.276:

<u>\$250,000</u>	<u>....</u>	<u>1994</u>
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Any unexpended balance remaining in the first year does not cancel but is available in the second year.

Notwithstanding Minnesota Statutes 1989 Supplement, section 124.276, subdivision 2, the aid may be used for the increased district contribution to the teachers' retirement association and to FICA resulting from the portion of the teaching contract that is in addition to the standard teaching contract of the district.

Subd. 12. [TEACHERS OF COLOR PROGRAM.] For grants to school districts for the teachers of color program:

<u>\$300,000</u>	<u>....</u>	<u>1994</u>
<u>\$300,000</u>	<u>....</u>	<u>1995</u>

Of this appropriation, at least \$75,000 each fiscal year shall be for educating people of color to be early childhood and parent educators.

Subd. 13. [EDUCATION IN AGRICULTURE LEADERSHIP COUNCIL.] For operating expenses of the Minnesota education in agriculture leadership council.

<u>\$50,000</u>	<u>....</u>	<u>1994</u>
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Any balance in the first year does not cancel but is available in the second year.

Sec. 23. [EFFECTIVE DATE.]

Section 11 is effective July 1, 1993, and applies for the first time to levies for 1993 taxes payable in 1994.

Sections 16 and 19 are effective the day following final enactment.

Section 14 is effective the day after final enactment.

Section 17 is effective the day following final enactment.

ARTICLE 9

MISCELLANEOUS

Section 1. 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. 2. Minnesota Statutes 1992, section 120.064, subdivision 1, is amended to read:

Subdivision 1. [PURPOSES.] (a) The purpose of this section is to:

- (1) improve pupil learning;
- (2) increase learning opportunities for pupils;
- (3) encourage the use of different and innovative teaching methods;
- (4) require the measurement of learning outcomes and create different and innovative forms of measuring outcomes;
- (5) establish new forms of accountability for schools; or
- (6) create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site.

(b) This section does not provide a means to keep open a school that otherwise would be closed. Applicants in these circumstances bear the burden of proving that conversion to an outcome-based school fulfills a purpose specified in this subdivision, independent of the school's closing.

Sec. 3. Minnesota Statutes 1992, section 120.064, subdivision 3, is amended to read:

Subd. 3. [SPONSOR.] ~~(a)~~ A school board may sponsor ~~an~~ one or more outcome-based ~~school~~ schools.

(b) A school board may authorize a maximum of ~~two~~ five outcome-based schools. No more than a total of ~~eight~~ 20 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. 4. 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. If a school board elects not to sponsor an outcome-based school, the applicant may appeal the school board's decision to the state board of education if two members of the school board voted to sponsor the school. If the state board authorizes the school, the state board shall sponsor the school according to this section. The teachers ~~school~~ shall organize be organized and operate a school operated as a cooperative under chapter 308A or nonprofit corporation under chapter 317A.

(b) ~~Before a teacher the operators 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. 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 operators~~ authorized to organize and operate a school shall hold an election for members of the school's board of directors in a timely manner after the school is operating. ~~All~~ Any staff members who are employed at the school, including teachers providing instruction under a contract with a cooperative, and all parents of children enrolled in the school may participate in the election. Licensed teachers employed at the school, including teachers providing instruction under a contract with a cooperative, must be a majority of the members of the board of directors. A provisional board may operate before the election of the school's 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. 5. Minnesota Statutes 1992, section 120.064, is amended by adding a subdivision to read:

Subd. 4a. [CONVERSION OF EXISTING SCHOOLS.] A school board may convert one or more of its existing schools to outcome-based schools under this section if 90 percent of the full-time teachers at the school sign a petition seeking conversion. The conversion must occur at the beginning of an academic year.

Sec. 6. Minnesota Statutes 1992, section 120.064, subdivision 5, is amended to read:

Subd. 5. [CONTRACT.] 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. The contract for an outcome-based school shall be in writing and contain at least the following:

- (1) a description of a program that carries out one or more of the purposes in subdivision 1;
- (2) specific outcomes pupils are to achieve under subdivision 10;
- (3) admission policies and procedures;
- (4) management and administration of the school;
- (5) requirements and procedures for program and financial audits;
- (6) how the school will comply with subdivisions 8, 13, 15, and 21;
- (7) assumption of liability by the outcome-based school;
- (8) types and amounts of insurance coverage to be obtained by the outcome-based school; and
- (9) the term of the contract which may be up to three years.

Sec. 7. Minnesota Statutes 1992, section 120.064, subdivision 8, is amended to read:

Subd. 8. [REQUIREMENTS.] (a) An outcome-based school shall meet the same all applicable state and local health and safety requirements ~~required of a school district~~.

(b) The school must be located in ~~Minnesota~~ the sponsoring district, unless another school board agrees to locate an outcome-based school sponsored by another district in its boundaries. Its specific location may not be prescribed or limited by a sponsor or other authority except a zoning authority. If a school board denies a request to locate within its boundaries an outcome-based school sponsored by another district, the sponsoring district may appeal to the state board of education. If the state board authorizes the school, the state board shall sponsor the school.

(c) The school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. A sponsor may not authorize an outcome-based school or program that is affiliated with a nonpublic sectarian school or a religious institution.

(d) The primary focus of the school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people younger than five years and older than 18 years of age.

(e) The school may not charge tuition.

(f) The school is subject to and shall comply with chapter 363 and section 126.21.

(g) The school is subject to and shall comply with the pupil fair dismissal act, sections 127.26 to 127.39, and the Minnesota public school fee law, sections 120.71 to 120.76.

(h) The school is subject to the same financial audits, audit procedures, and audit requirements as a school district. The audit must be consistent with the requirements of sections 121.901 to 121.917, except to the extent deviations are necessary because of the program at the school. The department of education, state auditor, or legislative auditor may conduct financial, program, or compliance audits.

(i) The school is a school district for the purposes of tort liability under chapter 466.

Sec. 8. Minnesota Statutes 1992, section 120.064, subdivision 9, is amended to read:

Subd. 9. [ADMISSION REQUIREMENTS.] The school may limit admission to:

(1) pupils within an age group or grade level;

(2) people who are eligible to participate in the high school graduation incentives program under section 126.22;
or

(3) ~~pupils who have a specific affinity for the school's teaching methods, the school's learning philosophy, or a subject such as mathematics, science, fine arts, performing arts, or a foreign language; or~~

(4) residents of a specific geographic area if where the percentage of the population of non-Caucasian people ~~in the geographic of that area~~ is greater than the percentage of the non-Caucasian population in the congressional district in which the geographic area is located, and as long as the school reflects the racial and ethnic diversity of ~~that the~~ specific area.

The school shall enroll an eligible pupil who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, pupils shall be accepted by lot.

The school may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability.

Sec. 9. Minnesota Statutes 1992, section 120.064, subdivision 11, is amended to read:

Subd. 11. [EMPLOYMENT AND OTHER OPERATING MATTERS.] The ~~school's board of directors~~ school shall employ ~~and or~~ contract with necessary teachers, as defined by section 125.03, subdivision 1, who hold valid licenses to perform the particular service for which they are employed in the school. The ~~board~~ school may employ necessary employees who are not required to hold teaching licenses to perform duties other than teaching and may contract for other services. The ~~board~~ school may discharge teachers and nonlicensed employees.

The board of directors also shall decide matters related to the operation of the school, including budgeting, curriculum and operating procedures.

Sec. 10. Minnesota Statutes 1992, section 120.064, subdivision 16, is amended to read:

Subd. 16. [LEASED SPACE.] The school may lease space from a board eligible to be a sponsor or other public or private nonprofit nonsectarian organization. If a school is unable to lease appropriate space from an eligible board or other public or private nonprofit nonsectarian organization, the school may lease space from another nonsectarian organization if the department of education, in consultation with the department of administration, approves the lease.

Sec. 11. Minnesota Statutes 1992, section 120.064, subdivision 18, is amended to read:

Subd. 18. [DISSEMINATE INFORMATION.] The sponsor, the operators, and the department of education must disseminate information to the public, ~~directly and through sponsors,~~ on how to form and operate an outcome-based school and how to utilize the offerings of an outcome-based school. Particular groups to be targeted include low-income families and communities, and students of color.

Sec. 12. Minnesota Statutes 1992, section 120.064, subdivision 21, is amended to read:

Subd. 21. [CAUSES FOR NONRENEWAL OR TERMINATION.] (a) The duration of the contract with a sponsor shall be for the term contained in the contract according to subdivision 5. The sponsor, ~~subject to state board of education approval,~~ may or may not renew a contract at the end of the term for any ground listed in paragraph (b). A sponsor ~~or the state board~~ may unilaterally terminate a contract during the term of the contract for any ground listed in paragraph (b). At least 60 days before not renewing or terminating a contract, the sponsor, ~~or the state board if the state board is acting to terminate a contract,~~ shall notify the board of directors of the school of the proposed action in writing. The notice shall state the grounds for the proposed action in reasonable detail and that the school's board of directors may request in writing an informal hearing before the sponsor ~~or the state board~~ within 14 days of receiving notice of nonrenewal or termination of the contract. Failure by the board of directors to make a written request for a hearing within the 14-day period shall be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing, the sponsor ~~or the state board~~ shall give reasonable notice to the school's board of directors of the hearing date. The sponsor ~~or the state board~~ shall conduct an informal hearing before taking final action. The sponsor shall take final action to renew or not renew a contract by the last day of classes in the school year. If the sponsor is a local school board, the school's board of directors may appeal the sponsor's decision to the state board of education.

(b) A contract may be terminated or not renewed upon any of the following grounds:

- (1) failure to meet the requirements for pupil performance contained in the contract;
- (2) failure to meet generally accepted standards of fiscal management;
- (3) for violations of law; or
- (4) other good cause shown.

If a contract is terminated or not renewed, the school shall be dissolved according to the applicable provisions of chapter 308A or 317A.

Sec. 13. 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. 14. 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. 15. 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. 16. 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. 17. Minnesota Statutes 1992, section 121.16, is amended by adding a subdivision to read:

Subd. 1a. The commissioner shall review all education-related mandates in state law or rule once every four years to determine which mandates fail to adequately promote public education in the state. The commissioner shall report the findings of the review to the education committees of the legislature by February 1 in the year following the completion of the review.

Sec. 18. Minnesota Statutes 1992, section 122.23, subdivision 18, is amended to read:

Subd. 18. (a) The county auditor shall determine a date, not less than 20 nor more than 60 days from the date that the order setting the effective date of the consolidation according to subdivision 13 was issued, upon which date shall be held a special election in the district for the purpose of electing a board of six members for terms as follows: two until the July 1 one year after the effective date of the consolidation, two until the expiration of one year from said July 1, and two until the expiration of two years from said July 1, to hold office until a successor is elected and qualifies according to provisions of law governing the election of board members in independent districts. If the resolution or petition for consolidation pursuant to subdivision 2 proposed that the board of the newly created district consists of seven members, then seven members shall be elected at this election for the terms provided in this clause except that three members shall hold office until the expiration of two years from said July 1. If the resolution or petition for consolidation pursuant to subdivision 2 proposed the establishment of separate election districts, these members shall be elected from separate election districts according to the provisions of that resolution or petition and of chapter 205A.

(b) The county auditor shall give ten days' posted notice of election in the area in which the election is to be held and also if there be a newspaper published in the proposed new district, one weeks' published notice shall be given. The notice shall specify the time, place, and purpose of the election.

(c) Any person desiring to be a candidate for a school election shall file an application with the county auditor to have the applicant's name placed on the ballot for such office, specifying the term for which the application is made. The application shall be filed not less than 12 days before the election.

(d) The county auditor shall prepare, at the expense of the county, necessary ballots for the election of officers, placing thereon the names of the proposed candidates for each office. The ballots shall be marked and signed as official ballots and shall be used exclusively at the election. The county auditor shall determine the number of voting precincts and the boundaries of each. The county auditor shall determine the location of polling places and the hours the polls shall be open and shall appoint three election judges for each polling place who shall act as clerks of election. Election judges shall certify ballots and results to the county auditor for tabulation and canvass.

(e) After making a canvass and tabulation, the county auditor shall issue a certificate of election to the candidate for each office who received the largest number of votes cast for the office. The county auditor shall deliver such certificate to the person entitled thereto by certified mail, and each person so certified shall file an acceptance and oath of office with the county auditor within 30 days of the date of mailing of the certificate. A person who fails to qualify prior to the time specified shall be deemed to have refused to serve, but such filing may be made at any time before action to fill vacancy has been taken.

(f) The board of each district included in the new enlarged district shall continue to maintain school therein until the effective date of the consolidation. Such boards shall have power and authority only to make such contracts, to do such things as are necessary to maintain properly the schools for the period prior to that date, and to certify to the county auditor according to levy limitations applicable to the component districts the taxes collectible in the calendar year when the consolidation becomes effective.

(g) It shall be the immediate duty of the newly elected board of the new enlarged district, when the members thereof have qualified and the board has been organized, to plan for the maintenance of the school or schools of the new district for the next school year, to enter into the necessary negotiations and contracts for the employment of personnel, purchase of equipment and supplies, and other acquisition and betterment purposes, when authorized by the voters to issue bonds under the provisions of chapter 475; and on the effective date of the consolidation to assume the full duties of the care, management and control of the new enlarged district. The board of the new enlarged district shall give due consideration to the feasibility of maintaining such existing attendance centers and of establishing such other attendance centers, especially in rural areas, as will afford equitable and efficient school administration and assure the convenience and welfare of the pupils residing in the enlarged district. The obligations of the new board to teachers employed by component districts shall be governed by the provisions of section 122.532. The obligations of the new board to nonlicensed employees employed by component districts is governed by subdivision 18a.

Sec. 19. Minnesota Statutes 1992, section 122.23, is amended by adding a subdivision to read:

Subd. 18a. [NONLICENSED EMPLOYEES.] (a) As of the effective date of a consolidation of two or more districts or parts of them, each nonlicensed employee employed by an affected district must be assigned to the newly created district.

(b) As of the effective date of a consolidation, any employee organization may petition the commissioner of the bureau of mediation services for a certification election under chapter 179A. An organization certified as the exclusive representative for nonlicensed employees in a particular preexisting district continues as the exclusive representative for those particular employees for a period of 90 days from the effective date of a consolidation. If a petition for representation of nonlicensed employees is filed within 90 days, an exclusive representative for those particular nonlicensed employees continues as the exclusive representative until the bureau of mediation services certification proceedings are concluded.

(c) The terms and conditions of employment of nonlicensed employees assigned to the newly created district are temporarily governed by contracts executed by an exclusive representative for a period of 90 days from the effective date of the consolidation. If a petition for representation is filed with the bureau of mediation services within the 90 days, the contractual terms and conditions of employment for those nonlicensed employees who were governed by a preexisting contract continue in effect until the bureau of mediation services proceedings are concluded and, if an exclusive representative has been elected, until successor contracts are executed between the board of the newly created district and the new exclusive representative. The terms and conditions of employment of nonlicensed employees assigned to the newly created district who were not governed by a collective bargaining agreement at the time of the consolidation are governed by the policies of the board of the newly created district.

(d) The date of first employment in the newly created district is the date on which services were first performed by the employee in the preexisting district. Any sick leave, vacation time, or severance pay benefits accumulated under policies of the preexisting district or contracts between the exclusive representatives and the board of the preexisting district continue to apply in the newly created district to the employees of the preexisting districts, subject to any maximum accumulation limitations negotiated in a successor contract. Future leaves of absence, vacations, or other benefits to be accumulated in the newly created district are governed by board policy or by contract between the exclusive representative of an appropriate unit of employees and the board of the newly created district. The board of the newly created district shall provide, to transferred nonlicensed employees, open enrollment in all insurance plans with no limit on preexisting conditions.

Sec. 20. 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. 21. 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 employed to provide special education services will be afforded rights to employment by the withdrawing district according to subdivision 9.

Sec. 22. Minnesota Statutes 1992, section 123.34, subdivision 9, is amended to read:

Subd. 9. [SUPERINTENDENT.] 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 shall not, by action or inaction, extend the duration of an existing employment contract. Beginning 365 days prior to the expiration date of an existing employment contract, a school board may negotiate and enter into a subsequent employment contract to take effect upon the expiration of the existing contract. A subsequent contract shall be contingent upon the employee completing the terms of an existing contract. If a contract between a school board and a superintendent is terminated prior to the date specified in the contract, the school board may not enter into another superintendent contract with that same individual that has a term that extends beyond the date specified in the terminated 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.

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~~ 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. 24. 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. 25. 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. 26. 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. 27. 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. 28. 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. 29. 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. 30. 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. 31. 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 revenue received from any source, other than revenue that is specifically allowed for operational, maintenance, capital facilities revenue under paragraph (c), 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 revenue from any source under this paragraph must be returned to that revenue source or conveyed to the sponsoring school district, at the discretion of the revenue source.

(c) An outcome-based school may receive money from any source for capital facilities needs. Any unexpended capital facilities revenue must be reserved and shall be expended only for future capital facilities purposes.

Sec. 32. 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. 33. 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. 34. 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, 1996.

Sec. 35. [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. This section expires August 1, 1996.

Sec. 36. 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. 37. 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. 38. 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. 39. 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. 40. Minnesota Statutes 1992, section 128C.02, is amended by adding a subdivision to read:

Subd. 7. [WOMEN REFEREES.] The league shall adopt league rules and policy requiring, to the extent possible, the equal employment of women as referees for high school activities and sports contests, from game level to tournament level.

Sec. 41. 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. 42. Minnesota Statutes 1992, section 144.4165, is amended to read:

144.4165 [TOBACCO PRODUCTS PROHIBITED IN PUBLIC SCHOOLS.]

No person shall at any time smoke or use any other, chew, or otherwise ingest tobacco or a tobacco product in a public school, as defined in section 120.05, subdivision 2. This prohibition extends to all facilities, whether owned, rented, or leased, and all vehicles that a school district owns, leases, rents, contracts for, or controls. This prohibition does not apply to a technical college. Nothing in this section shall prohibit the lighting of tobacco by an adult as a part of a traditional Indian spiritual or cultural ceremony. For purposes of this section, an Indian is a person who is a member of an Indian tribe as defined in section 257.351, subdivision 9.

Sec. 43. Minnesota Statutes 1992, section 471.88, is amended by adding a subdivision to read:

Subd. 16. [SCHOOL DISTRICT.] Notwithstanding subdivision 5, a school board member may be newly employed or may continue to be employed by a school district as an employee only if there is a reasonable expectation at the beginning of the fiscal year or at the time the contract is entered into or extended that the amount to be earned by that officer under that contract or employment relationship will not exceed \$5,000 in that fiscal year. Notwithstanding section 125.12 or 125.17 or other law, if the officer does not receive unanimous approval to continue in employment at a meeting at which all board members are present, that employment is immediately terminated and that officer has no further rights to employment while serving as a school board member in the district.

Sec. 44. Minnesota Statutes 1992, section 609.685, subdivision 3, is amended to read:

Subd. 3. [PETTY MISDEMEANOR.] Whoever uses smokes, chews, or otherwise ingests, purchases, or attempts to purchase tobacco or tobacco related devices and is under the age of 18 years is guilty of a petty misdemeanor. This subdivision does not apply to a person under the age of 18 years who purchases or attempts to purchase tobacco or tobacco related devices while under the direct supervision of a responsible adult for training, education, research, or enforcement purposes.

Sec. 45. Minnesota Statutes 1992, section 609.685, is amended by adding a subdivision to read:

Subd. 5. [EXCEPTION.] Notwithstanding subdivision 2, an Indian may furnish tobacco to an Indian under the age of 18 years if the tobacco is furnished as part of a traditional Indian spiritual or cultural ceremony. For purposes of this subdivision, an Indian is a person who is a member of an Indian tribe as defined in section 257.351, subdivision 9.

Sec. 46. [DESEGREGATION RULE.]

Subdivision 1. [MEETINGS.] The state board of education shall convene several roundtable discussion meetings to address issues regarding the board's proposed changes to the desegregation and inclusive education rules. Participants in these discussion meetings shall include, but not be limited to, representatives of the three cities of the first class, NAACP, Urban League, Urban Coalition, American Indian Affairs Council, Asian-Pacific Council, Spanish-Speaking Affairs Council, Centro Cultural Chicano, Chicanos y Latinos Unidos En Servicio, Division of Indian Works, Lao Family Community of Minnesota, Women's Association of Hmong and Lao, Hmong American Partnership, Council on Black Minnesotans, state board's desegregation task forces, parents, students, and representatives of suburban districts.

Subd. 2. [DISCUSSION ISSUES.] (a) The purpose of these discussions shall be to recommend changes in the desegregation rule to better fulfill the promise of equal educational opportunity articulated in the landmark United States Supreme Court case of Brown v. Board of Education.

(b) The issues to be discussed at these meetings shall at minimum include:

- (1) standards for approving or disapproving desegregation plans;
- (2) implementation and compliance issues;
- (3) thresholds for requiring desegregation plans;
- (4) legally permissible alternative approaches to meeting the needs of students of color;
- (5) methods for preventing resegregation in urban districts, including metropolitanwide desegregation approaches;
- (6) fiscal implications of proposed changes;
- (7) housing and transportation issues relating to segregation;
- (8) a review of current demographics and enrollment trends; and
- (9) how all students may participate in open enrollment under a desegregation plan.

Subd. 3. [RESOURCE PERSONS; STAFF.] The state board shall utilize nationally known legal and research experts to the extent possible to assist in the discussions. The department of education shall provide staff for these meetings.

Subd. 4. [REPORT.] The state board of education shall report to the legislature on the results of these discussions by January 1, 1994, prior to commencing the formal rulemaking process.

Sec. 47. [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. 48. [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. 49. [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, 1994. 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. The exemptions do not apply to the school board of the school district in which the participating school is located.

(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. 50. [STUDY ON TRAINING OPPORTUNITIES FOR WOMEN REFEREES.]

The Minnesota state high school league shall submit a written report to the education committees of the legislature by February 15, 1994, analyzing the extent of the opportunities available for women to train and serve as referees at league-sponsored events.

Sec. 51. [INDEPENDENT SCHOOL DISTRICT NO. 206, ALEXANDRIA; ELECTIONS.]

Notwithstanding Laws 1987, chapter 96, relating to the beginning of the term of office for newly elected board members, the terms of office for newly elected board members of independent school district No. 206, Alexandria, begin and end as provided for in Minnesota Statutes, section 205A.04, subdivision 1.

Sec. 52. [EXEMPTIONS; EIGHT-PERIOD SCHEDULE.]

(a) Notwithstanding Minnesota Statutes, sections 120.101, subdivision 5; 120.66; 121.585; 124.19, subdivisions 1, 4, 6, and 7; 124C.46, subdivision 3; 126.12, subdivision 1; or any other law to the contrary, independent school district No. 279, Osseo, may adopt for the 1993-1994, 1994-1995, and 1995-1996 school years an alternating eight-period schedule for secondary school students composed of four 85-minute periods per day held on alternating school days. The purpose of the alternating eight-period schedule is to enable the school district to temporarily meet its increasing needs for additional space due to enrollment increases at the secondary level. The new schedule must not change district curricular offerings, transportation schedules, the length of employees' workday, or extracurricular activities. The district must offer registered secondary students the opportunity to enroll in a minimum of five classes in an eight-period schedule.

(b) The district may adopt the eight-period schedule without loss of state aid if the district meets the requirements of paragraph (a). The commissioner of education, in consultation with the district, shall determine the minimum number of instructional hours so that the district is eligible for the full amount of general education revenue.

(c) The district may adopt the eight-period schedule only upon school board resolution following a public hearing. Notice of the hearing must be published in the official newspaper at least one week in advance.

(d) Any student affected by the eight-period schedule is exempt from the enrollment options program deadline in Minnesota Statutes, section 120.062.

(e) The district, with the assistance of the department of education, shall conduct a study of the impact of the eight-period schedule on student performance. The district shall include information on cohorts before adopting an eight-period schedule and compare them to students enrolled in a program using an eight-period schedule. The district shall conduct a survey of students and parents on the effectiveness of the eight-period schedule. The department shall evaluate the financial impact of the eight-period schedule. The district shall make a preliminary report on the effectiveness of the eight-period schedule to the legislature by January 15, 1995, and a final report by January 15, 1997.

Sec. 53. [SPECIAL EFFECTIVE DATE AND APPLICABILITY TO THE TODD - OTTER TAIL - WADENA SPECIAL EDUCATION COOPERATIVE.]

Sections 20 and 21 apply to the Todd - Otter Tail - Wadena special education cooperative and its participating school districts: independent school district No. 543, Deer Creek; independent school district No. 545, Henning; independent school district No. 549, Perham-Dent; independent school district No. 553, New York Mills; independent school district No. 786, Bertha-Hewitt; independent school district No. 818, Verndale; independent school district No. 819, Wadena; independent school district No. 820, Sebeka; and independent school district No. 821, Menahga, and are effective the day following their final enactment. If the board of any participating school district has given notice of intent to withdraw from special education services provided by the cooperative before final enactment, 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. 54. [REPEALER.]

Laws 1991, chapter 265, article 4, section 29, is repealed the day after final enactment of this article.

Minnesota Statutes 1992, sections 120.0621, subdivision 5, and 121.87, are repealed.

Sec. 55. [EFFECTIVE DATES.]

Section 16 is effective when the term of the office of governor ends on the first Monday in January 1995.

Sections 24, 28, and 29 are effective retroactive to July 1, 1991, and apply for fiscal year 1992 and thereafter.

Section 49 is effective the day after its final enactment.

Section 51 is effective the day after the clerk of the school board of independent school district No. 206, Alexandria, complies with Minnesota Statutes, section 645.021, subdivision 3. Section 52 is effective the day following final enactment and remains in effect only through the 1995-1996 school year. Sections 36 and 43 are effective June 30, 1993.

Section 31 applies to outcome-based schools approved after the effective date of section 31.

ARTICLE 10

LIBRARIES

Section 1. [LIBRARY 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:

\$7,819,000	.....	1994
\$7,819,000	.....	1995

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:

\$527,000	.....	1994
\$527,000	.....	1995

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:

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

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. Minnesota Statutes 1992, section 124C.08, subdivision 1, is amended to read:

Subdivision 1. [FUNDING.] 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 Minnesota center for arts education.

Sec. 3. Minnesota Statutes 1992, section 124C.08, subdivision 2, is amended to read:

Subd. 2. [CRITERIA.] The department of education center, in consultation with the comprehensive arts planning program state steering committee, shall establish criteria for site selection. Criteria shall include at least the following:

- (1) a willingness by the district or group of districts to designate a program chair for comprehensive arts planning with sufficient authority to implement the program;
- (2) a willingness by the district or group of districts to create a committee comprised of school district and community people whose function is to promote comprehensive arts education in the district;
- (3) commitment on the part of committee members to participate in training offered by the department of education;
- (4) a commitment of the committee to conduct a needs assessment of arts education;

- (5) commitment by the committee to evaluating its involvement in the program;
- (6) a willingness by the district to adopt a long-range plan for arts education in the district;
- (7) no previous involvement of the district in the comprehensive arts planning program, unless that district has joined a new group of districts; and
- (8) location of the district or group of districts to assure representation of urban, suburban, and rural districts and distribution of sites throughout the state.

Sec. 4. Minnesota Statutes 1992, section 124C.09, is amended to read:

124C.09 [DEPARTMENT RESPONSIBILITY.]

The ~~department of education~~ Minnesota center for arts education, in cooperation with the Minnesota alliance for arts in education, ~~and the Minnesota state arts board, and the Minnesota center for arts education~~ shall provide materials, training, and assistance to the arts education committees in the school districts. The ~~department center~~ may contract with the Minnesota alliance for arts in education for its involvement in providing services, including staff assistance, to the program.

Sec. 5. [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. 6. Minnesota Statutes 1992, section 171.29, subdivision 2, is amended to read:

Subd. 2. [FEES, ALLOCATION.] (a) A person whose drivers license has been revoked as provided in subdivision 1, except under section 169.121 or 169.123, shall pay a \$30 fee before the person's drivers license is reinstated.

(b) A person whose drivers license has been revoked as provided in subdivision 1 under section 169.121 or 169.123 shall pay a \$250 fee before the person's drivers license is reinstated to be credited as follows:

- (1) 20 percent shall be credited to the trunk highway fund;
- (2) 55 percent shall be credited to the general fund;

(3) eight percent shall be credited to a separate account to be known as the bureau of criminal apprehension account. Money in this account may be appropriated to the commissioner of public safety and shall be divided as follows: eight percent for laboratory costs; two percent for carrying out the provisions of section 299C.065;

(4) 12 percent shall be credited to a separate account to be known as the alcohol-impaired driver education account. Money in the account may be appropriated to the commissioner of education for ~~grants to develop alcohol-impaired driver education and chemical abuse prevention programs in elementary and secondary schools. The state board of education shall establish guidelines for the distribution of the grants. At least \$70,000 must be awarded in grants to local school districts; and~~

(5) five percent shall be credited to a separate account to be known as the traumatic brain injury and spinal cord injury account. \$100,000 is annually appropriated from the account to the commissioner of human services for traumatic brain injury case management services. The remaining money in the account is annually appropriated to the commissioner of health to establish and maintain the traumatic brain injury and spinal cord injury registry created in section 144.662 and to reimburse the commissioner of jobs and training for the reasonable cost of services provided under section 268A.03, clause (o).

Sec. 7. [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.

\$14,564,000	.....	1994
\$14,587,000	.....	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.

\$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.

\$120,000 each year is for facilities planning, coordination of facility needs between school districts, and for review and comment on school construction projects.

\$45,000 each year must be used to assist districts with the assurance of mastery program.

The expenditures of federal grants and aids as shown in the biennial budget document are approved and appropriated and shall be spent as indicated.

The board of teaching budget is not exempt from internal reallocations and reductions required to balance the budget of the combined agencies.

The commissioner shall maintain no more than five total complement in the categories of commissioner, deputy commissioner, assistant commissioner, assistant to the commissioner, and executive assistant.

The department of education may establish full-time, part-time, or seasonal positions as necessary to carry out assigned responsibilities and missions. 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. 8. [FARIBAULT ACADEMIES APPROPRIATION.]

The sums indicated in this section are appropriated from the general fund to the department of education for the Faribault Academies:

<u>\$7,784,000</u>	<u>.....</u>	<u>1994</u>
<u>\$8,053,000</u>	<u>.....</u>	<u>1995</u>

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. 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. 9. [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:

<u>\$4,853,000</u>	<u>.....</u>	<u>1994</u>
<u>\$4,853,000</u>	<u>.....</u>	<u>1995</u>

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

The center must provide assistance to the department of education for learner outcome development and assessment in the arts. If a reduction in programs is required under this section, no more than 40 percent of the reduction shall occur in resource center programs.

\$38,000 each year is for grants according to section 124C.08. The center must provide technical assistance as necessary.

The Minnesota center for arts education may establish full-time, part-time, or seasonal positions as necessary to carry out assigned responsibilities and missions. 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. 10. [REPEALER.]

Minnesota Statutes 1992, sections 126A.02, subdivision 1, and 126A.03, are repealed.

ARTICLE 12

MANDATE REPEALS
OMNIBUS EDUCATION MANDATE REPEAL ACT
TO PROMOTE LOCAL FLEXIBILITY AND INNOVATION IN THE CLASSROOM

Section 1. [PURPOSE.]

The legislature recognizes the need to give communities more local control over education so they can better fulfill the public school system's mission of ensuring individual academic achievement, an informed citizenry, and a highly productive work force. The purpose of this act is to repeal or modify restrictive and unnecessary mandates that hamper flexibility and innovation. The state's focus should be on performance rather than procedures. By decentralizing decision-making and emphasizing result-oriented rulemaking, this act also furthers the legislature's goal of moving from a means-based system of education to one that is accountable for outcomes.

MINNESOTA STATUTES

Sec. 2. Minnesota Statutes 1992, section 121.11, subdivision 7, is amended to read:

Subd. 7. [GENERAL SUPERVISION OVER EDUCATIONAL AGENCIES.] The state board of education shall adopt goals for and exercise general supervision over public schools and public educational agencies in the state, classify and standardize public elementary and secondary schools, and prepare for them outlines and suggested courses of study. The board shall develop a plan to attain the adopted goals. At the board's request, the commissioner may assign department of education staff to assist the board in attaining its goals. The commissioner shall explain to the board in writing any reason for refusing or delaying a request for staff assistance. ~~The board shall establish rules relating to examinations, reports, acceptances of schools, courses of study, and other proceedings in connection with elementary and secondary schools applying for special state aid.~~ The state board may recognize educational accrediting agencies for the sole purposes of sections 120.101, 120.102, and 120.103.

Sec. 3. Minnesota Statutes 1992, section 121.11, is amended by adding a subdivision to read:

Subd. 7b. [ADMINISTRATIVE RULES.] The state board may adopt new rules and amend them or amend any of its existing rules only under specific authority. The state board may repeal any of its existing rules. Notwithstanding the provisions of section 14.05, subdivision 4, the state board may grant a variance to its rules upon application by a school district for purposes of implementing experimental programs in learning or school management. This subdivision shall not prohibit the state board from making technical changes or corrections to its rules.

Sec. 4. Minnesota Statutes 1992, section 121.11, is amended by adding a subdivision to read:

Subd. 7c. [RESULTS-ORIENTED GRADUATION RULE.] The legislature is committed to establishing a rigorous, results-oriented graduation rule for Minnesota's public school students. To that end, the state board shall use its rulemaking authority under subdivision 7b to adopt a statewide, results-oriented graduation rule to be implemented starting with students beginning high school in 1996. The board shall not prescribe in rule or otherwise the delivery system, form of instruction, or a single statewide form of assessment that local sites must use to meet the requirements contained in this rule.

Sec. 5. Minnesota Statutes 1992, section 121.11, is amended by adding a subdivision to read:

Subd. 7d. [DESEGREGATION, INCLUSIVE EDUCATION, AND LICENSURE RULES.] The state board may make rules relating to desegregation, inclusive education, and licensure of school personnel not licensed by the board of teaching.

Sec. 6. Minnesota Statutes 1992, section 121.11, subdivision 12, is amended to read:

Subd. 12. [ADMINISTRATIVE RULES TEACHER RULE VARIANCES.] ~~The state board may adopt new rules only upon specific authority other than under this subdivision. The state board may amend or repeal any of its existing rules. Notwithstanding the provisions of section 14.05, subdivision 4, the state board may grant a variance to its rules upon application by a school district for purposes of implementing experimental programs in learning or school management.~~ Notwithstanding any law to the contrary, and only upon receiving the agreement of the state board of teaching, the state board of education may grant a variance to its rules governing licensure of teachers for those teachers licensed by the board of teaching. The state board may grant a variance, without the agreement of the board of teaching, to its rules governing licensure of teachers for those teachers it licenses.

Sec. 7. Minnesota Statutes 1992, section 121.14, is amended to read:

121.14 [RECOMMENDATIONS; BUDGET.]

The state board and the commissioner of education shall recommend to the governor and legislature such modification and unification of laws relating to the state system of education as shall make those laws more readily understood and more effective in execution. ~~The state board and~~ The commissioner of education shall prepare a biennial education budget which shall be submitted to the governor and legislature, such budget to contain a complete statement of finances pertaining to the maintenance of the state department and to the distribution of state aid.

Sec. 8. Minnesota Statutes 1992, section 121.585, subdivision 2, is amended to read:

Subd. 2. [STATE BOARD DESIGNATION.] An area learning center designated by the state must be a site. ~~Up to an additional ten learning year sites may be designated by the state board of education.~~ To be designated, a district or center must demonstrate to the commissioner of education that it will:

- (1) provide a program of instruction that permits pupils to receive instruction throughout the entire year; and
- (2) maintain a record system that, for purposes of section 124.17, permits identification of membership attributable to pupils participating in the program. The record system and identification must ensure that the program will not have the effect of increasing the total number of pupil units attributable to an individual pupil as a result of a learning year program.

Sec. 9. Minnesota Statutes 1992, section 121.88, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] Each school board may initiate a community education program in its district and provide for the general supervision of the program. Each board may, as it considers appropriate, employ community education directors and coordinators to further the purposes of the community education program. ~~The salaries of the directors and coordinators shall be paid by the board.~~

Sec. 10. Minnesota Statutes 1992, section 121.88, subdivision 7, is amended to read:

Subd. 7. [PROGRAM APPROVAL.] To be eligible for revenue for the program for adults with disabilities, a program and budget must receive approval from the community education section in the department of education. Approval may be for ~~one or two~~ five years. During that time, a school board must report any significant changes to the department for approval. For programs offered cooperatively, the request for approval must include an agreement on the method by which local money is to be derived and distributed. A request for approval must include all of the following:

- (1) characteristics of the people to be served;
- (2) description of the program services and activities;
- (3) program budget and amount of aid requested;
- (4) participation by adults with disabilities in developing the program;
- (5) assessment of the needs of adults with disabilities; and
- (6) cooperative efforts with community organizations.

Sec. 11. 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. 12. Minnesota Statutes 1992, section 121.906, is amended to read:

121.906 [EXPENDITURES; REPORTING.]

~~Subd. 1.~~ School district expenditures shall be recognized and reported on the district books of account in accordance with this section.

~~Subd. 2. [RECOGNITION OF EXPENDITURES AND LIABILITIES.]~~ There shall be fiscal year-end recognition of expenditures and the related offsetting liabilities recorded in each fund in accordance with the uniform financial accounting and reporting standards for Minnesota school districts. Encumbrances outstanding at the end of the fiscal year do not constitute expenditures or liabilities.

~~Subd. 3. [PURCHASE ORDERS OTHER THAN INVENTORY.]~~ Purchase orders, itemized in detail, for other than inventory supply items, which are issued to outside vendors and based on firm prices shall be recorded as expenditures in the fiscal year in which the liability is incurred.

~~Subd. 4.~~ Inventory supply items may be recorded as expenditures at the time of the issuance of the purchase order or at the time of delivery to the school district's subordinate unit or other consumer of the item.

~~Subd. 5.~~ Salaries and wages shall be recorded as expenditures in the fiscal year in which the personal services are performed.

~~Subd. 6.~~ Other payable items shall be recorded in the fiscal year in which the liability is incurred.

~~Subd. 7.~~ Deviations from the principles set forth in this section shall be evaluated and explained in footnotes to audited financial statements.

Sec. 13. Minnesota Statutes 1992, section 121.908, subdivision 1, is amended to read:

Subdivision 1. ~~On or before June 30, 1977,~~ Each Minnesota school district shall adopt the uniform financial accounting and reporting standards for Minnesota school districts provided for in section 121.902 guidelines adopted by the department of education.

Sec. 14. Minnesota Statutes 1992, section 121.908, subdivision 2, is amended to read:

Subd. 2. Each district shall submit to the commissioner by August 15 of each year an unaudited financial statement for the preceding fiscal year. This statement shall be submitted on forms prescribed by the commissioner ~~after consultation with the advisory council on uniform financial accounting and reporting standards.~~

Sec. 15. Minnesota Statutes 1992, section 123.34, subdivision 10, is amended to read:

Subd. 10. [PRINCIPALS.] Each public school building, as defined by section 120.05, subdivision 2, clauses (1), (2) and (3), in an independent school district ~~shall~~ may be under the supervision of a principal who is assigned to that responsibility by the board of education in that school district upon the recommendation of the superintendent of schools of that school district. If pupils in kindergarten through grade 12 attend school in one building, one principal may supervise the building.

Each principal assigned the responsibility for the supervision of a school building shall hold a valid license in the assigned position of supervision and administration as established by the rules of the state board of education.

The principal shall provide administrative, supervisory, and instructional leadership services, under the supervision of the superintendent of schools of the school district and in accordance with the policies, rules, and regulations of the board of education, for the planning, management, operation, and evaluation of the education program of the building or buildings to which the principal is assigned.

Sec. 16. Minnesota Statutes 1992, section 123.35, subdivision 1, is amended to read:

Subdivision 1. The board shall have the general charge of the business of the district, the school houses, and of the interests of the schools thereof. The board's authority to conduct the business of the district includes implied powers in addition to any specific powers granted by the legislature.

Sec. 17. Minnesota Statutes 1992, section 123.80, subdivision 1, is amended to read:

Subdivision 1. ~~The state board of education shall provide by rule a program of safety education for students who are transported to school. Each district receiving aid under the provisions of section 124.225 shall implement the program. In drafting said rules, the board shall give particular attention to procedures for loading, unloading, vehicle lane crossing and emergency evacuation procedures as they affect school buses.~~ provide bus safety education for students who are transported to school.

Sec. 18. Minnesota Statutes 1992, section 124.19, subdivision 5, is amended to read:

Subd. 5. [SCHEDULE ADJUSTMENTS.] (a) It is the intention of the legislature to encourage efficient and effective use of staff and facilities by school districts. School districts are encouraged to consider both cost and energy saving measures.

(b) Notwithstanding the provisions of subdivision 1 or 4, any district operating a program pursuant to sections 120.59 to 120.67 or 125.701 to 125.705, or operating a commissioner-designated area learning center program under section 124C.49, or that otherwise receives the approval of the commissioner to operate its instructional program to avoid an aid reduction in any year, may adjust the annual school schedule for that program throughout the calendar year ~~so long as the number of instructional hours in the year is not less than the number of instructional hours per day specified in the rules of the state board multiplied by the minimum number of instructional days required by subdivision 1.~~

Sec. 19. Minnesota Statutes 1992, section 124.26, subdivision 1c, is amended to read:

Subd. 1c. [PROGRAM APPROVAL.] To receive aid under this section, a district must submit an application by June 1 describing the program, on a form provided by the department. The program must be approved by the commissioner according to the following criteria:

- (1) how the needs of different levels of learning will be met;
- (2) for continuing programs, an evaluation of results;
- (3) anticipated number and education level of participants;
- (4) coordination with other resources and services;
- (5) participation in a consortium, if any, and money available from other participants;
- (6) management and program design;
- (7) volunteer training and use of volunteers;
- (8) staff development services;
- (9) program sites and schedules; and
- (10) program expenditures that qualify for aid.

The commissioner may contract with a private, nonprofit organization to provide services that are not offered by a district or that are supplemental to a district's program. The program provided under a contract must be approved according to the same criteria used for district programs.

Adult basic education programs may be approved under this subdivision for up to ~~two~~ five years. ~~Two-year~~ Five-year program approval shall be granted to an applicant who has demonstrated the capacity to:

- (1) offer comprehensive learning opportunities and support service choices appropriate for and accessible to adults at all basic skill need levels;

(2) provide a participatory and experimental learning approach based on the strengths, interests, and needs of each adult, that enables adults with basic skill needs to:

(i) identify, plan for, and evaluate their own progress toward achieving their defined educational and occupational goals;

(ii) master the basic academic reading, writing, and computational skills, as well as the problem-solving, decision making, interpersonal effectiveness, and other life and learning skills they need to function effectively in a changing society;

(iii) locate and be able to use the health, governmental, and social services and resources they need to improve their own and their families' lives; and

(iv) continue their education, if they desire, to at least the level of secondary school completion, with the ability to secure and benefit from continuing education that will enable them to become more employable, productive, and responsible citizens;

(3) plan, coordinate, and develop cooperative agreements with community resources to address the needs that the adults have for support services, such as transportation, flexible course scheduling, convenient class locations, and child care;

(4) collaborate with business, industry, labor unions, and employment-training agencies, as well as with family and occupational education providers, to arrange for resources and services through which adults can attain economic self-sufficiency;

(5) provide sensitive and well trained adult education personnel who participate in local, regional, and statewide adult basic education staff development events to master effective adult learning and teaching techniques;

(6) participate in regional adult basic education peer program reviews and evaluations; and

(7) submit accurate and timely performance and fiscal reports.

Sec. 20. Minnesota Statutes 1992, section 124.2713, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] To be eligible for community education revenue, a district must:

(1) operate a community education program that complies with section 121.88; and

~~(2) file a certificate of compliance with the commissioner of education. The certificate of compliance shall certify that a meeting was held to discuss methods of increasing cooperation among the governing boards of each county, city, and township in which the district, or any part of the district, is located, and that each governing board was sent a written notice of the meeting at least 15 working days before the meeting. The failure of a governing board to attend the meeting shall not affect the authority of the district to obtain community education revenue.~~

Sec. 21. Minnesota Statutes 1992, section 125.032, subdivision 2, is amended to read:

Subd. 2. [EXCEPTIONS.] A person who teaches in a community education program which qualifies for aid pursuant to section 124.26 shall continue to meet licensure requirements as a teacher. A person who teaches in an early childhood and family education program which is offered through a community education program and which qualifies for community education aid pursuant to section 124.2713 or early childhood and family education aid pursuant to section 124.2711 shall continue to meet licensure requirements as a teacher. A person who teaches in a community education course which is offered for credit for graduation to persons under 18 years of age shall continue to meet licensure requirements as a teacher. A person who teaches a driver training course which is offered through a community education program to persons under 18 years of age shall be licensed by the board of teaching or be subject to section 171.35. A license which is required for an instructor in a community education program pursuant to this subdivision shall not be construed to bring an individual within the definition of a teacher for purposes of section 125.12, subdivision 1, or 125.17, subdivision 1, clause (a).

Sec. 22. Minnesota Statutes 1992, section 125.12, subdivision 3b, is amended to read:

Subd. 3b. [APPLICABILITY PEER REVIEW FOR PROBATIONARY TEACHERS.] ~~Subdivision 3a does not apply to a school district that has formally adopted A school board and an exclusive representative of the teachers in the district shall develop a probationary teacher peer review process that has been mutually agreed upon by the exclusive representative of the teachers in the district and the school board through joint agreement.~~

Sec. 23. Minnesota Statutes 1992, section 125.12, subdivision 4b, is amended to read:

Subd. 4b. [APPLICABILITY PEER REVIEW FOR CONTINUING CONTRACT TEACHERS.] ~~Subdivision 4a does not apply to a school district that has formally adopted A school board and an exclusive representative of the teachers in the district shall develop a peer review process for continuing contract teachers that has been mutually agreed upon by the exclusive representative of the teachers in the district and the school board through joint agreement.~~

Sec. 24. Minnesota Statutes 1992, section 125.17, subdivision 2b, is amended to read:

Subd. 2b. [APPLICABILITY PEER REVIEW FOR PROBATIONARY TEACHERS.] ~~Subdivision 2a does not apply to a school district that has formally adopted A school board and an exclusive representative of the teachers in the district shall develop a probationary teacher peer review process that has been mutually agreed upon by the exclusive representative of the teachers in the district and the school board through joint agreement.~~

Sec. 25. Minnesota Statutes 1992, section 125.17, subdivision 3b, is amended to read:

Subd. 3b. [APPLICABILITY PEER REVIEW FOR CONTINUING CONTRACT TEACHERS.] ~~Subdivision 3a does not apply to a school district that has formally adopted A school board and an exclusive representative of the teachers in the district shall develop a peer review process for nonprobationary teachers that has been mutually agreed upon by the exclusive representative of the teachers in the district and the school board through joint agreement.~~

Sec. 26. [125.706] [PREPARATION TIME.]

Beginning with agreements effective July 1, 1995, and thereafter, all collective bargaining agreements for teachers provided for under Minnesota Statutes, chapter 179A, must include provisions for preparation time or a provision indicating that the parties to the agreement chose not to include preparation time in the contract.

If the parties cannot agree on preparation time the following provision shall apply and be incorporated as part of the agreement: "Within the student day for every 25 minutes of instructional time, a minimum of five additional minutes of preparation time shall be provided to each licensed teacher. Preparation time shall be provided in one or two uninterrupted blocks during the student day. Exceptions to this may be made by mutual agreement between the district and the exclusive representative of the teachers."

Sec. 27. [125.80] [TEACHER LUNCH PERIOD.]

Each teacher shall be provided with a duty-free lunch period, scheduled according to school board policy or negotiated agreement.

Sec. 28. [126.681] [EVALUATION OF PUPIL GROWTH AND PROGRESS; PERMANENT RECORDS.]

Each school district shall provide a testing program for the purpose of measuring pupil growth and for curriculum evaluation, as well as a system for grading and making reports to parents. Each district shall develop an appropriate program of pupil progress and promotion for its elementary, middle, and secondary schools. Each district shall keep accurate and complete individual, permanent, cumulative personal records for all pupils.

Sec. 29. [126.699] [PARENTAL CURRICULUM REVIEW.]

Each school district shall have a procedure for a parent, guardian, or an adult student, 18 years of age or older, to review the content of the instructional materials to be provided to a minor child or to an adult student and, if the parent, guardian, or adult student objects to the content, to make reasonable arrangements with school personnel for alternative instruction. Alternative instruction may be provided by the parent, guardian, or adult student if the alternative instruction, if any, offered by the school board does not meet the concerns of the parent, guardian, or adult student. The school board is not required to pay for the costs of alternative instruction provided by a parent, guardian, or adult student. School personnel may not impose an academic or other penalty upon a student merely for arranging alternative instruction under this section. School personnel may evaluate and assess the quality of the student's work.

Sec. 30. Minnesota Statutes 1992, section 144.29, is amended to read:

144.29 [HEALTH RECORDS; CHILDREN OF SCHOOL AGE.]

It shall be the duty of every school nurse, school physician, school attendance officer, superintendent of schools, principal, teacher, and of the persons charged with the duty of compiling and keeping the school census records, to cause a permanent public health record to be kept for each child of school age. Such record shall be kept in such form that it may be transferred with the child to any school which the child shall attend within the state and transferred to the commissioner when the child ceases to attend school. It shall contain a record of such health matters as shall be prescribed by the commissioner, and of all mental and physical defects and handicaps which might permanently cripple or handicap the child. Nothing in sections 144.29 to 144.32 shall be construed to require any child whose parent or guardian objects in writing thereto to undergo a physical or medical examination or treatment. A copy shall be forwarded to the proper department of any state to which the child shall remove. Each district shall assign a teacher, school nurse, or other professional person to review, at the beginning of each school year, the health record of all pupils under the assignee's direction. Growth, results of vision and hearing screening, and findings obtained from health assessments must be entered periodically on the pupil's health record.

Sec. 31. [ENVIRONMENTAL EDUCATION.]

The advisory board established in Minnesota Statutes, section 126A.02, shall advise the commissioner of education on development of a results-oriented graduation rule.

Sec. 32. [REPEALER.]

(a) Minnesota Statutes 1992, sections 120.095; 120.101, subdivision 5a; 120.75, subdivision 2; 120.80, subdivision 2; 121.11, subdivisions 6 and 13; 121.165; 121.19; 121.49; 121.883; 121.90; 121.901; 121.902; 121.904, subdivisions 5, 6, 8, 9, 10, 11a, and 11c; 121.908, subdivision 4; 121.912, subdivisions 3 and 5; 121.931, subdivisions 6, 6a, 7, and 8; 121.934; 121.936 subdivisions 1, 2, and 3; 121.937; 121.94; 121.941; 121.942; 121.943; 123.33, subdivisions 10, 14, 15, and 16; 123.35, subdivision 14; 123.352; 123.36, subdivisions 2, 3, 4, 4a, 6, 8, 9, and 12; 123.40, subdivisions 4 and 6; 123.61; 123.67; 123.709; 123.744; 124.615; 124.62; 124.64; 124.645; 124.67; 124.68; 124.69; 124.79; 125.12, subdivisions 3a and 4a; 125.17, subdivisions 2a and 3a; 126.09; 126.111; 126.112; 126.20, subdivision 4; 126.24; and 126.268, are repealed.

(b) Minnesota Statutes 1992, section 121.11, subdivision 15, is repealed.

(c) Minnesota Statutes 1992, sections 120.101, subdivision 5b; 121.11, subdivision 16; 121.585, subdivision 3; 124.19, subdivisions 1, 1b, 6, and 7; 126.02; 126.025; 126.031; 126.06; 126.08; 126.12, subdivision 2; 126.662; 126.663; 126.664; 126.665; 126.666; 126.67; 126.68; 126A.01; 126A.02; 126A.04; 126A.05; 126A.07; 126A.08; 126A.09; 126A.10; 126A.11; and 126A.12, are repealed.

MINNESOTA RULES

Sec. 33. [SCHOOL BUS SAFETY TASK FORCE.]

Subdivision 1. [MEMBERSHIP.] The school bus safety task force consists of 15 members appointed jointly by the commissioners of education and public safety. The membership shall include a representative of each department, a student school bus rider, a parent of a school-age child using school transportation, a representative of the Minnesota state patrol, school transportation managers, school board members, a representative of a public transit authority not affiliated with schools, and school bus mechanics, manufacturers, or other school bus industry representatives. The commissioners of education and public safety shall call the first meeting, at which a chair shall be elected.

Subd. 2. [DUTIES.] The task force established by subdivision 1 shall review state and federal statutes and administrative rules relating to school bus design and safety and make recommendations to eliminate duplication and otherwise streamline the regulatory scheme. The task force shall examine the feasibility of converting current administrative rules governing school bus design to guidelines administered either by the department of education or public safety.

Subd. 3. [REPORT.] The task force shall report to the chairs of the senate and house education committees its findings and recommendations by January 15, 1994.

Sec. 34. [OUTCOME-BASED LICENSURE OF TEACHERS AND ADMINISTRATORS.]

Rules adopted by the state board of education and the board of teaching regarding licensure of teachers or administrators shall, to the extent possible, be outcome-based and clearly related to the results-oriented graduation rule to be implemented starting with students entering high school in 1996. The boards shall develop outcomes relating to flexible school-based organizational structures and inclusive instructional strategies. Each board shall report to the legislature on the status of its licensure rules by February 15, 1995. The reports shall explain how the rules are outcome-based and how they relate to learner outcomes for students.

Sec. 35. [DRIVER EDUCATION; COOPERATION WITH DEPARTMENT OF PUBLIC SAFETY.] The state board shall cooperate with the department of public safety to develop a single set of rules for driver education programs, whether public, private, or commercial.

Sec. 36. [VOCATIONAL PROGRAM STANDARDS.]

By August 1, 1996, the department of education shall develop program standards to replace rules in chapter 3505 governing approval of secondary vocational programs, including community-based cooperative vocational programs.

Sec. 37. [RULE CHANGE.]

The state board shall amend Minnesota Rules, part 3505.2400, to delete the requirement of annual submission of approval requests for secondary vocational education programs. The amendment is not subject to the rulemaking provisions of chapter 14, but the state board must comply with section 14.38, subdivision 7, in adopting the amendment.

Sec. 38. [ARTS SCHOOL DEADLINE.]

The Minnesota center for arts education may extend the deadline specified in rule for admission to its high school if the school's enrollment is less than the maximum of 300.

Sec. 39. [REPEALER.]

(a) Minnesota Rules, parts 3500.0500; 3500.0600, subparts 1 and 2; 3500.0605; 3500.0800; 3500.1090; 3500.1800; 3500.2950; 3500.3100, subparts 1 to 3; 3500.3500; 3500.3600; 3500.4400; 3510.2200; 3510.2300; 3510.2400; 3510.2500; 3510.2600; 3510.6200; 3520.0200; 3520.0300; 3520.0600; 3520.1000; 3520.1200; 3520.1300; 3520.1800; 3520.2700; 3520.3802; 3520.3900; 3520.4500; 3520.4620; 3520.4630; 3520.4640; 3520.4680; 3520.4750; 3520.4761; 3520.4811; 3520.4831; 3520.4910; 3520.5330; 3520.5340; 3520.5370; 3520.5461; 3525.2850; 3530.0300; 3530.0600; 3530.0700; 3530.0800; 3530.1100; 3530.1300; 3530.1400; 3530.1600; 3530.1700; 3530.1800; 3530.1900; 3530.2000; 3530.2100; 3530.2800; 3530.2900; 3530.3100, subparts 2 to 4; 3530.3200, subparts 1 to 5; 3530.3400, subparts 1, 2, and 4 to 7; 3530.3500; 3530.3600; 3530.3900; 3530.4000; 3530.4100; 3530.5500; 3530.5700; 3530.6100; 3535.0800; 3535.1000; 3535.1400; 3535.1600; 3535.1800; 3535.1900; 3535.2100; 3535.2200; 3535.2600; 3535.2900; 3535.3100; 3535.3500; 3535.9930; 3535.9940; 3535.9950; 3540.0600; 3540.0700; 3540.0800; 3540.0900; 3540.1000; 3540.1100; 3540.1200; 3540.1300; 3540.1700; 3540.1800; 3540.1900; 3540.2000; 3540.2100; 3540.2200; 3540.2300; 3540.2400; 3540.2800; 3540.2900; 3540.3000; 3540.3100; 3540.3200; 3540.3300; 3540.3400; 3545.1000; 3545.1100; 3545.1200; 3545.2300; 3545.2700; 3545.3000; 3545.3002; 3545.3004; 3545.3005; 3545.3014; 3545.3022; 3545.3024; 8700.4200; 8700.6410; 8700.6800; 8700.7100; 8700.9000; 8700.9010; 8700.9020; and 8700.9030, are repealed.

(b) Minnesota Rules, parts 3520.1600; 3520.2400; 3520.2500; 3520.2600; 3520.2800; 3520.2900; 3520.3000; 3520.3100; 3520.3200; 3520.3400; 3520.3500; 3520.3680; 3520.3701; 3520.3801; 3520.4001; 3520.4100; 3520.4201; 3520.4301; 3520.4400; 3520.4510; 3520.4531; 3520.4540; 3520.4550; 3520.4560; 3520.4570; 3520.4600; 3520.4610; 3520.4650; 3520.4670; 3520.4701; 3520.4711; 3520.4720; 3520.4731; 3520.4741; 3520.4801; 3520.4840; 3520.4850; 3520.4900; 3520.4930; 3520.4980; 3520.5000; 3520.5010; 3520.5111; 3520.5120; 3520.5141; 3520.5151; 3520.5160; 3520.5171; 3520.5180; 3520.5190; 3520.5200; 3520.5220; 3520.5230; 3520.5300; 3520.5310; 3520.5361; 3520.5380; 3520.5401; 3520.5450; 3520.5471; 3520.5481; 3520.5490; 3520.5500; 3520.5510; 3520.5520; 3520.5531; 3520.5551; 3520.5560; 3520.5570; 3520.5580; 3520.5600; 3520.5611; 3520.5700; 3520.5710; 3520.5900; 3520.5910; 3520.5920; 3530.6500; 3530.6600; 3530.6700; 3530.6800; 3530.6900; 3530.7000; 3530.7100; 3530.7200; 3530.7300; 3530.7400; 3530.7500; 3530.7600; 3530.7700; and 3530.7800, are repealed.

(c) Minnesota Rules, parts 3500.1400; 3500.3700; 3510.0100; 3510.0200; 3510.0300; 3510.0400; 3510.0500; 3510.0600; 3510.0800; 3510.1100; 3510.1200; 3510.1300; 3510.1400; 3510.1500; 3510.1600; 3510.2800; 3510.2900; 3510.3000; 3510.3200; 3510.3400; 3510.3500; 3510.3600; 3510.3700; 3510.3800; 3510.7200; 3510.7300; 3510.7400; 3510.7500; 3510.7600; 3510.7700; 3510.7900; 3510.8000; 3510.8100; 3510.8200; 3510.8300; 3510.8400; 3510.8500; 3510.8600; 3510.8700; 3510.9000; 3510.9100; chapters 3515, 3517.0100; 3517.0120; 3517.3150; 3517.3170; 3517.3420; 3517.3450; 3517.3500; 3517.3650; 3517.4000; 3517.4100; 3517.4200; 3517.8500; 3517.8600; and 3560, are repealed.

(d) Minnesota Rules, parts 3500.0710; 3500.1060; 3500.1075; 3500.1100; 3500.1150; 3500.1200; 3500.1500; 3500.1600; 3500.1900; 3500.2000; 3500.2020; 3500.2100; 3500.2900; 3500.5010; 3500.5020; 3500.5030; 3500.5040; 3500.5050; 3500.5060; 3500.5070; 3505.2700; 3505.2800; 3505.2900; 3505.3000; 3505.3100; 3505.3200; 3505.3300; 3505.3400; 3505.3500; 3505.3600; 3505.3700; 3505.3800; 3505.3900; 3505.4000; 3505.4100; 3505.4200; 3505.4400; 3505.4500; 3505.4600; 3505.4700; 3505.5100; 8700.2900; 8700.3000; 8700.3110; 8700.3120; 8700.3200; 8700.3300; 8700.3400; 8700.3500; 8700.3510; 8700.3600; 8700.3700; 8700.3810; 8700.3900; 8700.4000; 8700.4100; 8700.4300; 8700.4400; 8700.4500; 8700.4600; 8700.4710; 8700.4800; 8700.4901; 8700.4902; 8700.5100; 8700.5200; 8700.5300; 8700.5310; 8700.5311; 8700.5500; 8700.5501; 8700.5502; 8700.5503; 8700.5504; 8700.5505; 8700.5506; 8700.5507; 8700.5508; 8700.5509; 8700.5510; 8700.5511; 8700.5512; 8700.5800; 8700.6310; 8700.6900; 8700.7010; 8700.7700; 8700.7710; 8700.8000; 8700.8010; 8700.8020; 8700.8030; 8700.8040; 8700.8050; 8700.8060; 8700.8070; 8700.8080; 8700.8090; 8700.8110; 8700.8120; 8700.8130; 8700.8140; 8700.8150; 8700.8160; 8700.8170; 8700.8180; 8700.8190; 8750.0200; 8750.0220; 8750.0240; 8750.0260; 8750.0300; 8750.0320; 8750.0330; 8750.0350; 8750.0370; 8750.0390; 8750.0410; 8750.0430; 8750.0460; 8750.0500; 8750.0520; 8750.0600; 8750.0620; 8750.0700; 8750.0720; 8750.0740; 8750.0760; 8750.0780; 8750.0800; 8750.0820; 8750.0840; 8750.0860; 8750.0880; 8750.0890; 8750.0900; 8750.0920; 8750.1000; 8750.1100; 8750.1120; 8750.1200; 8750.1220; 8750.1240; 8750.1260; 8750.1280; 8750.1300; 8750.1320; 8750.1340; 8750.1360; 8750.1380; 8750.1400; 8750.1420; 8750.1440; 8750.1500; 8750.1520; 8750.1540; 8750.1560; 8750.1580; 8750.1600; 8750.1700; 8750.1800; 8750.1820; 8750.1840; 8750.1860; 8750.1880; 8750.1900; 8750.1920; 8750.1930; 8750.1940; 8750.1960; 8750.1980; 8750.2000; 8750.2020; 8750.2040; 8750.2060; 8750.2080; 8750.2100; 8750.2120; 8750.2140; 8750.4000; 8750.4100; 8750.4200; 8750.9000; 8750.9100; 8750.9200; 8750.9300; 8750.9400; 8750.9500; 8750.9600; and 8750.9700, are repealed.

Sec. 40. [LEGISLATIVE INTENT.]

The legislature does not intend, by the repeal of the rules listed in section 39, to ratify or endorse the parts of the rules not repealed.

Sec. 41. [EFFECTIVE DATE.]

Sections 22 to 25 are effective July 1, 1995.

Section 32, paragraph (b), is effective July 1, 1995. Section 32, paragraph (c), is effective August 1, 1996.

Section 39, paragraph (b), is effective August 1, 1994. Section 39, paragraph (c), is effective July 1, 1995. Section 39, paragraph (d), is effective August 1, 1996.

ARTICLE 13

REALIGNMENT OF RESPONSIBILITIES

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 commissioner 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.

Sec. 2. Minnesota Statutes 1992, section 120.0751, is amended to read:

120.0751 [~~STATE BOARD~~ COMMISSIONER OF EDUCATION; ENROLLMENT EXCEPTIONS.]

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.

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.

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.

Subd. 4. The ~~state board of education~~ commissioner shall render its decision in each case within 60 days of receiving the application in subdivision 2.

Subd. 5. The ~~department of education~~ commissioner shall provide the forms required by subdivision 2. ~~The state board of education~~ and shall adopt the procedures necessary to implement this section.

Subd. 6. [AID.] General education aid, capital expenditure facilities aid, capital expenditure equipment aid, and transportation aid for pupils covered by programs under this section must be paid according to sections 124A.036, subdivision 5, 124.245, subdivision 6, and 124.225, subdivision 8l.

Sec. 3. 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. 4. 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. 5. 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. 6. 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. 7. Minnesota Statutes 1992, section 121.9121, subdivision 1, is amended to read:

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.

Sec. 8. Minnesota Statutes 1992, section 121.9121, subdivision 2, is amended to read:

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.

Sec. 9. Minnesota Statutes 1992, section 121.9121, subdivision 4, is amended to read:

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.

Sec. 10. 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. 11. 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. 12. Minnesota Statutes 1992, section 121.936, subdivision 4, is amended to read:

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.

Sec. 13. Minnesota Statutes 1992, section 121.936 subdivision 4a, is amended to read:

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. 14. Minnesota Statutes 1992, section 122.241, subdivision 3, is amended to read:

Subd. 3. [COMBINATION REQUIREMENTS.] Combining districts must be contiguous and meet one of the following requirements at the time of combination:

(1) at least two districts with at least 400 resident pupils enrolled in grades 7 through 12 in the combined district and projections, approved by the department of education, of enrollment at least at that level for five years;

(2) at least two districts if either:

(i) both of the districts qualify for secondary sparsity revenue under section 124A.22, subdivision 6, and have an average isolation index over 23; or

(ii) the combined district qualifies for secondary sparsity revenue;

(3) at least three districts with fewer than 400 resident pupils enrolled in grades 7 through 12 in the combined district; or

(4) at least two districts with fewer than 400 resident pupils enrolled in grades 7 through 12 in the combined district if either district is located on the border of the state.

A combination under clause (2), (3), or (4) must be approved by the state-board commissioner of education. The state-board commissioner shall disapprove a combination under clause (2), (3), or (4) if the combination is educationally unsound or would not reasonably enable the districts to fulfill statutory and rule requirements.

Sec. 15. Minnesota Statutes 1992, section 122.243, subdivision 1, is amended to read:

Subdivision 1. [STATE-BOARD COMMISSIONER APPROVAL.] Before submitting the question of combining school districts to the voters at a referendum, the cooperating districts shall submit the proposed combination to the state-board commissioner of education. The state-board commissioner shall determine the date for submission and may require any information it determines necessary. The state-board commissioner shall disapprove the proposed combination if it is educationally unsound, will not reasonably enable the combined district to fulfill statutory and rule requirements, or if the plan or modifications are incomplete. If disapproved by the state-board commissioner, the referendum shall be postponed, but not canceled, by the school boards.

Sec. 16. Minnesota Statutes 1992, section 122.247, subdivision 3, is amended to read:

Subd. 3. [TRANSITIONAL LEVY.] The board of the combined district, or the boards of combining districts that have received voter approval for the combination under section 122.243, subdivision 2, may levy for the expenses of negotiation, administrative expenses directly related to the transition from cooperation to combination, and the cost of necessary new athletic and music uniforms. The board or boards may levy this amount over three or fewer years. All expenses must be approved by the state-board commissioner of education.

Sec. 17. 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. 18. 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. 19. 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. 20. 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. 21. 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. 22. 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. 23. 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. 24. 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. 25. 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. 26. 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. 27. 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. 28. 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. 29. 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. 30. 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. 31. 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. 32. 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. 33. 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. 34. 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. 35. 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. 36. 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. 37. Minnesota Statutes 1992, section 124.2725, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] A school district is eligible for cooperation and combination revenue if it has a plan approved by the ~~state board of education~~ commissioner according to section 122.243.

Sec. 38. Minnesota Statutes 1992, section 124.2725, subdivision 13, is amended to read:

Subd. 13. [REVENUE FOR EXTENDED COOPERATION.] If the ~~state board~~ commissioner disapproves of the plan according to section 122.243, subdivision 1, or if a second referendum fails under section 122.243, subdivision 2, cooperation and combination revenue shall equal \$50 times the actual pupil units. 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, the ~~department of education~~ commissioner shall reduce other aids due the district to recover the entire amount. 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.

Sec. 39. 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. 40. 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. 41. 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. 42. 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. 43. 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. 44. 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. 45. 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. 46. 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. 47. 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. 48. 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. 49. 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. 50. 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. 51. 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. 52. 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. 53. 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. 54. 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. 55. 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.

ARTICLE 14

REFERENCES TO REPEALED LAW

Section 1. Minnesota Statutes 1992, section 6.65, is amended to read:

6.65 [MINIMUM PROCEDURES FOR AUDITORS, PRESCRIBED.]

The state auditor shall prescribe minimum procedures and the audit scope for auditing the books, records, accounts, and affairs of local governments in Minnesota. The minimum scope for audits of all local governments must include financial and legal compliance audits for fiscal years ending after January 15, 1984. Audits of all school districts shall include a determination of compliance with uniform financial accounting and reporting standards adopted by the state board of education according to section 121.902, subdivision 1. The state auditor shall establish a task force to promulgate an audit guide for legal compliance audits. The task force must include representatives of the state auditor, the attorney general, towns, cities, counties, school districts, and private sector public accountants.

Sec. 2. Minnesota Statutes 1992, section 89.35, subdivision 2, is amended to read:

Subd. 2. [PURPOSE OF PLANTING.] The purposes for which trees may be produced, procured, distributed, and planted under sections 89.35 to 89.39 shall include auxiliary forests, woodlots, windbreaks, shelterbelts, erosion control, soil conservation, water conservation, provision of permanent food and cover for wild life, environmental education, and afforestation and reforestation on public or private lands of any kind, but shall not include the raising of fruit for human consumption or planting for purely ornamental purposes other than in connection with an environmental education program as provided in section 126.111. It is hereby declared that all such authorized purposes are in furtherance of the public health, safety, and welfare.

Sec. 3. 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. 4. Minnesota Statutes 1992, section 121.11, subdivision 5, is amended to read:

Subd. 5. [UNIFORM SYSTEM OF RECORDS AND OF ACCOUNTING.] The state board shall prepare a uniform system of records for public schools, require reports from superintendents and principals of schools, teachers, school officers, and the chief officers of public and other educational institutions, to give such facts as it may deem of public value. Beginning in fiscal year 1977, all reports required of school districts by the state board shall be in conformance with the uniform financial accounting and reporting system adopted pursuant to section 121.902. With the cooperation of the state auditor, the state board shall establish and carry into effect a uniform system of accounting by public school officers and it shall have authority to supervise and examine the accounts and other records of all public schools.

Sec. 5. Minnesota Statutes 1992, section 121.908, subdivision 6, is amended to read:

Subd. 6. A school district providing early retirement incentive payments under section 125.611, severance pay under section 465.72, or health insurance benefits to retired employees under section 471.61, must account for the payments according to uniform financial accounting and reporting standards adopted for Minnesota school districts pursuant to section 121.902.

Sec. 6. Minnesota Statutes 1992, section 121.932, subdivision 3, is amended to read:

Subd. 3. [EXEMPTION FROM CHAPTER 14.] ~~Except as provided in section 121.931, subdivision 8,~~ The annual data acquisition calendar and the essential data elements are exempt from the administrative procedure act but, to the extent authorized by law to adopt rules, the board may use the provisions of section 14.38, subdivisions 5 to 9.

Sec. 7. 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 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. 8. Minnesota Statutes 1992, section 124.155, subdivision 2, is amended to read:

Subd. 2. [ADJUSTMENT TO AIDS.] (a) The amount specified in subdivision 1 shall be used to adjust the following state aids and credits in the order listed:

- (1) general education aid authorized in sections 124A.23 and 124B.20;
- (2) secondary vocational aid authorized in section 124.573;
- (3) special education aid authorized in section 124.32;
- (4) secondary vocational aid for children with a disability authorized in section 124.574;
- (5) aid for pupils of limited English proficiency authorized in section 124.273;
- (6) transportation aid authorized in section 124.225;
- (7) community education programs aid authorized in section 124.2713;
- (8) adult education aid authorized in section 124.26;
- (9) early childhood family education aid authorized in section 124.2711;
- (10) capital expenditure aid authorized in sections 124.243, 124.244, and 124.83;
- (11) ~~education district aid according to section 124.2721;~~
- (12) secondary vocational cooperative aid according to section 124.575;
- (13) (12) assurance of mastery aid according to section 124.311;
- (14) (13) individual learning and development aid according to section 124.331;
- (15) (14) homestead credit under section 273.13 for taxes payable in 1989 and additional transition credit under section 273.1398, subdivision 5, for taxes payable in 1990 and thereafter;
- (16) (15) agricultural credit under section 273.132 for taxes payable in 1989 and additional transition credit under section 273.1398, subdivision 5, for taxes payable in 1990 and thereafter;
- (17) (16) homestead and agricultural credit aid and disparity reduction aid authorized in section 273.1398, subdivision 2;
- (18) (17) attached machinery aid authorized in section 273.138, subdivision 3; and
- (19) (18) alternative delivery aid authorized in section 124.322.

(b) The commissioner of education shall schedule the timing of the adjustments to state aids and credits specified in subdivision 1, as close to the end of the fiscal year as possible.

Sec. 9. 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. 10. Minnesota Statutes 1992, section 124.2711, subdivision 2, is amended to read:

Subd. 2. [POPULATION.] For the purposes of subdivision 1, data reported to the department of education ~~according to the provisions of section 120.095~~ may be used to determine the number of people under five years of age residing in the district. The commissioner, with the assistance of the state demographer, shall review the number reported by any district operating an early childhood family education program. If requested, the district shall submit to the commissioner an explanation of its methods and other information necessary to document accuracy. If the commissioner determines that the district has not provided sufficient documentation of accuracy, the commissioner may request the state demographer to prepare an estimate of the number of people under five years of age residing in the district and may use this estimate for the purposes of subdivision 1.

Sec. 11. 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. 12. 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.

Sec. 13. Minnesota Statutes 1992, section 126.54, subdivision 3, is amended to read:

Subd. 3. [ADDITIONAL REQUIREMENTS.] Each school district receiving a grant under this section shall each year conduct a count of American Indian children in the schools of the district; test for achievement; identify the extent of other educational needs of the children to be enrolled in the American Indian language and culture education program; and classify the American Indian children by grade, level of educational attainment, age and achievement. ~~This count may be part of the school census required pursuant to section 120.095.~~ Participating schools shall maintain records concerning the needs and achievements of American Indian children served.

Sec. 14. Minnesota Statutes 1992, section 127.20, is amended to read:

127.20 [VIOLATIONS; PENALTIES.]

Any person who fails or refuses to provide for instruction of a child of whom the person has legal custody, and who is required by section 120.101, subdivision 5, ~~or by a policy adopted under section 120.101, subdivision 5a,~~ to receive instruction, when notified so to do by a truant officer or other official, or any person who induces or attempts to induce any such child unlawfully to be absent from school, or who knowingly harbors or employs, while school is in session, any child unlawfully absent from school, shall be guilty of a misdemeanor and, upon conviction, shall be punished by a fine of not more than \$50, or by imprisonment for not more than 30 days. All fines, when collected, shall be paid into the county treasury for the benefit of the school district in which the offense is committed.

Sec. 15. Minnesota Statutes 1992, section 136C.04, subdivision 6, is amended to read:

Subd. 6. [ACCOUNTING AND REPORTING STANDARDS.] The state board shall maintain the uniform financial accounting and reporting system according to the provisions of sections ~~121.90~~ 121.904 to 121.917, ~~except that reports required by section 121.908 must be submitted to the state board on dates determined by the state board.~~ All expenditures and revenue related to summer session credit courses must be recognized in the fiscal year in which the course begins.

Sec. 16. [INSTRUCTIONS TO REVISOR.]

(a) In the next edition of Minnesota Statutes, the revisor must, in the section or subdivision listed in column A, delete the reference listed in column B.

Column A

121.904, subd. 4a
121.904, subd. 4e
121.904, subd. 4e
124.155, subd. 1
124.2725, subd. 13
273.1398, subd. 6
274.20, subd. 2

Column B

124.2721, subd. 3
124.2721
124.2721, subd. 3
124.912, subd. 5
124.2721
124.2721
124.2721

(b) In the next edition of Minnesota Statutes, the revisor must, in the section or subdivision listed in column A, change the reference listed in column B to the reference listed in column C.

Column A

16B.43
120.064, subd. 8
121.93, subd. 1
121.931, subd. 1
121.935, subd. 1
121.935, subd. 2
121.936, subd. 4a
124.14, subd. 2
126.269

Column B

121.937
121.901
121.937
121.937
121.937
121.90
121.90
121.90
126.268

Column C

121.936
121.904
121.936
121.936
121.936
121.904
121.904
121.904
126.267

Sec. 17. [REPEALER.]

Minnesota Statutes 1992, sections 121.93, subdivision 5; 124.195, subdivision 13; and 128B.03, subdivision 2, are repealed.

ARTICLE 15

Section 1. Minnesota Statutes 1992, section 124A.029, subdivision 4, is amended to read:

Subd. 4. [PER PUPIL REVENUE OPTION.] A district may, by school board resolution, request that the department convert the levy authority under section 124.912, subdivisions 2 and 3, or its current referendum revenue, excluding authority based on a dollar amount, authorized before July 1, 1994 1993, to an allowance per pupil. The district must adopt a resolution and submit a copy of the resolution to the department by July 1, 1992 1993. The department shall convert a district's revenue for fiscal year 1994 1995 and later years as follows: the revenue allowance equals the amount determined by dividing the district's maximum revenue under section 124A.03 or 124.912, subdivisions 2 and 3, for fiscal year 1993 1994 by the district's 1992-1993 1993-1994 actual pupil units. A district's maximum revenue for all later years for which the revenue is authorized equals the revenue allowance times the district's actual pupil units for that year. If a district has referendum authority under section 124A.03 and levy authority under section 124.912, subdivisions 2 and 3, and the district requests that each be converted, the department shall convert separate revenue allowances for each. However, if a district's referendum revenue is limited to a dollar amount, the maximum revenue under section 124A.03 must not exceed that dollar amount. If the referendum authority of a district is converted according to this subdivision, the authority expires July 1, 1997 June 30, 1997, unless it is scheduled to expire sooner.

Sec. 2. [DECLINING PUPIL UNIT AID.]

(a) For fiscal year 1994 only, a school district is eligible for declining pupil unit aid equal to the greater of zero or the result of the following computation:

(1) add 77 percent of the district's actual pupil units for fiscal year 1994 and 23 percent of the district's actual pupil units for fiscal year 1993;

(2) subtract from the amount calculated in clause (1) the district's actual pupil units for fiscal year 1994; and

(3) multiply the amount determined in clause (2) by the basic formula allowance for that year.

(b) The aid amount calculated under paragraph (a) is available from the general education appropriation under article 1, section 41, subdivision 2, to the department of education for payment of declining pupil unit aid.

Sec. 3. [FISCAL YEAR 1996 AND FISCAL YEAR 1997 APPROPRIATIONS.]

The appropriations for the 1996-1997 biennium for programs contained in this bill will be \$2,770,488,000 for fiscal year 1996 and \$2,953,102,000 for fiscal year 1997, plus or minus any adjustments due to variance in pupil forecasts, levies or other factors generating entitlements for the general revenue program established in Minnesota Statutes, section 124A.04. These amounts will first be allocated to fully fund the general revenue program. Amounts remaining will be allocated to other programs in proportion to the fiscal year 1995 appropriations or the entitlements generated by existing law for those programs for each year, up to the amount of the entitlement or the fiscal year 1995 appropriations. Any amounts remaining after allocation to these other programs may be maintained in a reserve account pending recommendations of the governor and legislature in the 1995 session.

Sec. 4. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to education; prekindergarten through grade 12; providing for general education revenue; transportation; special programs; community programs; facilities; organization and cooperation; commitment to excellence; other education programs; miscellaneous provisions; libraries; state agencies; and realignment of responsibilities; mandate repeals; conforming references to repealed law; appropriating money; amending Minnesota Statutes 1992, sections 3.873, subdivisions 4, 5, 6, 7, and 9; 6.65; 89.35, subdivision 2; 120.06, subdivision 3; 120.062, subdivisions 5 and 9; 120.0621; 120.064, subdivisions 1, 3, 4, 5, 8, 9, 11, 16, 18, 21, and by adding a subdivision; 120.0751; 120.101, subdivisions 5 and 5b; 120.102, subdivision 1; 120.17, subdivisions 2, 3, 7a, 11a, 11b, 12, 14, 15, and by adding subdivisions; 120.73, subdivision 1; 120.75; 121.11, subdivisions 5, 7, 12, and by adding subdivisions; 121.14; 121.15, subdivision 4; 121.16, subdivision 1, and by adding a subdivision; 121.201, subdivision 1; 121.585, subdivision 2; 121.612, subdivisions 2 and 4; 121.831; 121.88; subdivisions 1 and 7; 121.882, subdivision 2b; 121.904, subdivisions 4a and 14; 121.906; 121.908, subdivisions 1, 2, and 6; 121.912, subdivision 6, and by adding a subdivision; 121.9121, subdivisions 1, 2, and 4; 121.931, subdivision 5; 121.932, subdivision 3; 121.935, subdivisions 2 and 5; 121.936, subdivisions 4 and 4a; 122.22, by adding a subdivision; 122.23, subdivision 18, and by adding a subdivision; 122.241, subdivision 3; 122.242, subdivision 9; 122.243, subdivisions 1 and 2; 122.247, subdivision 3; 122.895, subdivision 2, and by adding subdivisions; 123.33, by adding a subdivision; 123.34, subdivisions 9 and 10; 123.35, subdivisions 1 and 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 subdivisions; 123.58, subdivisions 6, 7, 8, and 9; 123.702, subdivisions 1, 1a, 1b, 3, 4, and 5; 123.7045; 123.71, subdivision 1; 123.80, subdivision 1; 123.932, subdivision 7; 123.935, subdivision 7; 123.947; 123.951; 124.09; 124.10, subdivision 1; 124.14, subdivisions 1 and 4; 124.155, subdivision 2; 124.17, subdivisions 1, 2c, and by adding a subdivision; 124.19, subdivisions 1, 4, and 5; 124.195, subdivisions 8, 9, and 10; 124.2131, subdivision 1; 124.223, subdivision 3; 124.225, subdivisions 1, 3a, 7b, 7d, 7e, and 10; 124.226, subdivisions 3, 9, and by adding a subdivision; 124.243, subdivisions 1, 2, 2a, 6, 8, and by adding a subdivision; 124.244, subdivision 1; 124.245, subdivision 6; 124.248, subdivision 4; 124.26, subdivisions 1c and 2; 124.2601, subdivisions 4 and 6; 124.2615, subdivisions 2 and 3; 124.2711, subdivisions 1, 2, 2a, and by adding a subdivision; 124.2713, subdivisions 2, 5, 6, and by adding subdivisions; 124.2714; 124.2716; 124.2725, subdivisions 1, 2, 4, 5, 6, 9, 10, and 13; 124.2727; 124.273, subdivision 1b, and by adding a subdivision; 124.276, subdivision 3; 124.32, subdivisions 1b, 1d, and by adding subdivisions; 124.321, subdivisions 1 and 2; 124.322, subdivisions 2, 3, 4, and by adding a subdivision; 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 2b; 124.574, subdivision 2b, and by adding subdivisions; 124.625; 124.73, subdivision 1; 124.83, subdivisions 1, 2, 4, 6, and by adding a subdivision; 124.85, subdivisions 1, 4, and 5; 124.91, subdivisions 3 and 5; 124.912, subdivisions 2, 3, and by adding a subdivision; 124.914, by adding a subdivision; 124.916, subdivisions 2 and 3; 124.95, subdivisions 1, 2, 2a, and 3; 124.961; 124A.029, subdivision 4; 124A.03, subdivisions 1c, 1f, 1g, and by adding a subdivision; 124A.036, subdivision 5; 124A.04, subdivision 2; 124A.22, subdivisions 2, 4, 5, 6, 8, and 9; 124A.23, subdivisions 1 and 5; 124A.24; 124A.26, subdivision 1, and by adding a subdivision; 124A.27, subdivision 2; 124A.291; 124A.70; 124C.08, subdivisions 1 and 2; 124C.09; 125.032, subdivision 2; 125.05, subdivision 1a; 125.12, subdivisions 3b and 4b; 125.138; 125.17, subdivisions 2b and 3b; 125.185, subdivisions 4 and 6; 125.1855, subdivision 3; 125.189; 126.151, subdivision 2; 126.22, subdivisions 2, 3, 3a, 4, and 8; 126.239, subdivision 3; 126.267; 126.52, subdivisions 8

and 9; 126.54, subdivisions 1 and 3; 126.56, subdivisions 4a and 7; 126.665; 126.67, subdivision 8; 126.70; 126A.07, subdivision 1; 127.15; 127.20; 127.455; 127.46; 128A.024, subdivision 2; 128A.03, subdivision 2; 128B.10, subdivision 1; 128C.02, by adding a subdivision; 134.31, subdivisions 1, 2, and 5; 134.32, subdivision 8; 136C.04, subdivision 6; 144.29; 144.4165; 171.29, subdivision 2; 273.13, subdivision 23; 273.1398, subdivisions 1 and 2a; 275.065, subdivision 6; 275.48; 298.28, subdivision 4; 471.88, by adding a subdivision; 473F.02, by adding a subdivision; 475.61, subdivision 3; and 609.685, subdivision 3, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 4; 121; 124; 124A; 124C; 125; 126; and 128A; repealing Minnesota Statutes 1992, sections 120.095; 120.101, subdivisions 5a and 5b; 120.75, subdivision 2; 120.80, subdivision 2; 121.11, subdivisions 6, 13, 15, and 16; 121.165; 121.19; 121.49; 121.585, subdivision 3; 121.609; 121.883; 121.90; 121.901; 121.902; 121.904, subdivisions 5, 6, 8, 9, 10, 11a, and 11c; 121.908, subdivision 4; 121.9121, subdivisions 3 and 5; 121.93, subdivision 5; 121.931, subdivisions 6, 6a, 7, and 8; 121.934; 121.936, subdivisions 1, 2, and 3; 121.937; 121.94; 121.941; 121.942; 121.943; 123.33, subdivisions 10, 14, 15, and 16; 123.35, subdivision 14; 123.352; 123.36, subdivisions 2, 3, 4, 4a, 6, 8, 9, and 12; 123.40, subdivisions 4 and 6; 123.61; 123.67; 123.709; 123.744; 124.19, subdivisions 1, 1b, 6, and 7; 124.195, subdivision 13; 124.2721; 124.2725, subdivision 8; 124.32, subdivision 5; 124.331; 124.332; 124.333; 124.573, subdivisions 2c and 2d; 124.575, subdivisions 2 and 4; 124.615; 124.62; 124.64; 124.645; 124.67; 124.68; 124.69; 124.79; 124.912, subdivisions 4 and 5; 124A.27, subdivision 1; 125.12, subdivisions 3a and 4a; 125.17, subdivisions 2a and 3a; 125.185, subdivision 4a; 126.02; 126.025; 126.031; 126.06; 126.08; 126.09; 126.111; 126.112; 126.12, subdivision 2; 126.20, subdivision 4; 126.22, subdivision 2a; 126.24; 126.268; 126.662; 126.663; 126.664; 126.665; 126.666; 126.67; 126.68; 126A.01; 126A.02; 126A.03; 126A.04; 126A.05; 126A.07; 126A.08; 126A.09; 126A.10; 126A.11; 126A.12; 128B.03, subdivision 2; and 145.926."

We request adoption of this report and repassage of the bill.

House Conferees: KATHLEEN VELLENGA, BECKY KELSO, GERALD J. "JERRY" BAUERLY, LYNDON R. CARLSON AND LEROY KOPPENDRAYER.

Senate Conferees: LAWRENCE J. POGEMILLER, JANE KRENTZ, SANDRA L. PAPPAS, TRACY L. BECKMAN AND JERRY R. JANEZICH.

Vellenga moved that the report of the Conference Committee on H. F. No. 350 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 350, 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; other education programs; miscellaneous provisions; choice programs; libraries; state agencies; and realignment of responsibilities; making conforming changes; 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, 4, and 16; 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; 124.84, subdivision 3; 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; 128C.02, by adding a subdivision; 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; 275.48; 473F.02, by adding a subdivision; and 475.61, subdivision 3; 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; proposing coding for new law in Minnesota Statutes, chapters 4; 121; 124; 124A; 124C; 125; 126; 128A; 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; 145.926; and Laws 1988, chapter 486, section 59.

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

The question was taken on the repassage of the bill and the roll was called.

Pursuant to rule 2.05, Pawlenty requested that he be excused from voting on the final passage of H. F. No. 350, as amended by Conference. The request was granted.

There were 105 yeas and 28 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dauner	Hasskamp	Kelso	Neary	Peterson	Tomassoni
Anderson, R.	Dauids	Haukoos	Klinzing	Nelson	Reding	Tompkins
Battaglia	Dawkins	Hausman	Koppendrayner	Ness	Rice	Trimble
Bauerly	Dehler	Holsten	Krueger	Olson, E.	Rodosovich	Tunheim
Beard	Delmont	Hugoson	Lasley	Olson, K.	Rukavina	Vellenga
Bergson	Dempsey	Huntley	Lieder	Olson, M.	Sarna	Vickerman
Bertram	Dorn	Jacobs	Lourey	Onnen	Sekhon	Wagenius
Bettermann	Evans	Jaros	Lynch	Opatz	Skoglund	Waltman
Bishop	Farrell	Jefferson	Macklin	Orenstein	Smith	Weaver
Brown, C.	Frerichs	Jennings	Mariani	Orfield	Solberg	Wejzman
Brown, K.	Girard	Johnson, A.	Molnau	Osthoff	Sparby	Welle
Carlson	Goodno	Johnson, R.	Morrison	Ostrom	Stanius	Wenzel
Carruthers	Greenfield	Johnson, V.	Mosel	Ozment	Steensma	Winter
Clark	Gruenes	Kahn	Munger	Pelowski	Sviggun	Worke
Cooper	Gutknecht	Kalis	Murphy	Perlt	Swenson	Spk. Long

Those who voted in the negative were:

Abrams	Erhardt	Kinkel	Limmer	McCollum	Pugh	Simoneau
Asch	Garcia	Knickerbocker	Lindner	McGuire	Rest	Van Dellen
Blatz	Greiling	Krinkie	Luther	Milbert	Rhodes	Wolf
Commers	Kelley	Leppik	Mahon	Pauly	Seagren	Workman

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 931

A bill for an act relating to motor fuels; increasing minimum oxygen content in certain areas at certain times; amending Minnesota Statutes 1992, section 239.791, subdivisions 1 and 2.

May 11, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 931, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 931 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 239.791, subdivision 1, is amended to read:

Subdivision 1. [MINIMUM OXYGEN CONTENT REQUIRED.] A person responsible for the product shall comply with the following requirements:

(a) After October 31, ~~1992~~ 1993, gasoline sold or offered for sale in a carbon monoxide control area, and during a carbon monoxide control period, must contain at least ~~two~~ 2.7 percent oxygen by weight.

(b) After October 31, 1995, gasoline sold or offered for sale at any time in a carbon monoxide control area must contain at least ~~two~~ 2.7 percent by oxygen by weight.

(c) After October 31, 1997, all gasoline sold or offered for sale in Minnesota must contain at least ~~two~~ 2.7 percent oxygen by weight.

Sec. 2. Minnesota Statutes 1992, section 273.1399, is amended by adding a subdivision to read:

Subd. 6. [EXEMPTION; ETHANOL PROJECTS.] The provisions of this section do not apply to a tax increment financing district that satisfies all of the following requirements:

(1) The district is an economic development district, that qualifies under section 469.176, subdivision 4c, paragraph (a), clause (1).

(2) The facility is certified by the commissioner of revenue to qualify for state payments for ethanol development under section 41A.09 to the extent funds are available.

(3) Increments from the district are used only to finance the qualifying ethanol development project located in the district or to pay for administrative costs of the district.

(4) The district is located outside of the seven-county metropolitan area, as defined in section 473.121.

(5) The tax increment financing plan was approved by a resolution of the county board.

(6) The total amount of increment for the district does not exceed \$1,000,000.

Sec. 3. [REPEALER.]

Minnesota Statutes 1992, section 239.791, subdivision 2, is repealed.

Sec. 4. [EFFECTIVE DATE.]

Section 2 is effective beginning for state aid paid in 1994."

Amend the title as follows:

Page 1, line 4, delete "section" and insert "sections" and delete "subdivisions" and insert "subdivision"

Page 1, line 5, delete "and 2" and insert "; and 273.1399, by adding a subdivision; repealing Minnesota Statutes 1992, section 239.791, subdivision 2"

We request adoption of this report and repassage of the bill.

House Conferees: DOUG PETERSON, DEE LONG AND ANN H. REST.

Senate Conferees: JOE BERTRAM, SR., STEVEN MORSE AND CAL LARSON.

Peterson moved that the report of the Conference Committee on H. F. No. 931 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 931, A bill for an act relating to motor fuels; increasing minimum oxygen content in certain areas at certain times; amending Minnesota Statutes 1992, section 239.791, subdivisions 1 and 2.

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

The question was taken on the repassage of the bill and the roll was called. There were 130 yeas and 3 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Asch	Beard	Perlt
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The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 454

A bill for an act relating to economic development; requiring a summary of performance measures for business loan or grant programs from the department of trade and economic development; amending Minnesota Statutes 1992, section 116J.58, subdivision 1.

May 11, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 454, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 454 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 116J.58, subdivision 1, is amended to read:

Subdivision 1. [ENUMERATION.] The commissioner shall:

- (1) investigate, study, and undertake ways and means of promoting and encouraging the prosperous development and protection of the legitimate interest and welfare of Minnesota business, industry, and commerce, within and outside the state;
- (2) locate markets for manufacturers and processors and aid merchants in locating and contacting markets;
- (3) investigate and study conditions affecting Minnesota business, industry, and commerce and collect and disseminate information, and engage in technical studies, scientific investigations, and statistical research and educational activities necessary or useful for the proper execution of the powers and duties of the commissioner in promoting and developing Minnesota business, industry, and commerce, both within and outside the state;
- (4) plan and develop an effective business information service both for the direct assistance of business and industry of the state and for the encouragement of business and industry outside the state to use economic facilities within the state;
- (5) compile, collect, and develop periodically, or otherwise make available, information relating to current business conditions;
- (6) conduct or encourage research designed to further new and more extensive uses of the natural and other resources of the state and designed to develop new products and industrial processes;
- (7) study trends and developments in the industries of the state and analyze the reasons underlying the trends; study costs and other factors affecting successful operation of businesses within the state; and make recommendations regarding circumstances promoting or hampering business and industrial development;
- (8) serve as a clearing house for business and industrial problems of the state; and advise small business enterprises regarding improved methods of accounting and bookkeeping;
- (9) cooperate with interstate commissions engaged in formulating and promoting the adoption of interstate compacts and agreements helpful to business, industry, and commerce;
- (10) cooperate with other state departments, and with boards, commissions, and other state agencies, in the preparation and coordination of plans and policies for the development of the state and for the use and conservation of its resources insofar as the use, conservation, and development may be appropriately directed or influenced by a state agency;
- (11) assemble and coordinate information relative to the status, scope, cost, and employment possibilities and the availability of materials, equipment, and labor in connection with public works projects, state, county, and municipal; recommend limitations on the public works; gather current progress information with reference to public and private works projects of the state and its political subdivisions with reference to conditions of employment; inquire into and report to the governor, when requested by the governor, with respect to any program of public state improvements and the financing thereof; and request and obtain information from other state departments or agencies as may be needed properly to report thereon;

(12) study changes in population and current trends and prepare plans and suggest policies for the development and conservation of the resources of the state;

(13) confer and cooperate with the executive, legislative, or planning authorities of the United States and neighboring states and of the counties and municipalities of such neighboring states, for the purpose of bringing about a coordination between the development of such neighboring states, counties, and municipalities and the development of this state;

(14) generally, gather, compile, and make available statistical information relating to business, trade, commerce, industry, transportation, communication, natural resources, and other like subjects in this state, with authority to call upon other departments of the state for statistical data and results obtained by them and to arrange and compile that statistical information in a manner that seems wise;

(15) prepare an annual report to the legislature estimating, and to the extent possible, describing the number of Minnesota companies which have left the state or moved to surrounding states or other countries. The report should include an estimate of the number of jobs lost by these moves, an estimate of the total employment payroll, average hourly wage of those jobs lost and those created in the new location, and to the extent possible, the reasons for each company moving out of state, if known;

(45) (16) publish documents and annually convene regional meetings to inform businesses, local government units, assistance providers, and other interested persons of changes in state and federal law related to economic development; and

(46) (17) annually convene conferences of providers of economic development related financial and technical assistance for the purposes of exchanging information on economic development assistance, coordinating economic development activities, and formulating economic development strategies; and

(18) prepare, as part of biennial budget process with an annual interim summary for the legislature, performance measures for each business loan or grant program within the jurisdiction of the commissioner. Measures would include source of funds for each program, numbers of jobs proposed or promised at the time of application and the number of jobs created, estimated number of jobs retained, the average salary and benefits for the jobs resulting from the program, estimated number of jobs displaced, if any, and the number of projects approved.

Sec. 2. [116].581] [COMPETITIVENESS TASK FORCE.]

Subdivision 1. [CREATION.] There is created a permanent task force on the state's economic future and competitiveness. The task force is composed of the governor (ex officio); the commissioners of the departments of jobs and training, trade and economic development, commerce, and labor and industry; the chancellor of the higher education board; the president of the largest statewide Minnesota organized labor organization as measured by the number of its members in affiliated labor organizations; the deans of the business schools at the University of Minnesota and St. Thomas University and the Hubert H. Humphrey Institute of Public Affairs; the science and technology advisor to the governor; six representatives from private sector businesses appointed by the governor, two from companies with more than 1,000 employees, two from companies with 101 to 1,000 employees, and two from companies with less than 100 employees; two members representing environmental interests; and designees of the majority leader of the senate and the minority leader of the house of representatives. The chair of the task force shall be elected by the members from the private sector members. Terms of private sector members shall be for a minimum of three years and a maximum of five years.

Subd. 2. [DUTIES.] The task force shall:

(1) monitor implementation of the state's economic blueprint, particularly as it pertains to the long-range competitiveness of Minnesota's companies, published by the department of trade and economic development in November 1992;

(2) issue long-range policy recommendations for the state to achieve its long-range economic goals;

(3) hold periodic forums and symposiums involving renowned experts in areas pertaining to economic development and job creation;

(4) meet on call of the chair to receive reports and to provide ongoing counsel and advice to the legislature and the commissioner of trade and economic development;

(5) make recommendations as to modification or numeric changes in the economic blueprint to maintain its relevance and significance;

(6) ensure that goals, proposals, and recommendations should be quantified to the extent possible;

(7) utilize modern modeling tools to determine the long-range competitive impact of past, present, and proposed legislative action; and

(8) scrutinize all legislation that can impact the state's economic future or the competitiveness of Minnesota enterprise.

Subd. 3. [REPORTS.] The task force shall make annual reports to the governor and legislature on or before February 1. The first report is due by February 1, 1994.

Subd. 4. [CONTINUATION OF TASK FORCE.] The task force shall not expire but shall continue until terminated by a law specifically terminating it."

Delete the title and insert:

"A bill for an act relating to economic development; requiring a summary of performance measures for business loan or grant programs from the department of trade and economic development; creating a task force on the state's economic future and competitiveness; amending Minnesota Statutes 1992, section 116J.58, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 116J."

We request adoption of this report and repassage of the bill.

House Conferees: KAREN CLARK, STEVEN SMITH AND MIKE JAROS.

Senate Conferees: LINDA RUNBECK, PHIL J. RIVENESS AND TRACY L. BECKMAN.

Clark moved that the report of the Conference Committee on H. F. No. 454 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 454, A bill for an act relating to economic development; requiring a summary of performance measures for business loan or grant programs from the department of trade and economic development; amending Minnesota Statutes 1992, section 116J.58, subdivision 1.

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

The question was taken on the repassage of the bill and the roll was called. There were 134 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Bergson	Carlson	Dawkins	Farrell	Gruenes	Huntley
Anderson, I.	Bertram	Carruthers	Dehler	Frerichs	Gutknecht	Jacobs
Anderson, R.	Bettermann	Clark	Delmont	Garcia	Hasskamp	Jaros
Asch	Bishop	Commers	Dempsey	Girard	Haukoos	Jefferson
Battaglia	Blatz	Cooper	Dorn	Goodno	Hausman	Jennings
Bauerly	Brown, C.	Dauner	Erhardt	Greenfield	Holsten	Johnson, A.
Beard	Brown, K.	Davids	Evans	Greiling	Hugoson	Johnson, R.

Johnson, V.	Lieder	Morrison	Orfield	Rice	Sviggum	Welle
Kahn	Limmer	Mosel	Osthoff	Rodosovich	Swenson	Wenzel
Kalis	Lindner	Munger	Ostrom	Rukavina	Tomassoni	Winter
Kelley	Lourey	Murphy	Ozment	Sarna	Tompkins	Wolf
Kelso	Luther	Neary	Pauly	Seagren	Trimble	Worke
Kinkel	Lynch	Nelson	Pawlenty	Sekhon	Tunheim	Workman
Klinzing	Macklin	Ness	Pelowski	Simoneau	Van Dellen	Spk. Long
Knickerbocker	Mahon	Olson, E.	Perlt	Skoglund	Vellenga	
Koppendrayner	Mariani	Olson, K.	Peterson	Smith	Vickerman	
Krinkie	McCollum	Olson, M.	Pugh	Solberg	Wagenius	
Krueger	McGuire	Onnen	Reding	Sparby	Waltman	
Lasley	Milbert	Opatz	Rest	Stanis	Weaver	
Leppik	Molnau	Orenstein	Rhodes	Steensma	Wejcman	

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1205

A bill for an act relating to courts; making the housing calendar consolidation projects in the second and fourth judicial districts permanent law; providing that the law requiring that fines collected for violations of building repair orders must be used for the housing calendar consolidation projects is permanent; amending Laws 1989, chapter 328, article 2, section 17; repealing Laws 1989, chapter 328, article 2, sections 18 and 19.

May 11, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1205, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1205 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 504.33, subdivision 3, is amended to read:

Subd. 3. [DISPLACE.] "Displace" means to demolish, acquire for or convert to a use other than low-income housing, or to provide or spend money that directly results in the demolition, acquisition, or conversion of housing to a use other than low-income housing.

"Displace" does not include providing or spending money that directly results in: (i) housing improvements made to comply with health, housing, building, fire prevention, housing maintenance, or energy codes or standards of the applicable government unit; (ii) housing improvements to make housing more accessible to a handicapped person; or (iii) the demolition, acquisition, or conversion of housing for the purpose of creating owner-occupied housing that consists of no more than four units per structure.

"Displace" does not include downsizing large apartment complexes by demolishing less than 25 percent of the units in the complex or by eliminating units through reconfiguration and expansion of individual units for the purpose of expanding the size of the remaining low-income units. For the purpose of this section, "large apartment complex" means two or more adjacent buildings containing a total of 100 or more units per complex.

Sec. 2. Minnesota Statutes 1992, section 504.33, subdivision 5, is amended to read:

Subd. 5. [LOW-INCOME HOUSING.] (a) "Low-income housing" means either:

(1) rental housing with a rent less than or equal to 30 percent of 50 percent of the median income for the county in which the rental housing is located, adjusted by size; or

(2) rental housing occupied by households with income below 30 percent of the median for the metropolitan area as defined in section 473.121, subdivision 2, adjusted by size.

(b) "Low-income housing" also includes rental housing that has been vacant for less than two years, that was low-income housing when it was last occupied, and that is not condemned as being unfit for human habitation by the applicable government unit.

Sec. 3. Minnesota Statutes 1992, section 504.33, subdivision 7, is amended to read:

Subd. 7. [REPLACEMENT HOUSING.] (a) "Replacement housing" means rental housing that is:

(1) the lesser of (i) the number and corresponding size of low-income housing units displaced, or (ii) sufficient in number and corresponding size of those low-income housing units displaced to meet the demand for those units. Notwithstanding subclauses (i) and (ii), if the housing impact statement shows demonstrated need, displaced units may be replaced by fewer, larger units of comparable total size, except that efficiency and single room occupancy units may not be replaced by units of a larger size;

(2) low-income housing ~~for the greater of at least 15 years or the compliance period of the federal low income housing tax credit under United States Code, title 26, section 42(i)(1), as amended.~~ This section does not prohibit increases in rent to cover operating expenses;

(3) in at least standard condition; and

(4) located in the city where the displaced low-income housing units were located.

Replacement housing may be provided as newly constructed housing, or rehabilitated housing that was previously unoccupied or vacant and in condemnable condition or rent subsidized existing housing that does not already qualify as low-income housing.

(b) Notwithstanding the requirements in paragraph (a), public housing units which are a part of a disposition plan approved by the Department of Housing and Urban Development automatically qualify as replacement housing for public housing units which are displaced.

Sec. 4. Minnesota Statutes 1992, section 504.34, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL REPORT REQUIRED.] A government unit shall prepare ~~an annual~~ a housing impact report either:

(1) for each year in which the government unit displaces ten or more units of low-income housing in a city of the first class as defined in section 410.01; or

(2) when a specific project undertaken by a government unit for longer than one year displaces a total of ten or more units of low-income housing in a city of the first class as defined in section 410.01.

Sec. 5. Minnesota Statutes 1992, section 504.34, subdivision 2, is amended to read:

Subd. 2. [DRAFT ANNUAL HOUSING IMPACT REPORT.] A government unit subject to this section must prepare a draft annual housing impact report for review and comment by interested persons. The draft report must be completed by January 31 of the year immediately following a year in which the government unit has displaced ten or more units of low-income housing in a city. For a housing impact report required under subdivision 1, clause (2), the draft report must be completed by January 31 of the year immediately following the year in which the government unit has displaced a cumulative total of ten units of low-income housing in a city.

Sec. 6. Laws 1989, chapter 328, article 2, section 17, is amended to read:

Sec. 17. [~~HOUSING CALENDAR CONSOLIDATION PILOT PROJECT~~ PROGRAM.]

Subdivision 1. [~~ESTABLISHMENT.~~] A ~~three-year pilot project may be~~ program is established in the second and fourth judicial districts to consolidate the hearing and determination of matters related to residential rental housing and to ensure continuity and consistency in the disposition of cases.

Subd. 2. [~~JURISDICTION.~~] The housing calendar ~~project program~~ may consolidate the hearing and determination of all proceedings under Minnesota Statutes, chapters 504 and 566; criminal and civil proceedings related to violations of any state, county or city health, safety, housing, building, fire prevention or housing maintenance code; escrow of rent proceedings; landlord-tenant damage actions; and actions for rent and rent abatement. A proceeding under sections 566.01 to 566.17 may not be delayed because of the consolidation of matters under the housing calendar ~~project program~~.

Subd. 3. [~~REFEREE.~~] The chief judge of district court may appoint a referee for the housing calendar ~~project program~~. The referee must be learned in the law. The referee must be compensated according to the same scale used for other referees in the district court. Minnesota Statutes, section 484.70, subdivision 6, applies to the housing calendar ~~project program~~.

Subd. 4. [~~REFEREE DUTIES.~~] The duties and powers of the referee in the housing calendar ~~project program~~ are as follows:

(1) to hear and report all matters within the jurisdiction of the housing calendar ~~project program~~ and as may be directed to the referee by the chief judge; and

(2) to recommend findings of fact, conclusions of law, temporary and interim orders, and final orders for judgment.

All recommended orders and findings of the referee are subject to confirmation by a judge.

Subd. 5. [~~TRANSMITTAL OF COURT FILE.~~] Upon the conclusion of the hearing in each case, the referee ~~must~~ shall transmit to the district court judge, the court file together with the referee's recommended findings and orders in writing. The recommended findings and orders of the referee become the findings and orders of the court when confirmed by the district court judge. The order of the court is proof of the confirmation.

Subd. 6. [~~CONFIRMATION OF REFEREE ORDERS.~~] Review of ~~any a~~ recommended order or finding of the referee by a district court judge may be had by notice served and filed within ten days of effective notice of the recommended order or finding. The notice of review must specify the grounds for the review and the specific provisions of the recommended findings or orders disputed, and the district court judge, upon receipt of the notice of review, ~~must~~ shall set a time and place for the review hearing.

Subd. 7. [~~PROCEDURES.~~] The chief judge of the district must establish procedures for the implementation of the ~~pilot project program~~, including designation of a location for the hearings. The chief judge may also appoint other staff as necessary for the ~~project program~~.

Subd. 8. [~~EVALUATION.~~] The state court administrator may establish a procedure in consultation with the chief judge of each district, each district administrator, and an advisory group for evaluating the efficiency and the effectiveness of consolidating the hearing of residential rental housing matters, ~~and must report to the legislature by January 1, 1992.~~ An advisory group, appointed by the state court administrator, may be established to provide ongoing oversight and evaluation of the housing calendar consolidation ~~project program~~. The advisory group must include representatives of the second and fourth judicial districts and must be composed of at least one representative from each of the following groups: the state court administrator's office; the district court administrator's office; the district judges; owners of rental property; and tenants.

Sec. 7. [~~REPEALER.~~]

Laws 1989, chapter 328, article 2, sections 18 and 19, are repealed.

Sec. 8. [~~EFFECTIVE DATE.~~]

Notwithstanding Laws 1989, chapter 328, article 2, section 19, or other law, sections 6 and 7 are effective the day after final enactment."

Delete the title and insert:

"A bill for an act relating to courts; making the housing calendar consolidation projects in the second and fourth judicial districts permanent law; changing certain definitions relating to housing; providing for changes in certain housing reports; amending Minnesota Statutes 1992, sections 504.33, subdivisions 3, 5, and 7; and 504.34, subdivisions 1 and 2; Laws 1989, chapter 328, article 2, section 17; repealing Laws 1989, chapter 328, article 2, sections 18 and 19."

We request adoption of this report and repassage of the bill.

House Conferees: KAREN CLARK, ANDY DAWKINS AND TIM PAWLENTY.

Senate Conferees: RANDY C. KELLY, RICHARD J. COHEN AND SANDRA L. PAPPAS.

Clark moved that the report of the Conference Committee on H. F. No. 1205 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1205, A bill for an act relating to courts; making the housing calendar consolidation projects in the second and fourth judicial districts permanent law; providing that the law requiring that fines collected for violations of building repair orders must be used for the housing calendar consolidation projects is permanent; amending Laws 1989, chapter 328, article 2, section 17; repealing Laws 1989, chapter 328, article 2, sections 18 and 19.

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

The question was taken on the repassage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

The Speaker called Bauerly to the Chair.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1039

A bill for an act relating to auctioneers; prohibiting certain cities and towns from requiring additional licenses of persons licensed as auctioneers by a county; proposing coding for new law in Minnesota Statutes, chapter 330.

May 11, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1039, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1039 be further amended as follows:

Page 1, line 14, after the period insert "A statutory or home rule charter city or town may require an auctioneer who intends to conduct an auction in the city or town to submit proof of licensure and compliance with the bond requirements of this chapter at least 14 days before the date of the auction."

We request adoption of this report and repassage of the bill.

House Conferees: EDWINA GARCIA, CHUCK BROWN AND GIL GUTKNECHT.

Senate Conferees: JOE BERTRAM, SR., LEROY A. STUMPF AND STEVE DILLE.

Garcia moved that the report of the Conference Committee on H. F. No. 1039 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1039, A bill for an act relating to auctioneers; prohibiting certain cities and towns from requiring additional licenses of persons licensed as auctioneers by a county; proposing coding for new law in Minnesota Statutes, chapter 330.

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

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

Those who voted in the affirmative were:

Abrams	Brown, K.	Erhardt	Hausman	Kelley	Lourey	Murphy
Anderson, I.	Carlson	Evans	Holsten	Kelso	Luther	Neary
Anderson, R.	Carruthers	Farrell	Hugoson	Kinkel	Lynch	Nelson
Asch	Clark	Frerichs	Huntley	Klinzing	Macklin	Ness
Battaglia	Commers	Garcia	Jacobs	Knickerbocker	Mahon	Olson, E.
Bauerly	Cooper	Girard	Jaros	Koppendrayner	Mariani	Olson, M.
Beard	Dauner	Goodno	Jefferson	Krinkie	McCollum	Onnen
Bergson	Davids	Greenfield	Jennings	Krueger	McGuire	Opatz
Bertram	Dawkins	Greiling	Johnson, A.	Lasley	Milbert	Orenstein
Bettermann	Dehler	Gruenes	Johnson, R.	Leppik	Molnau	Orfield
Bishop	Delmont	Gutknecht	Johnson, V.	Lieder	Morrison	Osthoff
Blatz	Dempsey	Hasskamp	Kahn	Limmer	Mosel	Ostrom
Brown, C.	Dorn	Haukoos	Kalis	Lindner	Munger	Ozment

Pauly	Reding	Sarna	Solberg	Tomassoni	Vickerman	Wenzel
Pawlenty	Rest	Seagren	Sparby	Tompkins	Wagenius	Winter
Pelowski	Rhodes	Sekhon	Stanius	Trimble	Waltman	Wolf
Perlt	Rice	Simoneau	Steensma	Tunheim	Weaver	Worke
Peterson	Rodosovich	Skoglund	Sviggum	Van Dellen	Wejzman	Workman
Pugh	Rukavina	Smith	Swenson	Vellenga	Welle	Spk. Long

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1151

A bill for an act relating to employment; requiring wage payments at certain times; amending Minnesota Statutes 1992, section 181.101.

May 12, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1151, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment.

We request adoption of this report and repassage of the bill.

House Conferees: MARVIN DAUNER, ROGER COOPER AND KEVIN GOODNO.

Senate Conferees: KEITH LANGSETH, LEROY A. STUMPF AND CHARLES A. BERG.

Dauner moved that the report of the Conference Committee on H. F. No. 1151 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1151, A bill for an act relating to employment; requiring wage payments at certain times; amending Minnesota Statutes 1992, section 181.101.

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

The question was taken on the repassage of the bill and the roll was called. There were 134 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Bergson	Carlson	Dawkins	Farrell	Gruenes	Huntley
Anderson, I.	Bertram	Carruthers	Dehler	Frerichs	Gutknecht	Jacobs
Anderson, R.	Bettermann	Clark	Delmont	Garcia	Hasskamp	Jaros
Asch	Bishop	Commers	Dempsey	Girard	Haukoos	Jefferson
Battaglia	Blatz	Cooper	Dorn	Goodno	Hausman	Jennings
Bauerly	Brown, C.	Dauner	Erhardt	Greenfield	Holsten	Johnson, A.
Beard	Brown, K.	Davids	Evans	Greiling	Hugoson	Johnson, R.

Johnson, V.	Lieder	Morrison	Orfield	Rice	Sviggum	Welle
Kahn	Limmer	Mosel	Osthoff	Rodosovich	Swenson	Wenzel
Kalis	Lindner	Munger	Ostrom	Rukavina	Tomassoni	Winter
Kelley	Lourey	Murphy	Ozment	Sarna	Tompkins	Wolf
Kelso	Luther	Neary	Pauly	Seagren	Trimble	Worke
Kinkel	Lynch	Nelson	Pawenty	Sekhon	Tunheim	Workman
Klinzing	Macklin	Ness	Pelowski	Simoneau	Van Dellen	Spk. Long
Knickerbocker	Mahon	Olson, E.	Perlt	Skoglund	Vellenga	
Koppendrayner	Mariani	Olson, K.	Peterson	Smith	Vickerman	
Krinkie	McCollum	Olson, M.	Pugh	Solberg	Wagenius	
Krueger	McGuire	Onnen	Reding	Sparby	Waltman	
Lasley	Milbert	Opatz	Rest	Stanisus	Weaver	
Leppik	Molnau	Orenstein	Rhodes	Steensma	Wejcman	

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1133

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.

May 11, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 1133, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1133 be further amended as follows:

Page 3, line 10, after the period insert "In developing the policies and the state plan, the department shall hold public hearings, at least one of which must be held outside the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington."

We request adoption of this report and repassage of the bill.

House Conferees: ALICE HAUSMAN, JOEL JACOBS, TOM OSTHOFF, LOREN JENNINGS AND PAMELA NEARY.

Senate Conferees: JANET B. JOHNSON, STEVEN G. NOVAK, ELLEN R. ANDERSON, STEVE DILLE AND KEVIN M. CHANDLER.

Hausman moved that the report of the Conference Committee on H. F. No. 1133 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1133, 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.

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

The question was taken on the repassage of the bill and the roll was called. There were 133 yeas and 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Gutknecht

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 287

A bill for an act relating to waste management; encouraging local government units to use purchasing techniques to reduce waste and develop markets for recycled products; prohibiting burning and burial of harmful materials on farms; defining packaging; prohibiting disposal of unprocessed mixed municipal solid waste; extending the time to construct certain projects with grant money; authorizing counties to count waste reduction toward 1996 recycling goals; providing for county management and service contracts; requiring local government units to separately account for all revenue and spending related to waste management; requiring collectors of commercial waste to disclose where the waste is deposited; prohibiting fluorescent and high intensity discharge lamps in solid waste; clarifying that organized waste collection is one of several tools for cities and counties to use to collect waste; requiring reporting of tipping fee schedules at all waste facilities; requiring owners or operators of waste facilities that are publicly financed to account for charges and expenditures related to the facilities; regulating lamp recycling facilities; requiring electric utilities to encourage use of fluorescent and high intensity discharge lamps and to collect spent lamps; requiring a study of such lamps; extending by one year the solid waste field citation pilot program; providing for the postponement of certain waste collection fees; requiring a certain number of base units for homesteaded multiunit dwellings; clarifying the effects of the repeal of the metropolitan landfill siting process; providing for reports; amending Minnesota Statutes 1992, sections 16B.121; 16B.122, by adding a subdivision; 17.135; 115.071, subdivision 1; 115A.03, by adding a subdivision; 115A.034; 115A.54, subdivision 2a; 115A.5501, subdivision 3; 115A.551, subdivisions 2a and 4; 115A.552, subdivision 2; 115A.557, subdivision 3; 115A.56; 115A.916; 115A.929; 115A.932, subdivision 1; 115A.94, subdivisions 5 and 6; 115A.941; 115A.9651; 115A.981; 116.78, by adding a subdivision; 116.92, subdivision 7; 216B.241, by adding a subdivision; 325E.1151, subdivision 1; 325E.12; 325E.125, subdivision 1; 325E.1251; 400.04, subdivisions 3 and 4; 400.08, subdivision 3; 473.149, subdivision 6; 473.803, subdivision 3; 473.8441, subdivision 5; 473.846; and 473.848, subdivisions 2 and 3; Laws 1991, chapter 347, article 1, sections 15, subdivisions 1 and 6; and 20; Laws 1992, chapter 593, article 1, section 55; proposing coding for new law in Minnesota Statutes, chapters 115A and 116.

May 11, 1993

The Honorable Dee Long
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 287, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 287 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 16B.121, is amended to read:

16B.121 [PURCHASE OF RECYCLED, REPAIRABLE, AND DURABLE MATERIALS.]

The commissioner shall take the recycled content and recyclability of commodities to be purchased into consideration in bid specifications. When feasible and when the price of recycled materials does not exceed the price of nonrecycled materials by more than ten percent, the commissioner, and state agencies when purchasing under delegated authority, shall purchase recycled materials. In order to maximize the quantity and quality of recycled materials purchased, the commissioner, and state agencies when purchasing under delegated authority, may also use other appropriate procedures to acquire recycled materials at the most economical cost to the state.

When purchasing commodities and services, the commissioner, and state agencies when purchasing under delegated authority, shall apply and promote the preferred waste management practices listed in section 115A.02, with special emphasis on reduction of the quantity and toxicity of materials in waste. The commissioner, and state agencies when purchasing under delegated authority, in developing bid specifications, shall consider the extent to which a commodity or product is durable, reusable, or recyclable and marketable through the state resource recovery program and the extent to which the commodity or product contains postconsumer material.

Sec. 2. Minnesota Statutes 1992, section 16B.122, is amended to read:

16B.122 [PURCHASE AND USE OF PAPER STOCK; PRINTING.]

Subdivision 1. [DEFINITIONS.] The definitions in this subdivision apply to this section.

(a) "Copier paper" means paper purchased for use in copying machines.

(b) "Office paper" means notepads, loose-leaf fillers, tablets, and other paper commonly used in offices.

~~(b)~~ (c) "Postconsumer material" means a finished material that would normally be discarded as a solid waste, having completed its life cycle as a consumer item.

~~(e)~~ (d) "Practicable" means capable of being used, consistent with performance, in accordance with applicable specifications, and availability within a reasonable time.

~~(d)~~ (e) "Printing paper" means paper designed for printing, other than newsprint, such as offset and publication paper.

(e) (f) "Public entity" means the state, an office, agency, or institution of the state, the metropolitan council, a metropolitan agency, the metropolitan mosquito control district, the legislature, the courts, a county, a statutory or home rule charter city, a town, a school district, another special taxing district, or any contractor acting pursuant to a contract with a public entity.

~~(f)~~ (g) "Soy-based ink" means printing ink made from soy oil.

(g) (h) "Uncoated" means not coated with plastic, clay, or other material used to create a glossy finish.

Subd. 2. [PURCHASES; PRINTING.] (a) Whenever practicable, a public entity shall:

- (1) purchase uncoated office paper and printing paper;
 - (2) purchase recycled content paper with at least ten percent postconsumer material by weight;
 - (3) purchase paper which has not been dyed with colors, excluding pastel colors;
 - (4) purchase recycled content paper that is manufactured using little or no chlorine bleach or chlorine derivatives;
 - (5) use no more than two colored inks, standard or processed, except in formats where they are necessary to convey meaning;
 - (6) use reusable binding materials or staples and bind documents by methods that do not use glue;
 - (7) use soy-based inks; and
 - (8) produce reports, publications, and periodicals that are readily recyclable within the state resource recovery program.
- (b) Paragraph (a), clause (1), does not apply to coated paper that is made with at least 50 percent postconsumer material.

(c) A public entity shall print documents on both sides of the paper where commonly accepted publishing practices allow.

(d) Notwithstanding paragraph (a), clause (2), and section 16B.121, copier paper purchased by a state agency must contain at least ten percent postconsumer material by fiber content.

Subd. 3. [PUBLIC ENTITY PURCHASING.] (a) Notwithstanding section 365.37, 375.21, 412.331, or 473.705, a public entity may purchase recycled materials when the price of the recycled materials does not exceed the price of nonrecycled materials by more than ten percent. In order to maximize the quantity and quality of recycled materials purchased, a public entity also may use other appropriate procedures to acquire recycled materials at the most economical cost to the public entity.

(b) When purchasing commodities and services, a public entity shall apply and promote the preferred waste management practices listed in section 115A.02, with special emphasis on reduction of the quantity and toxicity of materials in waste. A public entity, in developing bid specifications, shall consider the extent to which a commodity or product is durable, reusable, or recyclable and marketable through the applicable local or regional recycling program and the extent to which the commodity or product contains postconsumer material.

Sec. 3. Minnesota Statutes 1992, section 16B.123, is amended to read:

16B.123 [PACKING MATERIALS.]

Subdivision 1. [REQUIRED USE.] Whenever technically feasible, a public entity shall purchase and use degradable loose foam packing material manufactured from vegetable starches or other renewable resources, unless the cost of the packing material is more than ten percent greater than the cost of packing material made from nonrenewable resources.

Subd. 2. [DEFINITION; PACKING MATERIAL.] For the purposes of this section, "packing material" means loose foam material, other than an exterior packaging shell, that is used to stabilize, protect, cushion, or brace the contents of a package.

Subd. 3. [PURCHASE OF PACKAGED PRODUCTS.] Whenever practicable, a public entity shall specify use of degradable loose foam packing material in contracting for purchase of packaged products, unless the cost of packaging a product with loose foam packing material is more than ten percent greater than the cost of packaging the product with loose foam packing material made from nonrenewable resources.

Sec. 4. Minnesota Statutes 1992, section 16B.24, is amended by adding a subdivision to read:

Subd. 11. [RECYCLING OF FLUORESCENT LAMPS.] When a fluorescent lamp containing mercury is removed from service in a building or premises owned by the state or rented by the state, the commissioner shall ensure that the lamp is recycled if a recycling facility, which has been licensed or permitted by the agency or is operated subject to a compliance agreement with, or other approval by, the commissioner, is available in this state.

Sec. 5. Minnesota Statutes 1992, section 17.135, is amended to read:

17.135 [FARM DISPOSAL OF SOLID WASTE.]

(a) A permit is not required from a state agency, except under sections 88.16, 88.17, and 88.22 for a person who owns or operates land used for farming that buries, or burns and buries, solid waste generated from the person's household or as part of the person's farming operation if the burying is done in a nuisance free, pollution free, and aesthetic manner on the land used for farming. This exception does not apply if regularly scheduled pickup of solid waste is reasonably available at the person's farm, as determined by resolution of the county board of the county where the person's farm is located.

(b) This exemption does not apply to burning tires or plastics, except plastic baling twine, or to burning or burial of the following materials:

- (1) household hazardous waste as defined in section 115A.96, subdivision 1;
- (2) appliances, including but not limited to, major appliances as defined in section 115A.03, subdivision 17a;
- (3) household batteries;
- (4) used motor oil; and
- (5) lead acid batteries from motor vehicles.

Sec. 6. Minnesota Statutes 1992, section 115.071, subdivision 1, is amended to read:

Subdivision 1. [REMEDIES AVAILABLE.] The provisions of sections 103F.701 to 103F.761, chapters 115, 115A, and 116, and sections 325E.10 to 325E.1251 and 325E.32 and all rules, standards, orders, stipulation agreements, schedules of compliance, and permits adopted or issued by the agency thereunder or under any other law now in force or hereafter enacted for the prevention, control, or abatement of pollution may be enforced by any one or any combination of the following: criminal prosecution; action to recover civil penalties; injunction; action to compel performance; or other appropriate action, in accordance with the provisions of said chapters and this section.

Sec. 7. Minnesota Statutes 1992, section 115A.03, is amended by adding a subdivision to read:

Subd. 22b. [PACKAGING.] "Packaging" means a container and any appurtenant material that provide a means of transporting, marketing, protecting, or handling a product. "Packaging" includes pallets and packing such as blocking, bracing, cushioning, weatherproofing, strapping, coatings, closures, inks, dyes, pigments, and labels.

Sec. 8. Minnesota Statutes 1992, section 115A.03, is amended by adding a subdivision to read:

Subd. 25c. [RECYCLING FACILITY.] "Recycling facility" means a facility at which materials are prepared for reuse in their original form or for use in manufacturing processes that do not cause the destruction of the materials in a manner that precludes further use.

Sec. 9. Minnesota Statutes 1992, section 115A.034, is amended to read:

115A.034 [ENFORCEMENT.]

This chapter may be enforced under ~~section~~ sections 115.071 and 116.072.

Sec. 10. [115A.415] [SUBSTANDARD DISPOSAL FACILITIES.]

Beginning July 1, 1995:

(1) a person may not deliver unprocessed mixed municipal solid waste to a substandard disposal facility; and

(2) an operator of a substandard disposal facility may not accept unprocessed mixed municipal solid waste for deposit in the disposal facility.

For the purpose of this section, "substandard disposal facility" means a disposal facility that does not meet the design, construction, and operation requirements for a new mixed municipal solid waste facility contained in state rules in effect as of January 1, 1993.

For the purpose of this section, waste is "unprocessed" if it has not, after collection and before disposal, undergone at least one process, as defined in section 115A.03, subdivision 25, excluding storage, exchange, and transfer of the waste.

Sec. 11. Minnesota Statutes 1992, section 115A.54, subdivision 2a, is amended to read:

Subd. 2a. [SOLID WASTE MANAGEMENT PROJECTS.] (a) The office director shall provide technical and financial assistance for the acquisition and betterment of solid waste management projects as provided in this subdivision and section 115A.52. Money appropriated for the purposes of this subdivision must be distributed as grants.

(b) Except as provided in paragraph (c), a project may receive grant assistance up to 25 percent of the capital cost of the project or \$2,000,000, whichever is less, except that projects constructed as a result of intercounty cooperative agreements may receive (1) grant assistance up to 25 percent of the capital cost of the project; or (2) \$2,000,000 times the number of participating counties, whichever is less.

(c) A recycling project or a project to compost or cocompost waste may receive grant assistance up to 50 percent of the capital cost of the project or \$2,000,000, whichever is less, except that projects completed as a result of intercounty cooperative agreements may receive (1) grant assistance up to 50 percent of the capital cost of the project; or (2) \$2,000,000 times the number of participating counties, whichever is less.

(d) Notwithstanding paragraph (e), the agency director may award grants for transfer stations that will initially transfer waste to landfills if the transfer stations are part of a planned resource recovery project, the county where the planned resource recovery facility will be located has a comprehensive solid waste management plan approved by the agency director, and the solid waste management plan proposes the development of the resource recovery facility. If the proposed resource recovery facility is not in place and operating within five eight years of the date of the grant award, the recipient shall repay the grant amount to the state.

(e) Projects without resource recovery are not eligible for assistance.

(f) In addition to any assistance received under paragraph (b) or (c), a project may receive grant assistance for the cost of tests necessary to determine the appropriate pollution control equipment for the project or the environmental effects of the use of any product or material produced by the project.

(g) In addition to the application requirements of section 115A.51, an application for a project serving eligible jurisdictions in only a single county must demonstrate that cooperation with jurisdictions in other counties to develop the project is not needed or not feasible. Each application must also demonstrate that the project is not financially prudent without the state assistance, because of the applicant's financial capacity and the problems inherent in the waste management situation in the area, particularly transportation distances and limited waste supply and markets for resources recovered.

(h) For the purposes of this subdivision, a "project" means a processing facility, together with any transfer stations, transmission facilities, and other related and appurtenant facilities primarily serving the processing facility. The office director shall adopt rules for the program by July 1, 1985.

Sec. 12. Minnesota Statutes 1992, section 115A.5501, subdivision 3, is amended to read:

Subd. 3. [FACILITY COOPERATION AND REPORTS.] The owner or operator of a solid waste composting, incineration, refuse derived fuel or disposal facility shall allow access upon reasonable notice to authorized office, agency, or metropolitan council staff for the purpose of conducting waste composition studies or otherwise assessing the amount of total packaging in the waste delivered to the facility under this section.

Beginning in 1993, by February 1 of each year the owner or operator of a facility governed by this subdivision shall submit a report to the commissioner, on a form prescribed by the commissioner, ~~information~~ specifying the total amount of solid waste received by the facility between January 1 and December 31 of the previous year. The commissioner shall calculate the total amount of solid waste delivered to solid waste facilities from the reports received from the facility owners or operators and shall report the aggregate amount to the director by April 1 of each year. The commissioner shall assess a nonforgivable administrative penalty under section 116.072 of \$500 plus any forgivable amount necessary to enforce this subdivision on any owner or operator who fails to submit a report required by this subdivision.

Sec. 13. Minnesota Statutes 1992, section 115A.551, subdivision 2a, is amended to read:

Subd. 2a. [SUPPLEMENTARY RECYCLING GOALS.] By December 31, 1996, each county will have as a goal to recycle the following amounts:

- (1) for a county outside of the metropolitan area, 30 percent by weight of total solid waste generation;
- (2) for a metropolitan county, 45 percent by weight of total solid waste generation.

Each county will develop and implement or require political subdivisions within the county to develop and implement programs, practices, or methods designed to meet its recycling goal. Nothing in this section or in any other law may be construed to prohibit a county from establishing a higher recycling goal. For the purposes of this subdivision "recycle" and "total solid waste generation" have the meanings given them in subdivision 1, except that neither includes yard waste.

For a county that, by January 1, 1995, is implementing a solid waste reduction program that is approved by the director, the director shall apply three percentage points toward achievement of the recycling goals in this subdivision. In addition, the director shall apply demonstrated waste reduction that exceeds three percent reduction toward achievement of the goals in this subdivision.

Sec. 14. Minnesota Statutes 1992, section 115A.551, subdivision 4, is amended to read:

Subd. 4. [INTERIM MONITORING.] The office, for counties outside of the metropolitan area, and the metropolitan council, for counties within the metropolitan area, shall monitor the progress of each county toward meeting the recycling goals in subdivisions 2 and 2a ~~and~~. The office shall report to the legislative commission on waste management on the progress of the counties by July 1 of each year. The metropolitan council shall report to the legislative commission on waste management on the progress of the counties by July 1 of each year. If the office or the council finds that a county is not progressing toward the goals in subdivisions 2 and 2a, it shall negotiate with the county to develop and implement solid waste management techniques designed to assist the county in meeting the goals, such as organized collection, curbside collection of source-separated materials, and volume-based pricing.

In even-numbered years the office's progress report may be included in the solid waste management policy report required under section 115A.411. The metropolitan council's progress report shall be included in the report required by section 473.149.

Sec. 15. Minnesota Statutes 1992, section 115A.56, is amended to read:

115A.56 [RECYCLED CONTENT; LABELS.]

(a) A person may not label or otherwise indicate on a product or package for sale or distribution that the product or package contains recycled material unless the label or other indication states the minimum percentage of postconsumer material in the product or package:

- (1) by weight for a finished nonpaper product or package; and

(2) by fiber content for a finished paper product or package.

For the purposes of this section "product" includes advertising materials and campaign material as defined in section 211B.01, subdivision 2.

(b) Paragraph (a) does not apply to products that qualify for and use the recycling emblem established by the state of New York that was in effect on December 14, 1990.

Sec. 16. Minnesota Statutes 1992, section 115A.916, is amended to read:

115A.916 [USED OIL; LAND DISPOSAL PROHIBITED MOTOR AND VEHICLE FLUIDS AND FILTERS; PROHIBITIONS.]

A person may not place used motor oil, brake fluid, power steering fluid, transmission fluid, motor oil filters, or antifreeze:

(1) in mixed municipal solid waste or place used oil;

(2) in or on the land, unless approved by the agency; or

(3) in or on the waters of the state or in a stormwater or wastewater collection or treatment system. This section may be enforced by the agency pursuant to sections 115.071 and 116.072.

For the purposes of this section, "antifreeze" does not include small amounts of antifreeze contained in water used to flush the cooling system of a vehicle after the antifreeze has been drained and does not include deicer that has been used on the exterior of a vehicle.

This section does not apply to antifreeze placed in a wastewater collection system that includes a publicly owned treatment works that is permitted by the agency until July 1, 1995.

Sec. 17. Minnesota Statutes 1992, section 115A.929, is amended to read:

115A.929 [FEES; ACCOUNTING.]

Each local government unit that collects a fee under section 115A.919, 115A.921, or 115A.923 shall account for all revenue collected from the fee waste management fees, together with interest earned on the revenue from the fee fees, separately from other revenue collected by the local government unit and shall report revenue collected from the fee fees and use of the revenue separately from other revenue and use of revenue in any required financial report or audit. For the purposes of this section, "waste management fees" means:

(1) all fees, charges, and surcharges collected under sections 115A.919, 115A.921, and 115A.923;

(2) all tipping fees collected at waste management facilities owned or operated by the local government unit;

(3) all charges imposed by the local government unit for waste collection and management services; and

(4) any other fees, charges, or surcharges imposed on waste or for the purpose of waste management, whether collected directly from generators or indirectly through property taxes or as part of utility or other charges for services provided by the local government unit.

Sec. 18. [115A.9302] [WASTE DEPOSIT DISCLOSURE.]

Subdivision 1. [DISCLOSURE REQUIRED.] By January 1, 1994, and at least annually thereafter, a person that collects construction debris, industrial waste, or mixed municipal solid waste for transportation to a waste facility shall disclose to each waste generator from whom waste is collected the name, location, and type of, and the number of the permit issued by the agency, or its counterpart in another state, if applicable, for the processing or disposal facility or facilities, excluding a transfer station, at which the waste will be deposited. The collector shall note both the primary facility at which the collector most often deposits waste and any alternative facilities regularly used by the collector.

Subd. 2. [FORM OF DISCLOSURE.] A collector shall make the disclosure to the waste generator in writing at least once per year or on any written contract for collection services for that year. If an additional facility becomes either a primary facility or an alternative facility during the year, the collector shall make the disclosure set forth in subdivision 1 within 30 days. A local government unit that collects solid waste without direct charges to waste generators shall make the disclosure on any statement that includes an amount for waste management, provided that, at a minimum, disclosure to waste generators must be made at least twice annually in a form likely to be available to all generators.

Subd. 3. [TRANSFER STATIONS.] If the collector deposits waste at a transfer station, the collector need not disclose the name and location of the transfer station but must disclose the destination of the waste when it leaves the transfer station.

Sec. 19. Minnesota Statutes 1992, section 115A.932, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITIONS.] (a) A person may not place mercury or a thermostat, thermometer, electric switch, appliance, or medical or scientific instrument from which the mercury has not been removed for reuse or recycling:

- (1) in solid waste; or
- (2) in a wastewater disposal system.

(b) A person may not knowingly place mercury or a thermostat, thermometer, electric switch, appliance, or medical or scientific instrument from which the mercury has not been removed for reuse or recycling:

- (1) in a solid waste processing facility; or
- (2) in a solid waste disposal facility, as defined in section 115.01, subdivision 4.

(c) A person may not knowingly place a fluorescent or high intensity discharge lamp:

- (1) in solid waste; or
- (2) in a solid waste facility, except a household hazardous waste collection or recycling facility.

This paragraph does not apply to waste lamps generated by households until August 1, 1994.

Sec. 20. Minnesota Statutes 1992, section 115A.94, subdivision 5, is amended to read:

Subd. 5. [COUNTY ORGANIZED COLLECTION.] (a) A county may by ordinance require cities and towns within the county to organize collection. Organized collection ordinances of counties may:

- (1) require cities and towns to require the separation and separate collection of recyclable materials;
- (2) specify the material to be separated; and
- (3) require cities and towns to meet any performance standards for source separation that are contained in the county solid waste plan.

(b) A county may itself organize collection under subdivision 4 in any city or town that does not comply with a county organized collection ordinance adopted under this subdivision, and the county may implement, as part of its organized collection, the source separation program and performance standards required by its organized collection ordinance.

Sec. 21. Minnesota Statutes 1992, section 115A.94, subdivision 6, is amended to read:

Subd. 6. [ORGANIZED COLLECTION NOT REQUIRED OR PREVENTED.] (a) The authority granted in this section to organize solid waste collection is optional and is in addition to authority to govern solid waste collection granted by other law.

(b) Except as provided in subdivision 5, a city, town, or county is not:

(1) required to organize collection; or

(2) prevented from organizing collection of solid waste or recyclable material.

(c) Except as provided in subdivision 5, a city, town, or county may exercise any authority granted by any other law, including a home rule charter, to govern collection of solid waste.

Sec. 22. Minnesota Statutes 1992, section 115A.941, is amended to read:

115A.941 [SOLID WASTE; REQUIRED COLLECTION.]

(a) Except as provided in paragraph (b), each city, and town described in section 368.01, with a population of 1,000 or more, and any other town with a population of 5,000 or more shall ensure that every residential household and business in the city or town has solid waste collection service. To comply with this section, a city or town may organize collection, provide collection, or require by ordinance that every household and business has a contract for collection services. An ordinance adopted under this section must provide for enforcement.

(b) A city or town ~~with a population of 5,000 or more described in paragraph (a)~~ may exempt a residential household or business in the city or town from the requirement to have solid waste collection service if the household or business ensures that an environmentally sound alternative is used.

(c) To the extent practicable, the costs incurred by a city or town under this section must be incorporated into the collection system or the enforcement mechanisms adopted under this section by the city or town.

Sec. 23. [115A.9523] [HAZARDOUS PRODUCTS; LABELING.]

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Hazardous product" means a product that, as a product or when it becomes a waste, exhibits a hazardous characteristic of ignitability, corrosivity, reactivity, or toxicity, or any combination of these characteristics, as defined and listed under the criteria in Code of Federal Regulations, title 40, sections 261.20 to 261.24. "Hazardous product" does not include:

(1) a pesticide that is registered under chapter 18B;

(2) a product that is required to be labeled for proper waste management under other state or federal law;

(3) a battery that complies with sections 115A.961 and 325E.125 as applicable to the battery; or

(4) a prescription drug.

(c) "Product" means tangible personal property that is manufactured or imported for retail sale or use in this state. "Product" does not include a durable good with an expected useful life of three years or more.

Subd. 2. [UNIFORM LABEL.] The director shall adopt a rule to establish a uniform label for hazardous products that must include at least a warning that, as waste, the product contains a hazardous material that can harm the environment if not properly managed and information for proper management or disposal of the waste product.

Subd. 3. [LABEL; REQUIRED USE.] After January 1, 2000, a manufacturer may not knowingly offer a hazardous product for distribution, sale, or use in this state unless the product is labeled, on the product itself or on the container, with the label adopted under subdivision 2. This subdivision is not effective if the federal government adopts and implements uniform labeling of hazardous products by January 1, 2000, and if the label required both warns of the presence of hazardous material and informs of proper management of the product as waste. For the purposes of this subdivision, a retailer or a distributor is not a manufacturer and is not subject to the requirements of this section.

Sec. 24. Minnesota Statutes 1992, section 115A.965, subdivision 1, is amended to read:

Subdivision 1. [PACKAGING.] (a) As soon as feasible but not later than August 1, 1993, no manufacturer or distributor may sell or offer for sale or for promotional purposes in this state packaging or a product that is contained in packaging if the packaging itself, or any inks, dyes, pigments, adhesives, stabilizers, or any other additives to the packaging contain any lead, cadmium, mercury, or hexavalent chromium that has been intentionally introduced as an element during manufacture or distribution of the packaging. Intentional introduction does not include the incidental presence of any of the prohibited elements.

(b) For the purposes of this section:

(1) "distributor" means a person who imports packaging or causes packaging to be imported into the state; and

(2) until August 15, 1995, "packaging" does not include steel strapping containing a total concentration level of lead, cadmium, mercury, and hexavalent chromium, added together, of less than 100 parts per million by weight.

Sec. 25. Minnesota Statutes 1992, section 115A.9651, is amended to read:

115A.9651 [TOXICS IN PRODUCTS; ENFORCEMENT.]

After July 1, 1994, no person may deliberately introduce lead, cadmium, mercury, or hexavalent chromium into any ink, dye, pigment, paint, or fungicide that is intended for use or for sale in this state.

Until July 1, 1997, this section does not apply to electrodeposition primer coating, porcelain enamel coatings, medical devices, hexavalent chromium in the form of chromine acid when processed at a temperature of at least 750 degrees Fahrenheit, or ink used for computer identification markings.

This section does not apply to art supplies.

This section may be enforced under sections 115.071 and 116.072. The attorney general or the commissioner of the agency shall coordinate enforcement of this section with the director of the office.

Sec. 26. Minnesota Statutes 1992, section 115A.981, is amended to read:

115A.981 [SOLID WASTE MANAGEMENT; ECONOMIC STATUS AND OUTLOOK.]

Subdivision 1. [RECORD KEEPING REQUIREMENTS.] The owner or operator of a solid waste ~~disposal~~ facility must maintain the records necessary to comply with the requirements of subdivision 2.

Subd. 2. [ANNUAL REPORTING.] (a) The owner or operator of a solid waste disposal facility shall submit an annual report to the commissioner that includes:

(1) a certification that the owner or operator has established financial assurance for closure, postclosure care, and corrective action at the facility by using one or more of the financial assurance mechanisms specified by rule and specification of the financial assurance mechanism used, including the amount paid in or assured during the past year and the total amount of financial assurance accumulated to date; and

(2) a schedule of fees charged by at the facility for waste management, including all tipping fees, rates, charges, surcharges, and any other fees charged to each classification of customer.

(b) The owner or operator of a solid waste facility, other than a private recycling facility, that is not a disposal facility and that is not governed by paragraph (c) shall submit an annual report to the commissioner that includes a schedule of fees charged at the facility for waste management, including all tipping fees, rates, charges, surcharges, and any other fees charged to each classification of customers.

(c) The owner or operator of a solid waste facility whose construction or operation was or is wholly or partially publicly financed, except when the public financing consists entirely of a grant for less than 15 percent of the cost of construction or consists solely of the sale of revenue bonds, and a local government unit that is the owner or operator of a solid waste facility shall submit an annual report to the commissioner that includes:

(1) a schedule of fees charged at the facility for waste management, including all tipping fees, rates, charges, surcharges, and any other fees charged to each classification of customers;

(2) a description of the amounts and sources of capital financing for the facility, including current debt and principal and interest payments made on the debt to date;

(3) an accounting of the costs of administration and operation of the facility;

(4) identification of the source and amount of any additional financing for the administration or operation of the facility not included in the fees reported under clause (1); and

(5) identification of the purposes of expenditure of any fees reported under clause (1) that are not expended for servicing or repaying debt on the facility or for administration and operation of the facility.

(d) The agency may suspend the operation of a disposal facility whose permittee fails to file the information required under this subdivision. The owner or operator of a facility may not increase fees until 30 days after the owner or operator has submitted a fee schedule amendment to the commissioner.

Subd. 3. [REPORT.] (a) The commissioner shall report to the legislative commission on waste management by July 1 of each odd-numbered year on the economic status and outlook of the state's solid waste management sector including:

(1) an estimate of the extent to which prices for solid waste management paid by consumers reflect costs related to environmental and public health protection, including a discussion of how prices are publicly and privately subsidized and how identified costs of waste management are not reflected in the prices;

~~(2) a discussion of how the market structure for solid waste management influences prices, considering:~~

~~(i) changes in the solid waste management market structure;~~

~~(ii) the relationship between public and private involvement in the market; and~~

~~(iii) the effect on market structures of waste management laws and rules; and~~

~~(3) any recommendations for strengthening or improving the market structure for solid waste management to ensure protection of human health and the environment, taking into account the preferred waste management practices listed in section 115A.02 and considering the experiences of other states.~~

(b) In preparing the report, the commissioner shall:

(1) consult with the director; the metropolitan council; local government units; solid waste collectors, transporters, and processors; owners and operators of solid waste disposal facilities; and other interested persons;

(2) consider information received under subdivision 2; and

(3) analyze information gathered and comments received relating to the most recent solid waste management policy report prepared under section 115A.411.

The commissioner shall also recommend any legislation necessary to ensure adequate and reliable information needed for preparation of the report.

(c) ~~If an action recommended by the commissioner under paragraph (a) would significantly affect the solid waste management market structure, the commissioner shall, in consultation with the entities listed in paragraph (b), clause (1), prepare and include in the report an analysis of the potential impacts and effectiveness of the action, including impacts on:~~

~~(1) the public and private waste management sectors;~~

~~(2) future innovation and responsiveness to new approaches to solid waste management; and~~

~~(3) the costs of waste management.~~

(d) The report must also include:

(1) statewide and facility by facility estimates of the total potential costs and liabilities associated with solid waste disposal facilities for closure and postclosure care, response costs under chapter 115B, and any other potential costs, liabilities, or financial responsibilities;

(2) statewide and facility by facility requirements for proof of financial responsibility under section 116.07, subdivision 4h, and how each facility is meeting those requirements.

Sec. 27. Minnesota Statutes 1992, section 116.78, is amended by adding a subdivision to read:

Subd. 3a. [WASTE CONTAINERS.] Noninfectious mixed municipal solid waste generated by a facility must be placed for containment, collection, and processing or disposal in containers that are sufficiently transparent that the contents of the containers may be viewed from the exterior of the containers. The operator of a mixed municipal solid waste facility may not refuse to accept mixed municipal solid waste generated by a facility that complies with this subdivision, unless the operator observes that the waste contains sharps or other infectious waste.

Sec. 28. Minnesota Statutes 1992, section 116.92, subdivision 7, is amended to read:

Subd. 7. [FLUORESCENT AND HIGH INTENSITY DISCHARGE LAMPS; LARGE USE APPLICATIONS.] (a) A person who sells fluorescent or high intensity discharge lamps that contain mercury to the owner or manager of an industrial, commercial, office, or multiunit residential building, or to any person who replaces or removes from service outdoor lamps that contain mercury, shall clearly inform the purchaser in writing on the invoice for the lamps, or in a separate writing, that the lamps contain mercury, a hazardous substance that is regulated by federal or state law and that they may not be placed in solid waste. This paragraph does not apply to a person who incidentally sells fluorescent or high intensity discharge lamps at retail to the specified purchasers.

(b) A person who contracts with the owner or manager of an industrial, commercial, office, or multiunit residential building, or with a person responsible for outdoor lighting, to remove from service fluorescent or high intensity discharge lamps that contain mercury shall clearly inform, in writing, the person for whom the work is being done that the lamps being removed from service contain mercury and what the contractor's arrangements are for the management of the mercury in the removed lamps.

Sec. 29. [116.93] [LAMP RECYCLING FACILITIES.]

Subdivision 1. [DEFINITION.] For the purposes of this section, "lamp recycling facility" means a facility operated to remove, recover, and recycle for reuse mercury or other hazardous materials from fluorescent or high intensity discharge lamps.

Subd. 2. [LAMP RECYCLING FACILITY; PERMITS OR LICENSES.] (a) A person may not operate a lamp recycling facility without obtaining a permit or license for the facility from the agency. The permit or license must require:

(1) a plan for response to releases, including emergency response;

(2) proof of financial responsibility for closure and any necessary postclosure care at the facility which may include a performance bond or other insurance; and

(3) liability insurance or another financial mechanism that provides proof of financial responsibility for response actions required under chapter 115B.

(b) A lamp recycling facility that is licensed or permitted by a county under section 473.811, subdivision 5b, complies with this subdivision if the license or permit held by the facility contains at least all the terms and conditions required by the agency for a license or permit issued under this subdivision.

(c) A lamp recycling facility with a demonstrated capability for recycling that is in operation prior to adoption of rules for a licensing or permitting process for the facility by the agency may continue to operate in accordance with compliance agreement or other approval by the commissioner until a license or permit is issued by the agency under this subdivision.

Sec. 30. [116.94] [LOOSE FOAM PACKING MATERIAL; DIFFERENTIATION.]

(a) By July 1, 1995, the commissioner shall adopt rules to implement a method for easily and visually differentiating between packing material that is manufactured using only vegetable starches or other renewable resources and packing material manufactured using petroleum and other nonrenewable resources.

(b) For the purposes of this section "packing material" has the meaning given in section 16B.123, subdivision 2.

(c) This section applies only if loose foam packing material manufacturers do not establish and implement a differentiation method that complies with paragraph (a) not later than July 1, 1994.

Sec. 31. Minnesota Statutes 1992, section 216B.241, is amended by adding a subdivision to read:

Subd. 5. [CONSERVATION IMPROVEMENT PROGRAM; EFFICIENT LIGHTING.] (a) Each public utility, cooperative electric association, and municipal utility that provides electric service to retail customers shall include as part of its conservation improvement activities a program to strongly encourage the use of fluorescent and high intensity discharge lamps. The program must include at least a public information campaign to encourage use of the lamps and proper management of spent lamps by all customer classifications.

(b) A public utility that provides electric service at retail to 200,000 or more customers shall establish, either directly or through contracts with other persons, including lamp manufacturers, distributors, wholesalers, and retailers and local government units, a system to collect for delivery to a reclamation or recycling facility spent fluorescent and high intensity discharge lamps from households and from small businesses as defined in section 645.445 that generate an average of fewer than ten spent lamps per year.

(c) A collection system must include establishing reasonably convenient locations for collecting spent lamps from households and financial incentives sufficient to encourage spent lamp generators to take the lamps to the collection locations. Financial incentives may include coupons for purchase of new fluorescent or high intensity discharge lamps, a cash back system, or any other financial incentive or group of incentives designed to collect the maximum number of spent lamps from households and small businesses that is reasonably feasible.

(d) A public utility that provides electric service at retail to fewer than 200,000 customers, a cooperative electric association, or a municipal utility that provides electric service at retail to customers may establish a collection system under paragraphs (b) and (c) as part of conservation improvement activities required under this section.

(e) The commissioner of the pollution control agency may not, unless clearly required by federal law, require a public utility, cooperative electric association, or municipality that establishes a household fluorescent and high intensity discharge lamp collection system under this section to manage the lamps as hazardous waste as long as the lamps are managed to avoid breakage and are delivered to a recycling or reclamation facility that removes mercury and other toxic materials contained in the lamps prior to placement of the lamps in solid waste.

(f) If a public utility, cooperative electric association, or municipal utility contracts with a local government unit to provide a collection system under this subdivision, the contract must provide for payment to the local government unit of all the unit's incremental costs of collecting and managing spent lamps.

(g) All the costs incurred by a public utility, cooperative electric association, or municipal utility for promotion and collection of fluorescent and high intensity discharge lamps under this subdivision are conservation improvement spending under this section.

Sec. 32. Minnesota Statutes 1992, section 325E.1151, subdivision 1, is amended to read:

Subdivision 1. [PURCHASERS MUST RETURN BATTERY OR PAY \$5.] (a) A person who purchases a lead acid battery at retail, except a lead acid battery that is designed to provide power for a boat motor that is purchased at the same time as the battery, must:

- (1) return a lead acid battery to the retailer; or
- (2) pay the retailer a \$5 surcharge.

(b) A person who has paid a \$5 surcharge under paragraph (a) must receive a \$5 refund from the retailer if the person returns a lead acid battery with a receipt for the purchase of a new battery from that retailer within 30 days after purchasing a new lead acid battery.

(c) A retailer may keep the unrefunded surcharges for lead acid batteries not returned within 30 days.

Sec. 33. Minnesota Statutes 1992, section 325E.12, is amended to read:

325E.12 [PENALTY.]

~~Any person violating~~ Violation of sections 325E.10 to 325E.12 ~~shall be guilty of 325E.1151~~ is a petty misdemeanor. Sections 325E.10 to 325E.1151 may be enforced under section 115.071.

Sec. 34. Minnesota Statutes 1992, section 325E.125, subdivision 1, is amended to read:

Subdivision 1. [LABELING.] (a) The manufacturer of a button cell battery that is to be sold in this state shall ensure that each battery contains no intentionally introduced mercury or is labeled to clearly identify for the final consumer of the battery the type of electrode used in the battery.

(b) The manufacturer of a rechargeable battery that is to be sold in this state shall ensure that each rechargeable battery is labeled to clearly identify for the final consumer of the battery the type of electrode and the name of the manufacturer. The manufacturer of a rechargeable battery shall also provide clear instructions for properly recharging the battery.

Sec. 35. Minnesota Statutes 1992, section 325E.1251, is amended to read:

325E.1251 [PENALTY ENFORCEMENT.]

Subdivision 1. [PENALTY.] Violation of ~~sections 115A.9155 and~~ section 325E.125 is a misdemeanor. A manufacturer who violates section ~~115A.9155 or~~ 325E.125 is also subject to a minimum fine of \$100 per violation.

Subd. 2. [RECOVERY OF COSTS.] Section 325E.125 may be enforced under section 115.071. In an enforcement action under this section in which the state prevails, the state may recover reasonable administrative expenses, court costs, and attorney fees incurred to take the enforcement action, in an amount to be determined by the court.

Sec. 36. Minnesota Statutes 1992, section 400.04, subdivision 3, is amended to read:

Subd. 3. [ACQUISITION, CONSTRUCTION, AND OPERATION OF PROPERTY AND FACILITIES.] A county may acquire, construct, enlarge, improve, repair, supervise, control, maintain, and operate any and all solid waste facilities and other property and facilities needed, used, or useful for solid waste management purposes. Notwithstanding any other law to the contrary, a county may ~~contract for recycling services, and~~ purchase and lease materials, equipment, machinery, and such other personal property as is necessary for such purposes including recycling upon terms and conditions determined by the board, with or without advertisement for bids including the use of conditional sales contracts and lease-purchase agreements. If a county contract is let by negotiation, without advertising for bids, the county shall conduct such negotiation and award the contract using a fair and open procedure and in full compliance with section 471.705. If a county contract is to be awarded by bid, the county may, after notice to the public and prospective bidders, conduct a fair and open process of prequalification of bidders prior to advertisement for bids. A county may employ such personnel as are reasonably necessary for the care, maintenance and operation of such property and facilities. A county shall contract with private persons for the construction, maintenance, and operation of solid waste facilities where the facilities are adequate and available for use and competitive with other means of providing the same service.

Sec. 37. Minnesota Statutes 1992, section 400.04, subdivision 4, is amended to read:

Subd. 4. [MANAGEMENT AND SERVICE CONTRACTS.] Notwithstanding sections 375.21 and 471.345, a county may enter into contracts for the construction, installation, maintenance and operation of property and facilities on private or public lands and may contract for the furnishing of solid waste management services: upon terms and conditions determined by the board, with or without advertisement for bids, including the use of conditional sales contracts and lease-purchase agreements. If a county contract is let by negotiation, without advertising for bids, the county shall conduct negotiations and award the contract using a fair and open procedure and in full compliance with section 471.705.

Sec. 38. Minnesota Statutes 1992, section 400.08, subdivision 3, is amended to read:

Subd. 3. [SERVICE CHARGES.] The county may establish by ordinance, revise when deemed advisable, and collect just and reasonable rates and charges for solid waste management services provided by the county or by others under contract with the county. The ordinance may obligate the owners, lessees, or occupants of property, or any or all of them, to pay charges for solid waste management services to their properties, including properties owned, leased, or used by the state or a political subdivision of the state, including the regional transit board established in section 473.373, the metropolitan airports commission established in section 473.603, the state agricultural society established in section 37.01, a local government unit, and any other political subdivision, and may obligate the user of any facility to pay a reasonable charge for the use of the facility. Rates and charges may take into account the character, kind, and quality of the service and of the solid waste, the method of disposition, the number of people served at each place of collection, and all other factors that enter into the cost of the service, including but not limited to depreciation and payment of principal and interest on money borrowed by the county for the acquisition or betterment of facilities. A notice of intention to enact an ordinance, published pursuant to section 375.51, subdivision 2, shall provide for a public hearing prior to the meeting at which the ordinance is to be considered.

Sec. 39. Minnesota Statutes 1992, section 473.149, subdivision 6, is amended to read:

Subd. 6. [REPORT TO LEGISLATURE.] The council shall report on abatement to the legislative commission on waste management by ~~November~~ July 1 of each year. The report must include an assessment of whether the objectives of the metropolitan abatement plan have been met and whether each county and each class of city within each county have achieved the objectives set for it in the council's plan. The report must recommend any legislation that may be required to implement the plan. The report shall include the reports required by sections 115A.551, subdivision 5; 473.846; and 473.848, subdivision 4. If in any year the council reports that the objectives of the council's abatement plan have not been met, the council shall evaluate and report on the need to reassign governmental responsibilities among cities, counties, and metropolitan agencies to assure implementation and achievement of the metropolitan and local abatement plans and objectives.

The report in each even-numbered year must include a report on the operating, capital, and debt service costs of solid waste facilities in the metropolitan area; changes in the costs; the methods used to pay the costs; and the resultant allocation of costs among users of the facilities and the general public. The facility costs report must present the cost and financing analysis in the aggregate and broken down by county and by major facility.

Sec. 40. Minnesota Statutes 1992, section 473.803, subdivision 3, is amended to read:

Subd. 3. [ANNUAL REPORT.] By April 1 of each year, each metropolitan county shall prepare and submit ~~annually~~ to the council for its approval a report containing information, as the council may prescribe in its policy plan, concerning solid waste generation and management within the county. The report shall include a statement of progress in achieving the land disposal abatement objectives for the county and classes of cities in the county as stated in the council's policy plan and county master plan. The report must list cities that have not satisfied the county performance standards for local abatement required by subdivision 1c. The report must include a schedule of rates and charges in effect or proposed for the use of any solid waste facility owned or operated by or on its behalf, together with a statement of the basis for such charges.

The report shall contain the recycling development grant report required by section 473.8441 and the annual certification report required by section 473.848.

Sec. 41. Minnesota Statutes 1992, section 473.8441, subdivision 5, is amended to read:

Subd. 5. [GRANT ALLOCATION PROCEDURE.] (a) The council shall distribute the funds annually so that each qualifying county receives an equal share of 50 percent of the council's allocation to the program described in this section, plus a proportionate share of the remaining funds available for the program. A county's proportionate share is an amount that has the same proportion to the total remaining funds as the number of households in the county has to the total number of households in all metropolitan counties.

(b) To qualify for distribution of funds, a county, by ~~August 15~~ April 1 of each year, must submit for council approval a report on expenditures and activities under the program during the preceding fiscal year and any proposed changes in its recycling implementation strategy or performance funding system. The report shall be included in the county report required by section 473.803, subdivision 3.

Sec. 42. Minnesota Statutes 1992, section 473.846, is amended to read:

473.846 [REPORT TO LEGISLATURE.]

~~By November 1, 1986, and each year thereafter, The agency and metropolitan council shall submit to the senate finance committee, the house appropriations committee, and the legislative commission on waste management separate reports describing the activities for which money from the landfill abatement account and contingency action funds trust fund has been spent during the previous fiscal year. The agency shall report by November 1 of each year. The council may shall incorporate its report in the report required by section 473.149, due July 1 of each year. In its 1988 report, The council shall make recommendations to the legislature legislative commission on waste management on the future management and use of the metropolitan landfill abatement fund account.~~

Sec. 43. Minnesota Statutes 1992, section 473.848, subdivision 2, is amended to read:

Subd. 2. [COUNTY CERTIFICATION; COUNCIL APPROVAL.] (a) ~~By April 1 of each year, each county shall submit a semiannual~~ an annual certification report to the council detailing:

(1) the quantity of waste generated in the county that was not processed prior to transfer to a disposal facility during the ~~six months~~ year preceding the report;

(2) the reasons the waste was not processed;

(3) a strategy for development of techniques to ensure processing of waste including a specific timeline for implementation of those techniques; and

(4) any progress made by the county in reducing the amount of unprocessed waste.

The report shall be included in the county report required by section 473.803, subdivision 3.

(b) The council shall approve a county's certification report if it determines that the county is reducing and will continue to reduce the amount of unprocessed waste, based on the report and the county's progress in development and implementation of techniques to reduce the amount of unprocessed waste transferred to disposal facilities. If the council does not approve a county's report, it shall negotiate with the county to develop and implement specific techniques to reduce unprocessed waste. If the council does not approve ~~three~~ two or more consecutive reports from any one county, the council shall develop specific reduction techniques that are designed for the particular needs of the county. The county shall implement those techniques by specific dates to be determined by the council.

Sec. 44. Minnesota Statutes 1992, section 473.848, subdivision 3, is amended to read:

Subd. 3. [FACILITY CERTIFICATION; ~~COUNTY REPORTS~~.] (a) The operator of each resource recovery facility that receives waste from counties in the metropolitan area shall certify as unprocessable each load of mixed municipal solid waste it does not process. Certification must be made to each county that sends its waste to the facility at intervals specified by the county. Certification must include at least the number and size of loads certified as unprocessable and the reasons the waste is unprocessable. Loads certified as unprocessable must include the loads that would otherwise have been processed but were not processed because the facility was not in operation, but nothing in this section relieves the operator of its contractual obligations to process mixed municipal solid waste.

~~(b) A county that sends its waste to a resource recovery facility shall submit a semiannual report to the council detailing the quantity of waste generated within the county that was not processed during the six months preceding the report, the reasons the waste was not processed, and a strategy for reducing the amount of unprocessed mixed municipal solid waste.~~

Sec. 45. Laws 1991, chapter 347, article 1, section 15, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY TO ISSUE.] Pollution control agency staff designated by the commissioner and department of natural resources conservation officers may issue citations to a person who disposes of solid waste as defined in Minnesota Statutes, section 116.06, subdivision 10, at a location not authorized by law for the disposal of solid waste without permission of the owner of the property. A citation issued under this subdivision must include a requirement that the person cited remove and properly dispose or otherwise manage the waste.

Sec. 46. Laws 1991, chapter 347, article 1, section 15, subdivision 6, is amended to read:

Subd. 6. [STUDY OF FIELD CITATION PILOT PROGRAM.] The pollution control agency, in consultation with the department of natural resources and the attorney general, shall prepare a study on the effectiveness and limitations of the field citation pilot program. The study must make recommendations about the continued use of field citations. The study must be submitted to the legislative commission on waste management by November 15, 1992, and must be updated and resubmitted to the commission by November 15, 1993.

Sec. 47. Laws 1991, chapter 347, article 1, section 20, is amended to read:

Sec. 20. [EFFECTIVE DATE.]

Section 19 is effective July 1, ~~1993~~ 1994.

Sec. 48. Laws 1992, chapter 593, article 1, section 55, is amended to read:

Sec. 55. [EFFECTIVE DATE.]

Except as provided in this section, article 1 is effective August 1, 1992.

Sections 22, 31 to 34, 37 to 40, and 45 are effective the day following final enactment.

Section 43 is effective August 1, 1991.

Sections 12; 17; 24; 27, subdivision 1; 29, subdivision 3; and 36 are effective January 1, 1993, and section 36 applies to sweeping compound manufactured on or after that date.

Section 18 is effective for products and packaging manufactured on or after January 1, 1993.

Section 35, paragraph (a), is effective July 1, 1993 January 1, 1997, and paragraph (b) is effective July 1, 1993, and applies those paragraphs apply to batteries manufactured on or after that date those dates.

~~Sections 3 and 29, subdivision 2, are~~ Section 3 is effective August 1, 1993.

Sections 26 and 27, subdivision 2, are effective January 1, 1994.

Section 29, ~~subdivision~~ subdivisions 2 and 4, clauses (1) and (2), are effective August 1, 1994.

Sec. 49. [POLICY PLAN AMENDMENT.]

The metropolitan council shall amend the policy plan required by Minnesota Statutes, section 473.149, to incorporate the requirements imposed by sections 40 to 44.

Sec. 50. [WASTE TIRE REPORT; INCLUSION.]

The waste tire report due to the legislative commission on waste management under Minnesota Statutes, section 115A.913, subdivision 5, by November 15, 1993, must include an evaluation of the adequacy of existing mechanisms and systems for managing waste tires as they are generated. The commissioner of the pollution control agency shall include in the report recommendations for legislation, if needed, to ensure that mechanisms are in place or are put in place to collect, store, transport, recycle, and otherwise manage waste tires properly.

Sec. 51. [SOLID WASTE MANAGEMENT POLICY REPORT; POSTPONEMENT.]

Under Minnesota Statutes, section 115A.411, a solid waste management policy report is not due to the legislative commission on waste management until July 1, 1996. In the interim, any reports authorized to be included with that report may be submitted as a combined report on or before the dates required for their submission.

Sec. 52. [PACKAGING REPORT.]

By October 1, 1993, the director of the office of waste management shall report to the legislative commission on waste management, and to the policy and finance committees of the legislature that address environment and natural resources, the current and projected costs of managing waste packaging under existing solid waste management systems.

Sec. 53. [FLUORESCENT AND HIGH INTENSITY DISCHARGE LAMPS; COLLECTION STUDY.]

The director of the office of waste management, in consultation with representatives of public utilities, electric cooperative associations, and municipal utilities that provide electric service to retail customers, the commissioners of the pollution control agency and the department of public service, the Minnesota technical assistance program, the director of the legislative commission on waste management, residential, commercial, and industrial electric power consumers, local government units, representatives of manufacturers, wholesalers, distributors, retailers, and recyclers of fluorescent and high intensity discharge lamps, and other interested persons, shall examine and evaluate the potential for collection systems for spent fluorescent and high intensity discharge lamps from households and small businesses. The director shall identify barriers to an effective collection system and approaches to reduce and remove those barriers.

By November 1, 1993, the director shall submit a report to the legislative commission on waste management that, at a minimum, recommends:

(1) collection and management systems for spent lamps that are generated within the service areas of public utilities not governed by Minnesota Statutes, section 216B.241, subdivision 5, paragraph (b), cooperative electric associations, and municipal utilities that provide electric service to retail customers; and

(2) an implementation plan that includes provisions for technical assistance to public utilities, electric cooperative associations, municipal utilities, lamp manufacturers, wholesalers, distributors, and retailers, and local government units that establish fluorescent and high intensity discharge lamp promotion programs and collection systems.

Any person may establish or participate in pilot projects to encourage the use and proper management of spent lamps as part of the study required under this section. All the costs incurred by a public utility, cooperative electric association, or municipal utility related to a pilot project are conservation improvement spending for the purposes of Minnesota Statutes 1992, section 216B.241.

Sec. 54. [SOLID WASTE FACILITIES; PROOF OF FINANCIAL RESPONSIBILITY; STUDY.]

The commissioner of the pollution control agency shall determine whether insurance mechanisms exist that may adequately meet the requirements for proof of financial responsibility for reasonable and necessary response actions at solid waste disposal facilities as required under Minnesota Statutes 1992, section 116.07, subdivision 4h. The commissioner shall report findings made under this section, along with any recommendations for legislation, to the legislative commission on waste management by November 1, 1993. The commissioner shall also review existing regulatory requirements for proof of financial responsibility to ensure that the requirements have resulted in viable and adequate financial mechanisms to cover all projected reasonable and necessary response costs at facilities.

Sec. 55. [RECYCLING GLOSSY PAPER; TECHNICAL ASSISTANCE; REPORT.]

The director of the office of waste management shall provide technical assistance to persons who collect materials for recycling to encourage collection and recycling of glossy paper magazines and catalogs.

The director shall also survey collectors of recyclable materials in the state and markets for recyclable materials to determine the extent to which glossy paper catalogs and magazines are collected for recycling, the extent to which markets exist for recyclable glossy paper, and the extent to which market demand for glossy paper is being met by recycling collectors. By December 1, 1993, the director shall report to the legislative commission on waste management:

- (1) the approximate percentage of glossy paper in the residential mixed municipal solid waste stream;
- (2) waste management capacity needed to process or dispose of glossy paper as waste and the costs associated with managing glossy paper as waste;
- (3) the percentage of glossy paper that is being collected and marketed for recycling;
- (4) how to balance the supply of and demand for glossy paper for recycling, taking into account facilities and resources necessary for both management as waste and management as a recyclable material;
- (5) the market price for recyclable glossy paper in relation to collection and transportation costs; and
- (6) barriers to collection and marketing of glossy paper for recycling and suggestions for overcoming those barriers while minimizing public subsidization.

Sec. 56. [VOLUME OR WEIGHT BASED FEES; POSTPONEMENT OF EFFECTIVE DATE.]

A local government unit affected by the requirement in Minnesota Statutes 1992, section 115A.9301, to implement volume or weight based fees for solid waste collection may apply to the director of the office of waste management for postponement of the date for implementation of the fees. The director may grant a postponement only if the local government unit submits with its application a plan for evaluating alternative methods for complying with the law and a schedule for implementation of the required volume or weight based fees that the director determines will result in compliance with the law not later than January 1, 1995.

Sec. 57. [BASE UNITS FOR HOMESTEADED MULTIUNIT DWELLINGS.]

Upon application by an owner of a homesteaded multiunit dwelling, a local government unit that collects charges for solid waste collection directly from waste generators shall allocate a single base unit to not more than three dwelling units. The number of base units allocated to a multiunit dwelling must be sufficient to contain the amount of waste generated by the dwelling's occupants. This section expires January 1, 1995.

Sec. 58. [METROPOLITAN LANDFILL SITING; EFFECT OF MORATORIUM AND REPEAL.]

(a) The effects of Laws 1991, chapter 337, sections 84 and 90, paragraph (b), that were effective June 5, 1991 and August 1, 1992 respectively, include that:

(1) no development limitation continued under Minnesota Statutes 1982 to 1990, section 473.806, after December 31, 1992, and a claim for compensation for temporary development rights does not exist for any time period after that date;

(2) the metropolitan council may use the proceeds of bonds issued under Minnesota Statutes 1980 to 1990, section 473.831, to compensate property owners for temporary development rights or to purchase property under Minnesota Statutes 1984 to 1990, section 473.840, if the time period for which compensation for temporary development rights is claimed occurred prior to December 31, 1992, or if the request for purchase of the property was received prior to June 5, 1991; and

(3) a metropolitan county that acquired property under Minnesota Statutes 1984 to 1990, section 473.840, shall sell the property, subject to the approval of the metropolitan council.

(b) A county may lease or rent property that must be sold under paragraph (a), subject to approval of the metropolitan council, and may maintain property and casualty insurance on the property until ownership of the property is transferred. The county shall remit to the council any proceeds from leasing, renting, or selling property subject to this paragraph, less the reasonable expenses of the county to maintain the value of the property and to transfer ownership. The council shall use money remitted to it under this paragraph to retire solid waste debt incurred under Minnesota Statutes 1980 to 1990, section 473.831.

Sec. 59. [PENALTIES FOR ENVIRONMENTAL VIOLATIONS; LIST.]

(a) The attorney general shall compile a complete list of existing civil and criminal penalties for violations of laws and rules administered by the pollution control agency.

(b) The list must be submitted by February 1, 1994, to the senate and house of representatives committees on environment and natural resources, the senate committee on crime prevention, and the house of representatives committee on judiciary.

Sec. 60. [USE OF STATE FUNDS TO INVESTIGATE ENVIRONMENTAL VIOLATIONS.]

The attorney general may not use state funds to investigate violations of Minnesota Statutes, chapter 115 or 116 or section 609.671 unless the attorney general has developed a written policy in consultation with the commissioner of the pollution control agency regarding how these investigations are to be conducted.

Sec. 61. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall delete the phrases "used oil" and "used motor oil" in Minnesota Statutes, sections 115A.03, subdivision 21; 115A.551, subdivision 1; and 115A.935; and insert the phrase "motor and vehicle fluids and filters."

Sec. 62. [EFFECTIVE DATE.]

Section 2, subdivisions 1 and 2, are effective July 1, 1996. Section 16 is effective January 1, 1994, except it is effective for motor oil filters generated by households on January 1, 1995. Sections 22 and 31 are effective August 1, 1994. Section 26 is effective the day following final enactment, except subdivision 2 is effective August 1, 1993. Section 34 is effective January 1, 1997. Section 38 is effective May 20, 1971. Section 60 is effective December 31, 1993."

Delete the title and insert:

"A bill for an act relating to waste management; encouraging local government units to use purchasing techniques to reduce waste and develop markets for recycled products; prohibiting burning and burial of harmful materials on farms; defining packaging and recycling facility; prohibiting disposal of unprocessed mixed municipal solid waste; extending the time to construct certain projects with grant money; authorizing counties to count waste reduction toward 1996 recycling goals; regulating management of certain automobile waste; providing for county management and service contracts; requiring local government units to separately account for all revenue and spending related to waste management; requiring collectors of solid waste to disclose where the waste is deposited; prohibiting fluorescent and high intensity discharge lamps in solid waste; clarifying that organized waste collection is one of several tools for cities and counties to use to collect waste; requiring labeling of hazardous products; requiring reporting of tipping fee schedules at all waste facilities; requiring owners or operators of waste facilities that are publicly financed to account for charges and expenditures related to the facilities; regulating lamp recycling facilities; requiring electric utilities to encourage use of fluorescent and high intensity discharge lamps and requiring certain utilities to collect spent lamps; requiring a study of collection of such lamps; extending by one year the solid waste field citation pilot program; clarifying the effects of the repeal of the metropolitan landfill siting process; requiring an environmental enforcement policy; providing for reports; amending Minnesota Statutes 1992, sections 16B.121; 16B.122; 16B.123; 16B.24, by adding a subdivision; 17.135; 115.071, subdivision 1; 115A.03, by adding subdivisions; 115A.034; 115A.54, subdivision 2a; 115A.5501, subdivision 3; 115A.551, subdivisions 2a and 4; 115A.56; 115A.916; 115A.929; 115A.932, subdivision 1; 115A.94, subdivisions 5 and 6; 115A.941; 115A.965, subdivision 1; 115A.9651; 115A.981; 116.78, by adding a subdivision; 116.92, subdivision 7; 216B.241, by adding a subdivision; 325E.1151, subdivision 1; 325E.12; 325E.125, subdivision 1; 325E.1251; 400.04, subdivisions 3 and 4; 400.08, subdivision 3; 473.149, subdivision 6; 473.803, subdivision 3; 473.8441, subdivision 5; 473.846; and 473.848, subdivisions 2 and 3; Laws 1991, chapter 347, article 1, sections 15, subdivisions 1 and 6; and 20; Laws 1992, chapter 593, article 1, section 55; proposing coding for new law in Minnesota Statutes, chapters 115A; and 116."

We request adoption of this report and repassage of the bill.

House Conferees: JEAN WAGENIUS, DENNIS OZMENT, TOM RUKAVINA, ALICE HAUSMAN AND SIDNEY PAULY.

Senate Conferees: JANET B. JOHNSON, TED A. MONDALE, GENE MERRIAM, DAN STEVENS AND KEVIN M. CHANDLER.

Wagenius moved that the report of the Conference Committee on H. F. No. 287 be adopted and that the bill be repassed as amended by the Conference Committee.

Brown, C., moved that the House refuse to adopt the Conference Committee report on H. F. No. 287, and that the bill be returned to the Conference Committee.

A roll call was requested and properly seconded.

The question was taken on the Brown, C., motion and the roll was called. There were 60 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Abrams	Erhardt	Jaros	Lindner	Ornen	Smith	Waltman
Bertram	Frerichs	Jennings	Macklin	Opatz	Sparby	Wenzel
Bettermann	Girard	Johnson, V.	Molnau	Osthoff	Stanis	Winter
Brown, C.	Goodno	Kalis	Morrison	Pelowski	Steensma	Wolf
Commers	Gruenes	Koppendraye	Mosel	Peterson	Sviggum	Worke
Dauner	Gutknecht	Krinkie	Nelson	Rhodes	Swenson	Workman
Dauids	Haukoos	Krueger	Ness	Rodosovich	Tompkins	
Dehler	Holsten	Lieder	Olson, E.	Seagren	Tunheim	
Dempsey	Hugoson	Limmer	Olson, M.	Simoneau	Vickerman	

Those who voted in the negative were:

Anderson, I.	Cooper	Huntley	Knickerbocker	Milbert	Perlt	Tomassoni
Anderson, R.	Dawkins	Jacobs	Lasley	Munger	Pugh	Trimble
Asch	Delmont	Jefferson	Leppik	Murphy	Reding	Van Dellen
Battaglia	Dorn	Johnson, A.	Lourey	Neary	Rest	Wagenius
Beard	Evans	Johnson, R.	Luther	Olson, K.	Rice	Weaver
Bergson	Farrell	Kahn	Lynch	Orenstein	Rukavina	Wejcman
Brown, K.	Garcia	Kelley	Mahon	Orfield	Sarna	Spk. Long
Carlson	Greenfield	Kelso	Mariani	Ostrom	Sekhon	
Carruthers	Greiling	Kinkel	McCollum	Ozment	Skoglund	
Clark	Hausman	Klinzing	McGuire	Pauly	Solberg	

The motion did not prevail.

The question recurred on the Wagenius motion that the report of the Conference Committee on H. F. No. 287 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 287, A bill for an act relating to waste management; encouraging local government units to use purchasing techniques to reduce waste and develop markets for recycled products; prohibiting burning and burial of harmful materials on farms; defining packaging; prohibiting disposal of unprocessed mixed municipal solid waste; extending the time to construct certain projects with grant money; authorizing counties to count waste reduction toward 1996 recycling goals; providing for county management and service contracts; requiring local government units to separately account for all revenue and spending related to waste management; requiring collectors of commercial waste to disclose where the waste is deposited; prohibiting fluorescent and high intensity discharge lamps in solid waste; clarifying that organized waste collection is one of several tools for cities and counties to use to collect waste; requiring reporting of tipping fee schedules at all waste facilities; requiring owners or operators of waste facilities that are publicly financed to account for charges and expenditures related to the facilities; regulating lamp recycling facilities; requiring electric utilities to encourage use of fluorescent and high intensity discharge lamps and to collect spent lamps; requiring a study of such lamps; extending by one year the solid waste field citation pilot program; providing for the postponement of certain waste collection fees; requiring a certain number of base units for

homesteaded multiunit dwellings; clarifying the effects of the repeal of the metropolitan landfill siting process; providing for reports; amending Minnesota Statutes 1992, sections 16B.121; 16B.122, by adding a subdivision; 17.135; 115.071, subdivision 1; 115A.03, by adding a subdivision; 115A.034; 115A.54, subdivision 2a; 115A.5501, subdivision 3; 115A.551, subdivisions 2a and 4; 115A.552, subdivision 2; 115A.557, subdivision 3; 115A.56; 115A.916; 115A.929; 115A.932, subdivision 1; 115A.94, subdivisions 5 and 6; 115A.941; 115A.9651; 115A.981; 116.78, by adding a subdivision; 116.92, subdivision 7; 216B.241, by adding a subdivision; 325E.1151, subdivision 1; 325E.12; 325E.125, subdivision 1; 325E.1251; 400.04, subdivisions 3 and 4; 400.08, subdivision 3; 473.149, subdivision 6; 473.803, subdivision 3; 473.8441, subdivision 5; 473.846; and 473.848, subdivisions 2 and 3; Laws 1991, chapter 347, article 1, sections 15, subdivisions 1 and 6; and 20; Laws 1992, chapter 593, article 1, section 55; proposing coding for new law in Minnesota Statutes, chapters 115A and 116.

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

The question was taken on the repassage of the bill and the roll was called. There were 108 yeas and 25 nays as follows:

Those who voted in the affirmative were:

Abrams	Cooper	Hasskamp	Krueger	Munger	Reding	Trimble
Anderson, I.	Dauner	Hausman	Lasley	Murphy	Rest	Van Dellen
Anderson, R.	Dawkins	Holsten	Leppik	Neary	Rhodes	Vellenga
Asch	Dehler	Huntley	Limmer	Nelson	Rice	Wagenius
Battaglia	Delmont	Jacobs	Lindner	Onnen	Rukavina	Weaver
Bauerly	Dempsey	Jaros	Lourey	Opatz	Sarna	Wejcman
Beard	Dorn	Jefferson	Luther	Orenstein	Seagrén	Welle
Bergson	Erhardt	Jennings	Lynch	Orfield	Sekhon	Wenzel
Bertram	Evans	Johnson, A.	Macklin	Osthoff	Simoneau	Winter
Bishop	Farrell	Johnson, R.	Mahon	Ostrom	Skoglund	Worke
Blatz	Garcia	Kahn	Mariani	Ozment	Smith	Workman
Brown, K.	Goodno	Kelley	McCollum	Pauly	Solberg	Spk. Long
Carlson	Greenfield	Kelso	McGuire	Pawlenty	Stanis	
Carruthers	Greiling	Kinkel	Milbert	Perlt	Steensma	
Clark	Gruenes	Klinzing	Morrison	Peterson	Swenson	
Commers	Gutknecht	Knickerbocker	Mosel	Pugh	Tomassoni	

Those who voted in the negative were:

Bettermann	Haukoos	Koppendrayner	Ness	Pelowski	Tompkins	Wolf
Brown, C.	Hugoson	Krinkie	Olson, E.	Rodosovich	Tunheim	
Frerichs	Johnson, V.	Lieder	Olson, K.	Sparby	Vickerman	
Girard	Kalis	Molnau	Olson, M.	Sviggum	Waltman	

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

There being no objection, the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Madam Speaker:

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

H. F. No. 864, A bill for an act relating to waters; inspection of watercraft for exotic harmful species; gasoline tax distribution; permit fee for aquatic vegetation control; authorizing civil citations and penalties; recommendations on milfoil control on White Bear Lake; appropriating money; amending Minnesota Statutes 1992, sections 18.317, subdivision 3a; 86B.415, subdivision 7; and 103G.615, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 84.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Jennings moved that the House concur in the Senate amendments to H. F. No. 864 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 864, A bill for an act relating to waters; inspection of watercraft for exotic harmful species; permit fee for aquatic vegetation control; authorizing civil penalties; appropriating money; amending Minnesota Statutes 1992, sections 18.317, subdivision 3a; 86B.415, subdivision 7; 103G.615, subdivision 2; 103G.617, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 84.

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

The question was taken on the repassage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was repassed, as amended by the Senate, 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 bill as a Special Order to be acted upon immediately preceding printed Special Orders for Thursday, May 13, 1993:

S. F. No. 1081.

SPECIAL ORDERS

S. F. No. 1081 was reported to the House.

Carruthers moved that S. F. No. 1081 be continued on Special Orders. The motion prevailed.

S. F. No. 64, A bill for an act relating to game and fish; seasons for taking deer by muzzle-loading firearms.

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

The bill was passed and its title agreed to.

S. F. No. 1437 was reported to the House.

Jacobs moved to amend S. F. No. 1437, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 16B.61, subdivision 3, is amended to read:

Subd. 3. [SPECIAL REQUIREMENTS.] (a) [SPACE FOR COMMUTER VANS.] The code must require that any parking ramp or other parking facility constructed in accordance with the code include an appropriate number of spaces suitable for the parking of motor vehicles having a capacity of seven to 16 persons and which are principally used to provide prearranged commuter transportation of employees to or from their place of employment or to or from a transit stop authorized by a local transit authority.

(b) [SMOKE DETECTION DEVICES.] The code must require that all dwellings, lodging houses, apartment houses, and hotels as defined in section 299F.362 comply with the provisions of section 299F.362.

(c) [DOORS IN NURSING HOMES AND HOSPITALS.] The state building code may not require that each door entering a sleeping or patient's room from a corridor in a nursing home or hospital with an approved complete standard automatic fire extinguishing system be constructed or maintained as self-closing or automatically closing.

(d) [CHILD CARE FACILITIES IN CHURCHES; GROUND LEVEL EXIT.] A licensed day care center serving fewer than 30 preschool age persons and which is located in a below ground space in a church building is exempt from the state building code requirement for a ground level exit when the center has more than two stairways to the ground level and its exit.

(e) [CHILD CARE FACILITIES IN CHURCHES; VERTICAL ACCESS.] Until August 1, 1996, an organization providing child care in an existing church building which is exempt from taxation under section 272.02, subdivision 1, clause (5), shall have five years from the date of initial licensure under chapter 245A to provide interior vertical access, such as an elevator, to persons with disabilities as required by the state building code. To obtain the extension, the organization providing child care must secure a \$2,500 performance bond with the commissioner of human services to ensure that interior vertical access is achieved by the agreed upon date.

(f) [FAMILY AND GROUP FAMILY DAY CARE.] The commissioner of administration shall establish a task force to determine occupancy standards specific and appropriate to family and group family day care homes and to examine hindrances to establishing day care facilities in rural Minnesota. The task force must include representatives from rural and urban building code inspectors, rural and urban fire code inspectors, rural and urban county day care licensing units, rural and urban family and group family day care providers and consumers, child care advocacy groups, and the departments of administration, human services, and public safety.

By January 1, 1989, the commissioner of administration shall report the task force findings and recommendations to the appropriate legislative committees together with proposals for legislative action on the recommendations.

Until the legislature enacts legislation specifying appropriate standards, the definition of Group R-3 occupancies in the state building code applies to family and group family day care homes licensed by the department of human services under Minnesota Rules, chapter 9502.

(g) [MINED UNDERGROUND SPACE.] Nothing in the state building codes shall prevent cities from adopting rules governing the excavation, construction, reconstruction, alteration, and repair of mined underground space pursuant to sections 469.135 to 469.141, or of associated facilities in the space once the space has been created, provided the intent of the building code to establish reasonable safeguards for health, safety, welfare, comfort, and security is maintained.

(h) [ENCLOSED STAIRWAYS.] No provision of the code or any appendix chapter of the code may require stairways of existing multiple dwelling buildings of two stories or less to be enclosed.

(i) [DOUBLE CYLINDER DEAD BOLT LOCKS.] No provision of the code or appendix chapter of the code may prohibit double cylinder dead bolt locks in existing single-family homes, townhouses, and first floor duplexes used exclusively as a residential dwelling. Any recommendation or promotion of double cylinder dead bolt locks must include a warning about their potential fire danger and procedures to minimize the danger.

(j) [RELOCATED RESIDENTIAL BUILDINGS.] A residential building relocated within or into a political subdivision of the state need not comply with the state energy code or section 326.371 provided that, where available, an energy audit is conducted on the relocated building.

(k) [AUTOMATIC GARAGE DOOR OPENING SYSTEMS.] The code must require all residential buildings as defined in section 325F.82 to comply with the provisions of sections 325F.82 and 325F.83.

(l) [EXIT SIGN ILLUMINATION.] For a new building on which construction is begun on or after October 1, 1993, or an existing building on which remodeling affecting 50 percent or more of the enclosed space is begun on or after October 1, 1993, the code must prohibit the use of internally illuminated exit signs whose electrical consumption during nonemergency operation exceeds 20 watts of resistive power ~~with a maximum total power consumption of 40 volt-amperes (VA).~~ All other requirements in the code for exit signs must be complied with. ~~Power consumption in volt-amperes is the resistive power divided by the power factor.~~

Sec. 2. Minnesota Statutes 1992, section 116C.54, is amended to read:

116C.54 [ADVANCE FORECASTING FORECAST REQUIREMENT.]

Subdivision 1. [REPORT.] Every utility which owns or operates, or plans within the next 15 years to own or operate large electric power generating plants or high voltage transmission lines shall develop forecasts as specified in this section. On or before July 1 of each even-numbered year, every such utility shall submit a report of its forecast to the board. The report may be appropriate portions of a single regional forecast or may be jointly prepared and submitted by two or more utilities and shall contain the following information:

(1) Description of the tentative regional location and general size and type of all large electric power generating plants and high voltage transmission lines to be owned or operated by the utility during the ensuing 15 years or any longer period the board deems necessary;

(2) Identification of all existing generating plants and transmission lines projected to be removed from service during any 15 year period or upon completion of construction of any large electric power generating plants and high voltage transmission lines;

(3) Statement of the projected demand for electric energy for the ensuing 15 years and the underlying assumptions for this forecast, such information to be as geographically specific as possible where this demand will occur;

(4) Description of the capacity of the electric power system to meet projected demands during the ensuing 15 years;

(5) Description of the utility's relationship to other utilities and regional associations, power pools or networks; and

(6) Other relevant information as may be requested by the board.

On or before July 1 of each odd-numbered year, a utility shall verify or submit revisions to items (1) and (2).

Subd. 2. [EXCEPTION.] Public electric utilities submitting advance forecasts containing all information specified in subdivision 1 as part of an integrated resource plan filed pursuant to public utilities commission rules shall be excluded from the annual reporting requirement of this section.

Sec. 3. Minnesota Statutes 1992, section 116I.07, subdivision 2, is amended to read:

~~Subd. 2. [NOTICE REQUIREMENT.] An owner or lessee of any real property, or A person acting with the authority of an owner or lessee, who installs or repairs agricultural drainage tile on that property shall be relieved of liability as provided in subdivision 1 only if that owner, lessee or other person acting with authority notifies the designated agent of the owner or operator of the pipeline of the intention to install or repair drainage tile on the property at least seven days before that work commences. An owner or operator of a pipeline shall provide to the county auditor of each county in which that pipeline is located the name, address and phone number of the individual to whom notice shall be given as provided in this subdivision. Notice is effective if made in writing by certified mail to this designated agent of the owner or operator of the pipeline person gives oral or written notice to the one call excavation notice system in compliance with section 216D.04.~~

Sec. 4. Minnesota Statutes 1992, section 216B.09, is amended to read:

216B.09 [STANDARDS; CLASSIFICATIONS; RULES; PRACTICES.]

~~Subdivision 1. [COMMISSION AUTHORITY, GENERALLY.] The commission, after hearing upon reasonable notice had upon pursuant to its own motion or upon complaint, may ascertain and fix just and reasonable standards, classifications, rules, or practices to be observed and followed by any or all public utilities with respect to the service to be furnished.~~

Subd. 2. [ELECTRIC SERVICE.] The commission, after hearing upon reasonable notice pursuant to its own motion or upon complaint, may ascertain and fix adequate and reasonable standards for the measurement of the quantity, quality, pressure, initial voltage, or other condition pertaining to the supply of the service; prescribe reasonable rules for the examination and testing of the service and for the measurement thereof; establish or approve reasonable rules, specifications, and standards to secure the accuracy of all meters, instruments and equipment used for the measurement of any service of any public utility. In this subdivision, service standards or requirements governing any current or voltage originating from the practice of grounding of electrical systems apply to cooperative associations and municipal utilities providing or furnishing retail electric service to agricultural customers.

Subd. 3. [FILINGS.] Any standards, classifications, rules, or practices now or hereafter observed or followed by any public utility may be filed by it with the commission, and the same shall continue in force until amended by the public utility or until changed by the commission as herein provided.

The commission may require the filing of all rates, including rates charged to and by public utilities.

Subd. 4. [APPEARANCES BEFORE FEDERAL AGENCY.] The commission is empowered to appear before the Federal Power Energy Regulatory Commission to offer evidence and to seek appropriate relief in any case in which the rates charged consumers within the state of Minnesota may be affected.

Sec. 5. Minnesota Statutes 1992, section 216B.16, subdivision 1a, is amended to read:

Subd. 1a. [SETTLEMENT.] (a) When a public utility submits a general rate filing, the office of administrative hearings, before conducting a contested case hearing, shall convene a settlement conference including all of the parties for the purpose of encouraging settlement of any or all of the issues in the contested case. If a stipulated settlement is not reached before the contested case hearing, the office of administrative hearings may reconvene the settlement conference during or after completion of the contested case hearing at its discretion or a party's request. The office of administrative hearings or the commission may, upon the request of any party and the public utility, extend the procedural schedule of the contested case in order to permit the parties to engage in settlement discussions. An extension must be for a definite period of time not to exceed 60 days.

(b) If the applicant and all intervening parties agree to a stipulated settlement of the case or parts of the case, the settlement must be submitted to the commission. The commission shall accept or reject the settlement in its entirety and, at any time until its final order is issued in the case, may require the office of administrative hearings to conduct a contested case hearing. The commission may accept the settlement on finding that to do so is in the public interest and is supported by substantial evidence. If the commission does not accept the settlement, it may issue an order modifying the settlement subject to the approval of the parties. Each party shall have ten days in which to reject the proposed modification. If no party rejects the proposed modification, the commission's order becomes final. If the commission rejects the settlement, or a party rejects the commission's proposed modification, a contested case hearing must be completed.

Sec. 6. Minnesota Statutes 1992, section 216B.16, subdivision 2, is amended to read:

Subd. 2. [SUSPENSION OF PROPOSED RATES; HEARING; FINAL DETERMINATION DEFINED.] (a) Whenever there is filed with the commission a schedule modifying or resulting in a change in any rates then in force as provided in subdivision 1, the commission may suspend the operation of the schedule by filing with the schedule of rates and delivering to the affected utility a statement in writing of its reasons for the suspension at any time before the rates become effective. The suspension shall not be for a longer period than ten months beyond the initial filing date except as provided in ~~paragraph (b) this subdivision or subdivision 1a.~~ During the suspension the commission shall determine whether all questions of the reasonableness of the rates requested raised by persons deemed interested or by the administrative division of the department of public service can be resolved to the satisfaction of the commission. If the commission finds that all significant issues raised have not been resolved to its satisfaction, or upon petition by ten percent of the affected customers or 250 affected customers, whichever is less, it shall refer the matter to the office of administrative hearings with instructions for a public hearing as a contested case pursuant to chapter 14, except as otherwise provided in this section. The commission may order that the issues presented by the proposed rate changes be bifurcated into two separate hearings as follows: (1) determination of the utility's revenue requirements and (2) determination of the rate design. Upon issuance of both administrative law judge reports, the issues shall again be joined for consideration and final determination by the commission. All prehearing discovery activities of state agency intervenors shall be consolidated and conducted by the department of public service. If the commission does not make a final determination concerning a schedule of rates within ten months after the initial filing date, the schedule shall be deemed to have been approved by the commission; except if:

(1) an extension of the procedural schedule has been granted under subdivision 1a, in which case the schedule of rates is deemed to have been approved by the commission on the last day of the extended period of suspension; or

(2) a settlement has been submitted to and rejected by the commission, the schedule is deemed to have been approved 12 months after the initial filing and the commission does not make a final determination concerning the schedule of rates, the schedule of rates is deemed to have been approved 60 days after the initial or, if applicable, the extended period of suspension.

(b) If the commission finds that it has insufficient time during the suspension period to make a final determination of a case involving changes in general rates because of the need to make final determinations of other previously filed cases involving changes in general rates under this section or section 237.075, the commission may extend the suspension period to the extent necessary to allow itself 20 working days to make the final determination after it has made final determinations in the previously filed cases. An extension of the suspension period under this paragraph does not alter the setting of interim rates under subdivision 3.

(c) For the purposes of this section, "final determination" means the initial decision of the commission and not any order which may be entered by the commission in response to a petition for rehearing or other further relief. The commission may further suspend rates until it determines all those petitions.

Sec. 7. Minnesota Statutes 1992, section 216B.16, subdivision 3, is amended to read:

Subd. 3. [INTERIM RATES.] Notwithstanding any order of suspension of a proposed increase in rates, the commission shall order an interim rate schedule into effect not later than 60 days after the initial filing date. The commission shall order the interim rate schedule ex parte without a public hearing. Notwithstanding the provisions of sections 216.25, 216B.27 and 216B.52, no interim rate schedule ordered by the commission pursuant to this subdivision shall be subject to an application for a rehearing or an appeal to a court until the commission has rendered its final determination. Unless the commission finds that exigent circumstances exist, the interim rate schedule shall be calculated using the proposed test year cost of capital, rate base, and expenses, except that it shall include: (1) a rate of return on common equity for the utility equal to that authorized by the commission in the utility's most recent rate proceeding; (2) rate base or expense items the same in nature and kind as those allowed by a currently effective order of the commission in the utility's most recent rate proceeding; and (3) no change in the existing rate design. In the case of a utility which has not been subject to a prior commission determination, the commission shall base the interim rate schedule on its most recent determination concerning a similar utility.

If, at the time of its final determination, the commission finds that the interim rates are in excess of the rates in the final determination, the commission shall order the utility to refund the excess amount collected under the interim rate schedule, including interest on it which shall be at the rate of interest determined by the commission. The utility shall commence distribution of the refund to its customers within 120 days of the final order, not subject to rehearing or appeal. If, at the time of its final determination, the commission finds that the interim rates are less than the rates in the final determination, the commission shall prescribe a method by which the utility will recover the difference in revenues ~~from between~~ the date of the final determination ~~to and~~ the date the new rate schedules are put into effect. In addition, when an extension is granted for settlement discussions under subdivision 1a, the commission shall allow the utility to also recover the difference in revenues for a length of time equal to the length of the extension.

If the public utility fails to make refunds within the period of time prescribed by the commission, the commission shall sue therefor and may recover on behalf of all persons entitled to a refund. In addition to the amount of the refund and interest due, the commission shall be entitled to recover reasonable attorney's fees, court costs and estimated cost of administering the distribution of the refund to persons entitled to it. No suit under this subdivision shall be maintained unless instituted within two years after the end of the period of time prescribed by the commission for repayment of refunds. The commission shall not order an interim rate schedule in a general rate case into effect as provided by this subdivision until at least four months after it has made a final determination concerning any previously filed change of the rate schedule or the change has otherwise become effective under subdivision 2, unless:

- (1) the commission finds that a four month delay would unreasonably burden the utility, its customers, or its shareholders and that an earlier imposition of interim rates is therefore necessary; or
- (2) the utility files a second general rate case at least 12 months after it has filed a previous general rate case for which the commission has extended the suspension period under subdivision 2.

Sec. 8. Minnesota Statutes 1992, section 216B.241, subdivision 2a, is amended to read:

Subd. 2a. [ENERGY AND CONSERVATION ACCOUNT.] The commissioner shall deposit money contributed under subdivisions 1a and 1b in the energy and conservation account in the general fund. Money in the account is appropriated to the department for programs designed to meet the energy conservation needs of low-income persons and to make energy conservation improvements in areas not adequately served under subdivision 2. Interest on money in the account accrues to the account. ~~Using information collected under section 216C.02, subdivision 1, paragraph (b),~~ The commissioner shall, to the extent possible, allocate enough money to programs for low-income persons to assure that their needs are being adequately addressed. The commissioner shall request the commissioner of finance to transfer money from the account to the commissioner of jobs and training for an energy conservation program for low-income persons. In establishing programs, the commissioner shall consult political subdivisions and nonprofit and community organizations, especially organizations engaged in providing energy and weatherization assistance to low-income persons. At least one program must address the need for energy conservation improvements in areas in which a high percentage of residents use fuel oil or propane to fuel their source of home heating. The commissioner may contract with a political subdivision, a nonprofit or community organization, a public utility, a municipality, or a cooperative electric association to implement its programs.

Sec. 9. Minnesota Statutes 1992, section 216C.02, subdivision 1, is amended to read:

Subdivision 1. [POWERS.] (a) The commissioner may:

- (1) apply for, receive, and spend money received from federal, municipal, county, regional, and other government agencies and private sources;
- (2) apply for, accept, and disburse grants and other aids from public and private sources;
- (3) contract for professional services if work or services required or authorized to be carried out by the commissioner cannot be satisfactorily performed by employees of the department or by another state agency;
- (4) enter into interstate compacts to carry out research and planning jointly with other states or the federal government when appropriate;
- (5) upon reasonable request, distribute informational material at no cost to the public; and
- (6) enter into contracts for the performance of the commissioner's duties with federal, state, regional, metropolitan, local, and other agencies or units of government and educational institutions, including the University of Minnesota, without regard to the competitive bidding requirements of chapters 16A and 16B.

~~(b) The commissioner shall collect information on conservation and other energy-related programs carried on by other agencies, by public utilities, by cooperative electric associations, by municipal power agencies, by other fuel suppliers, by political subdivisions, and by private organizations. Other agencies, cooperative electric associations, municipal power agencies, and political subdivisions shall cooperate with the commissioner by providing information requested by the commissioner. The commissioner may by rule require the submission of information by other program operators. The commissioner shall make the information available to other agencies and to the public and, as necessary, shall recommend to the legislature changes in the laws governing conservation and other energy-related programs to ensure that:~~

- ~~(1) expenditures on the programs are adequate to meet identified needs;~~
- ~~(2) the needs of low income energy users are being adequately addressed;~~
- ~~(3) duplication of effort is avoided or eliminated;~~
- ~~(4) a program that is ineffective is improved or eliminated; and~~
- ~~(5) voluntary efforts are encouraged through incentives for their operators.~~

~~The commissioner shall appoint an advisory task force to help evaluate the information collected and formulate recommendations to the legislature. The task force must include low income energy users.~~

~~(c) By January 15 of each year, the commissioner shall report to the legislature on the projected amount of federal money likely to be available to the state during the next fiscal year, including grant money and money received by the state as a result of litigation or settlements of alleged violations of federal petroleum pricing regulations. The report must also estimate the amount of money projected as needed during the next fiscal year to finance a level of conservation and other energy-related programs adequate to meet projected needs, particularly the needs of low income persons and households, and must recommend the amount of state appropriations needed to cover the difference between the projected availability of federal money and the projected needs.~~

Sec. 10. Minnesota Statutes 1992, section 216C.11, is amended to read:

216C.11 [ENERGY CONSERVATION INFORMATION CENTER.]

The commissioner shall establish an energy information center in the department's offices in St. Paul. The information center shall maintain a toll-free telephone information service and disseminate printed materials on energy conservation topics, including but not limited to, availability of loans and other public and private financing methods for energy conservation physical improvements, the techniques and materials used to conserve energy in buildings, including retrofitting or upgrading insulation and installing weatherstripping, the projected prices and availability of different sources of energy, and alternative sources of energy.

The energy information center shall serve as the official Minnesota alcohol fuels information center and shall disseminate information, printed, by the toll-free telephone information service, or otherwise on the applicability and technology of alcohol fuels.

The information center shall include information on the potential hazards of energy conservation techniques and improvements in the printed materials disseminated. The commissioner shall not be liable for damages arising from the installation or operation of equipment or materials recommended by the information center.

The information center shall ~~use the information collected under section 216C.02, subdivision 1, to~~ maintain a central source of information on conservation and other energy-related programs, including both programs required by law or rule and programs developed and carried on voluntarily. In particular, the information center shall compile and maintain information on policies covering disconnections or denials of fuel during cold weather adopted by public utilities and other fuel suppliers not governed by Minnesota Rules, parts 7820.1500 to 7820.2300, including the number of households disconnected or denied fuel and the duration of the disconnections or denials.

Sec. 11. Minnesota Statutes 1992, section 216C.17, subdivision 3, is amended to read:

Subd. 3. [DUPLICATION.] The commissioner shall, to the maximum extent feasible, provide that forecasts required under this section be consistent with material required by other state and federal agencies in order to prevent unnecessary duplication. Public electric utilities submitting advance forecasts containing all information specified in section 116C.54, subdivision 1, as part of an integrated resource plan filed pursuant to public utilities commission rules shall be excluded from the annual reporting requirement in subdivision 2.

Sec. 12. Minnesota Statutes 1992, section 216C.37, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] In this section:

(a) "Commissioner" means the commissioner of public service. ~~Upon passage of legislation creating a body known as the Minnesota public facilities authority, the duties assigned to the commissioner in this section are delegated to the authority.~~

(b) "Maxi-audit" means a detailed engineering analysis of energy-saving improvements to existing buildings or stationary energy-using systems, including (1) modifications to building structures; (2) heating, ventilating, and air conditioning systems; (3) operation practices; (4) lighting; and (5) other factors that relate to energy use. The primary purpose of the engineering analysis is to quantify the economic and engineering feasibility of energy-saving improvements that require capital expenditures or major operational modifications.

(c) "Energy conservation investments" ~~mean~~ means all capital expenditures that are associated with conservation measures identified in a maxi-audit ~~or energy project study~~, and that have a ten-year or less payback period. ~~Public school districts that received a federal institutional building grant in 1984 to convert a heating system to wood, and that apply for an energy conservation investment loan to match a federal grant for wood conversion, shall be allowed to calculate payback of conservation measures based on the costs of the traditional fuel in use prior to the wood conversion.~~

(d) "Municipality" means any county, statutory or home rule charter city, town, school district, or any combination of those units operating under an agreement to jointly undertake projects authorized in this section.

(e) "Energy project study" means a study of one or more energy-related capital improvement projects analyzed in sufficient detail to support a financing application. At a minimum, it must include one year of energy consumption and cost data, a description of existing conditions, a description of proposed conditions, a detailed description of the costs of the project, and calculations sufficient to document the proposed energy savings.

Sec. 13. Minnesota Statutes 1992, section 216D.01, subdivision 5, is amended to read:

Subd. 5. [EXCAVATION.] "Excavation" means an activity that moves, removes, or otherwise disturbs the soil by use of a motor, engine, hydraulic or pneumatically powered tool, or machine-powered equipment of any kind, or by explosives. Excavation does not include:

(1) ~~the repair or installation of agricultural drainage tile for which notice has been given as provided by section 116I.07, subdivision 2;~~

- (2) the extraction of minerals;
- (3) ~~(2)~~ the opening of a grave in a cemetery;
- (4) ~~(3)~~ normal maintenance of roads and streets if the maintenance does not change the original grade and does not involve the road ditch;
- (5) ~~(4)~~ plowing, cultivating, planting, harvesting, and similar operations in connection with growing crops, trees, and shrubs, unless any of these activities disturbs the soil to a depth of 18 inches or more; or
- (6) ~~landscaping or~~ (5) gardening unless ~~one of the activities it~~ disturbs the soil to a depth of 12 inches or more; ~~or~~
- ~~(7) planting of windbreaks, shelterbelts, and tree plantations, unless any of these activities disturbs the soil to a depth of 18 inches or more.~~

Sec. 14. Minnesota Statutes 1992, section 216D.04, subdivision 1, is amended to read:

Subdivision 1. [NOTICE OF EXCAVATION REQUIRED; CONTENTS.] (a) Except in an emergency, an excavator ~~or land surveyor shall, and a land surveyor may,~~ contact the notification center and provide an excavation or location notice at least 48 hours before beginning any excavation or boundary survey, excluding Saturdays, Sundays, and holidays. An excavation or boundary survey begins, for purposes of this requirement, the first time excavation or a boundary survey occurs in an area that was not previously identified by the excavator or land surveyor in an excavation or boundary survey notice.

(b) The excavation or boundary survey notice may be oral or written, and must contain the following information:

- (1) the name of the individual providing the excavation or boundary survey notice;
- (2) the precise location of the proposed area of excavation or boundary survey;
- (3) the name, address, and telephone number of the excavator or land surveyor ~~or excavator's or land surveyor's company;~~
- (4) the excavator's or land surveyor's field telephone number, if one is available;
- (5) the type and the extent of the proposed excavation or boundary survey work;
- (6) whether or not the discharge of explosives is anticipated; and
- (7) the date and time when excavation or boundary survey is to commence.

Sec. 15. Minnesota Statutes 1992, section 299F.011, subdivision 4c, is amended to read:

Subd. 4c. [EXIT SIGN ILLUMINATION.] For a new building on which construction is begun on or after October 1, 1993, or an existing building on which remodeling affecting 50 percent or more of the enclosed space is begun on or after October 1, 1993, the uniform fire code must prohibit the use of internally illuminated exit signs whose electrical consumption during nonemergency operation exceeds 20 watts of resistive power ~~with a maximum total power consumption of 40 volt amperes (VA).~~ All other requirements in the code for exit signs must be complied with: ~~Power consumption in volt amperes is the resistive power divided by the power factor.~~

Sec. 16. Minnesota Statutes 1992, section 446A.03, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] The Minnesota public facilities authority consists of the commissioner of trade and economic development, the commissioner of finance, ~~the commissioner of public service,~~ the commissioner of the pollution control agency, and three additional members appointed by the governor from the general public with the advice and consent of the senate.

Sec. 17. Minnesota Statutes 1992, section 446A.10, subdivision 2, is amended to read:

Subd. 2. [OTHER RESPONSIBILITIES.] (a) The responsibilities for the health care equipment loan program under Minnesota Statutes 1986, section 116M.07, subdivisions 7a, 7b, and 7c; ~~the public school energy conservation loan program under section 216C.37; and the district heating and qualified energy improvement loan program under section 216C.36,~~ are transferred from the Minnesota energy and economic development authority to the Minnesota public facilities authority. ~~The commissioner of public service shall continue to administer the municipal energy grant and loan programs under section 216C.36 and the school energy loan program under section 216C.37 until the commissioner of trade and economic development has adopted rules to implement the financial administration of the programs as provided under sections 216C.36, subdivisions 2, 3b, 3c, 8, 8a, and 11, and 216C.37, subdivisions 1 and 8.~~

(b) Except as otherwise provided in this paragraph, section 15.039 applies to the transfer of responsibilities. The transfer includes 8-1/2 positions from the financial management division of the department of trade and economic development to the community development division of the department of trade and economic development. ~~The commissioner of trade and economic development and the commissioner of public service shall determine which classified and unclassified positions associated with the responsibilities of the grant and loan programs under section 216C.36 and the school energy loan program under section 216C.37 are transferred to the commissioner of public service and which positions are transferred to the commissioner of trade and economic development in order to carry out the purposes of Laws 1987, chapter 386, article 3.~~

Sec. 18. Minnesota Statutes 1992, section 465.74, subdivision 1, is amended to read:

Subdivision 1. [CITIES OF THE FIRST CLASS.] Any city operating or authorized to operate a public utility pursuant to chapter 452 or its charter is authorized to acquire, construct, own, and operate a municipal district heating system pursuant to the provisions of that chapter or its charter. Acquisition or construction of a municipal district heating system shall not be subject to the election requirement of sections 452.11 and 452.12, or city charter provision, but must be approved by a three-fifths vote of the city's council or other governing body. Loans obtained by a municipality pursuant to Minnesota Statutes 1992, section 216C.36 are not subject to the limitations on the amount of money which may be borrowed upon a pledge of the city's full faith and credit or the election requirements for general obligation borrowing, contained in section 452.08.

Sec. 19. Minnesota Statutes 1992, section 465.74, subdivision 4, is amended to read:

Subd. 4. [NET DEBT LIMITS.] The loan obligations or debt incurred by a political subdivision pursuant to ~~section 216C.36 or 475.525, or Minnesota Statutes 1992, section 216C.36,~~ shall not be considered as a part of its indebtedness under the provisions of its governing charter or of any law of this state fixing a limit of indebtedness.

Sec. 20. Minnesota Statutes 1992, section 465.74, subdivision 6, is amended to read:

Subd. 6. [DEFINITION.] For the purposes of this section, and chapters 474 and 475, "district heating system" means any existing or proposed facility for (1) the production, through cogeneration or otherwise, of hot water or steam to be used for district heating, or (2) the transmission and distribution of hot water or steam for district heating either directly to heating consumers or to another facility or facilities for transmission and distribution, or (3) any part or combination of the foregoing facilities.

In keeping with the public purpose ~~of section 216C.36, subdivision 1,~~ to encourage state and local leadership and aid in providing available and economical district heating service, the definition of "district heating system" under this section should be broadly construed to allow municipal government sufficient flexibility and authority to evaluate and undertake such policies and projects as will most efficiently and economically encourage local expansion of district heating service.

Sec. 21. [REPEALER.]

Minnesota Statutes 1992, section 216C.36, is repealed.

Minnesota Rules, parts 7665.0200; 7665.0210; 7665.0220; 7665.0230; 7665.0240; 7665.0250; 7665.0300; 7665.0310; 7665.0320; 7665.0330; 7665.0340; 7665.0350; 7665.0360; 7665.0370; and 7665.0380, are repealed.

Sec. 22. [EFFECTIVE DATE.]

Sections 1 and 15 are effective the day following final enactment.

Delete the title and insert:

"A bill for an act relating to utilities; setting requirements for exit sign illumination for new buildings; eliminating advance forecast requirements for public electric utilities submitting advance forecasts in an integrated resource plan; changing excavation exceptions to the one call excavation notice system requirements; eliminating requirement for land surveyors to notify excavation notification center; requiring cooperative electric associations and municipal utilities to comply with standards set by public utilities commission relating to electrical current or voltage; allowing extension of utility rate hearings in certain cases; abolishing certain duties of commissioner of public service relating to energy; eliminating district heating loan program; making technical changes; amending Minnesota Statutes 1992, sections 16B.61, subdivision 3; 116C.54; 116I.07, subdivision 2; 216B.09; 216B.16, subdivisions 1a, 2, and 3; 216B.241, subdivision 2a; 216C.02, subdivision 1; 216C.11; 216C.17, subdivision 3; 216C.37, subdivision 1; 216D.01, subdivision 5; 216D.04, subdivision 1; 299F.011, subdivision 4c; 446A.03, subdivision 1; 446A.10, subdivision 2; and 465.74, subdivisions 1, 4, and 6; repealing Minnesota Statutes 1992, section 216C.36; Minnesota Rules, parts 7665.0200; 7665.0210; 7665.0220; 7665.0230; 7665.0240; 7665.0250; 7665.0300; 7665.0310; 7665.0320; 7665.0330; 7665.0340; 7665.0350; 7665.0360; 7665.0370; and 7665.0380."

The motion prevailed and the amendment was adopted.

Jacobs and Gruenes moved to amend S. F. No. 1437, as amended, as follows:

Page 6, line 9, strike everything after the comma

Page 6, line 10, delete the underlined language and insert "on"

Page 6, line 10, after "complaint" insert "and after reasonable notice and hearing"

Page 6, line 14, delete "after hearing"

Page 6, delete line 15

Page 6, line 16, delete "complaint" and insert "on its own motion or upon complaint and after reasonable notice and hearing"

Page 7, after line 4, insert:

"Sec. 5. Minnesota Statutes 1992, section 216B.16, subdivision 1, is amended to read:

Subdivision 1. [NOTICE.] Unless the commission otherwise orders, no public utility shall change a rate which has been duly established under this chapter, except upon 60 days notice to the commission. The notice shall include statements of facts, expert opinions, substantiating documents, and exhibits ~~including an energy conservation improvement plan pursuant to section 216B.241~~, supporting the change requested, and state the change proposed to be made in the rates then in force and the time when the modified rates will go into effect. If the filing utility does not have an approved conservation improvement plan on file with the department of public service, it shall also include in its notice an energy conservation plan pursuant to section 216B.241. The filing utility shall give written notice, as approved by the commission, of the proposed change to the governing body of each municipality and county in the area affected. All proposed changes shall be shown by filing new schedules or shall be plainly indicated upon schedules on file and in force at the time."

Page 12, after line 13, insert:

"Sec. 10. Minnesota Statutes 1992, section 216B.2421, subdivision 2, is amended to read:

Subd. 2. [LARGE ENERGY FACILITY.] "Large energy facility" means:

(a) any electric power generating plant or combination of plants at a single site with a combined capacity of 80,000 kilowatts or more, or any facility of ~~5,000~~ 50,000 kilowatts or more which requires oil, natural gas, or natural gas liquids as a fuel and for which an installation permit has not been applied for by May 19, 1977 pursuant to Minn. Reg. APC 3(a);

(b) any high voltage transmission line with a capacity of 200 kilovolts or more and with more than 50 miles of its length in Minnesota; or, any high voltage transmission line with a capacity of 300 kilovolts or more with more than 25 miles of its length in Minnesota;

(c) any pipeline greater than six inches in diameter and having more than 50 miles of its length in Minnesota used for the transportation of coal, crude petroleum or petroleum fuels or oil or their derivatives;

(d) any pipeline for transporting natural or synthetic gas at pressures in excess of 200 pounds per square inch with more than 50 miles of its length in Minnesota;

(e) any facility designed for or capable of storing on a single site more than 100,000 gallons of liquefied natural gas or synthetic gas;

(f) any underground gas storage facility requiring permit pursuant to section 1031.681;

(g) any nuclear fuel processing or nuclear waste storage or disposal facility; and

(h) any facility intended to convert any material into any other combustible fuel and having the capacity to process in excess of 75 tons of the material per hour.

Sec. 11. Minnesota Statutes 1992, section 216B.2421, is amended by adding a subdivision to read:

Subd. 3. [MULTIFUEL FACILITIES; PRIMARY FUEL SOURCE.] If more than one fuel source would be used for any electric power generating plant or combination of plants at a single site, the primary fuel source determines whether the facility is a large energy facility.

Sec. 12. Minnesota Statutes 1992, section 216B.43, is amended to read:

216B.43 [HEARINGS; COMPLAINTS.]

Upon the filing of an application under section 216B.42 or upon complaint by an affected utility that the provisions of sections 216B.39 to 216B.42 have been violated, the commission shall hold a hearing, upon notice, within ~~15~~ 30 days after the filing of the application ~~of or~~ complaint, and shall render its decision within 30 days after ~~said~~ the hearing.

Sec. 13. Minnesota Statutes 1992, section 216B.48, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION OF AFFILIATED INTERESTS.] "Affiliated interests" with a public utility means the following:

(a) Every corporation and person owning or holding directly or indirectly five percent or more of the voting securities of such public utility.

(b) Every corporation and person in any chain of successive ownership of five percent or more of voting securities.

(c) Every corporation five percent or more of whose voting securities is owned by any person or corporation owning five percent or more of the voting securities of such public utility or by any person or corporation in any such chain of successive ownership of five percent or more of voting securities.

(d) Every person who is an officer or director of such public utility or of any corporation in any chain of successive ownership of five percent or more of voting securities.

(e) Every corporation operating a public utility or a servicing organization for furnishing supervisory, construction, engineering, accounting, legal and similar services to utilities, which has one or more officers or one or more directors in common with the public utility, and every other corporation which has directors in common with the public utility where the number of the directors is more than one-third of the total number of the utility's directors.

(f) Every corporation or person which the commission may determine as a matter of fact after investigation and hearing is actually exercising any substantial influence over the policies and actions of the public utility even though the influence is not based upon stockholding, stockholders, directors or officers to the extent specified in this section.

(g) Every person or corporation who or which the commission may determine as a matter of fact after investigation and hearing is actually exercising substantial influence over the policies and actions of the public utility in conjunction with one or more other corporations or persons with which or whom they are related by ownership or blood relationship or by action in concert that together they are affiliated with such public utility within the meaning of this section even though no one of them alone is so affiliated.

(h) Every subsidiary of a public utility.

(i) Every part of a corporation in which an operating division is a public utility.

Sec. 14. Minnesota Statutes 1992, section 216B.48, subdivision 3, is amended to read:

Subd. 3. [CONTRACTS.] No contract or arrangement, including any general or continuing arrangement, providing for the furnishing of management, supervisory, construction, engineering, accounting, legal, financial or similar services, and no contract or arrangement for the purchase, sale, lease or exchange of any property, right, or thing, or for the furnishing of any service, property, right, or thing, other than those above enumerated, made or entered into after January 1, 1975 between a public utility and any affiliated interest as defined in ~~Laws 1974, chapter 429~~ subdivision 1, clauses (a) to (h), or any arrangement between a public utility and an affiliated interest as defined in subdivision 1, clause (i), made or entered into after August 1, 1993, shall be is valid or effective unless and until the contract or arrangement has received the written approval of the commission. Regular recurring transactions under a general or continuing arrangement that has been approved by the commission are valid if they are conducted in accordance with the approved terms and conditions. It shall be the duty of Every public utility to shall file with the commission a verified copy of the contract or arrangement, or a verified summary of the unwritten contract or arrangement, and also of all the contracts and arrangements, whether written or unwritten, entered into prior to January 1, 1975, or, for the purposes subdivision 1, clause (i), prior to August 1, 1993, and in force and effect at that time. The commission shall approve the contract or arrangement made or entered into after that date only if it ~~shall~~ clearly ~~appear~~ appears and be is established upon investigation that it is reasonable and consistent with the public interest. No contract or arrangement ~~shall~~ may receive the commission's approval unless satisfactory proof is submitted to the commission of the cost to the affiliated interest of rendering the services or of furnishing the property or service ~~described herein~~ to each public utility. ~~No Proof shall be is~~ satisfactory within the meaning of the foregoing sentence unless only if it includes the original or verified copies of the relevant cost records and other relevant accounts of the affiliated interest, or an abstract or summary as the commission may deem adequate, properly identified and duly authenticated, provided, however, that the commission may, where reasonable, approve or disapprove the contracts or arrangements without the submission of cost records or accounts. The burden of proof to establish the reasonableness of the contract or arrangement ~~shall be is~~ on the public utility.

Sec. 15. Minnesota Statutes 1992, section 216B.48, subdivision 4, is amended to read:

Subd. 4. [CONTRACTS WITH CONSIDERATION LESS THAN \$10,000 NOT EXCEEDING \$50,000.] The provisions of this section requiring the written approval of the commission shall not apply to transactions with affiliated interests where the amount of consideration involved is not in excess of ~~\$10,000~~ \$50,000 or five percent of the capital equity of the utility whichever is smaller; provided, however, that regularly recurring payments under a general or continuing arrangement which aggregate a greater annual amount shall not be broken down into a series of transactions to come within the aforesaid exemption. Such transactions shall be valid or effective without commission approval under this section. However, in any proceeding involving the rates or practices of the public utility, the commission may exclude from the accounts of such public utility any payment or compensation made pursuant to the transaction unless the public utility shall establish the reasonableness of the payment or compensation."

Renumber the remaining sections in sequence

Correct internal cross references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Jacobs moved to amend S. F. No. 1437, as amended, as follows:

Page 20, after line 27, insert:

"Sec. 21. [VENTILATION STANDARDS REPORT.]

The department of administration, building code division, shall in consultation with the department of public service develop recommended ventilation standards for single family homes to include mechanical ventilation or other types of ventilation standards and report the proposed standards to the legislature by January 15, 1994."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Murphy moved to amend S. F. No. 1437, as amended, as follows:

Page 20, after line 27, insert:

"Sec. 21. Laws 1981, chapter 354, section 4, is amended to read:

Sec. 4. [HERMANTOWN, PROCTOR, RICE LAKE, AND DULUTH; WATER SERVICE.]

Subdivision 1. [DEFINITION.] For the purposes of this section, "local government unit or units" means the cities of Hermantown and Proctor and the town of Rice Lake.

Subd. 2. [REQUEST FOR SERVICE.] By September 1, 1981, the city of Hermantown a local government unit shall submit to the city of Duluth a request for water service including the volume of water needed and the number of years for which the service is requested.

Subd. 2. 3. [CONTRACT OFFER; RATE.] By April 1, 1982, The city of Duluth shall offer a contract to the city of Hermantown a local government unit to provide the service requested by the city of Hermantown local government unit at a rate determined by the city of Duluth. The rate shall be based on a reasonable allocation of the capital, repair and operating expenses of the Duluth water system which are attributable to the water service requested by the city of Hermantown local government unit, including the full cost of any capital construction and repairs required by the volume of service to the city of Hermantown local government unit. The rate for each local government unit shall provide for an amortization of any construction costs reflected in the rate over a reasonable period not to exceed the terms of the proposed contract.

Subd. 3. 4. [APPEAL TO PUBLIC UTILITIES COMMISSION.] Not later than 90 days after the city of Duluth offers a contract under subdivision 2 3, the city of Hermantown a local government unit may appeal the rate determined by the city of Duluth by filing a petition with the public utilities commission. If a petition is filed, the city shall file its answer within 30 days after the petition is filed. The commission, after public notice and hearing, shall determine whether the rate is just and reasonable consistent with the provisions of subdivision 2 3. Not later than 120 days after a petition of the city of Hermantown is filed, the commission shall affirm the rate or, if it finds that the rate is not just and reasonable, determine a just and reasonable rate. The rulemaking and contested case procedures of sections 15.0412 14.05 to 15.0422 14.62 shall not apply to any proceeding required by this subdivision.

Subd. 4. 5. [CONTRACT.] Not later than 90 days after the rate is affirmed or determined by the commission or, if no appeal is taken under subdivision 3 4, not later than 90 days after a contract is offered under subdivision 2 3, the cities of Hermantown a local government unit and Duluth shall enter a contract for provision of water service by the city of Duluth to the city of Hermantown local government unit. The rate for the service shall be the rate determined by the city of Duluth pursuant to subdivision 2 3 or, if the commission has affirmed or determined a rate, the rate affirmed or determined by the commission."

Page 20, line 36, after the period insert:

"Under Minnesota Statutes 1992, section 645.023, subdivision 1, clause (a), section 21 is effective without local approval on the day following final enactment."

Renumber the remaining sections

Amend the title accordingly

The motion prevailed and the amendment was adopted.

Frerichs and Brown, C., offered an amendment to S. F. No. 1437, as amended.

POINT OF ORDER

Pugh raised a point of order pursuant to rule 3.09 that the Frerichs and Brown, C., amendment was not in order. Speaker pro tempore Bauerly ruled the point of order well taken and the amendment out of order.

S. F. No. 1437, A bill for an act relating to utilities; requiring cooperative electric associations and municipal utilities to comply with standards set by public utilities commission relating to electrical current or voltage; regulating public utility commission procedures and filings; regulating affiliated interests of public utilities; providing for interim rates; providing that primary fuel source determines whether power generating plant is a large energy facility for purposes of certificate of need process; amending Minnesota Statutes 1992, sections 216B.09; 216B.16, subdivisions 1, 1a, 2, and 3; 216B.2421, subdivision 2, and by adding a subdivision; 216B.43; and 216B.48, subdivisions 1 and 4.

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

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Krinkie

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

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.

SPECIAL ORDERS, Continued

H. F. No. 570 was reported to the House.

Reding moved to amend H. F. No. 570, the first engrossment, as follows:

Page 1, after line 8, insert:

"Section 1. Minnesota Statutes 1992, section 353.65, subdivision 2, is amended to read:

Subd. 2. The employee contribution is an amount equal to ~~eight 7.6~~ percent of the total salary of the member. This contribution must be made by deduction from salary in the manner provided in subdivision 4. Where any portion of a member's salary is paid from other than public funds, the member's employee contribution is based on the total salary received from all sources.

Sec. 2. Minnesota Statutes 1992, section 353.65, subdivision 3, is amended to read:

Subd. 3. The employer contribution shall be an amount equal to ~~42~~ 11.4 percent of the total salary of every member. This contribution shall be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28."

Page 1, line 9, delete "1" and insert "3"

Page 1, line 11, delete "INCREASE" and insert "CHANGE"

Page 1, line 12, delete "(a) In addition to the contribution rates"

Delete page 1, line 13 to page 2, line 10, and insert:

"(a) If, for three consecutive years, the regular actuarial valuation of the public employees police and fire fund under section 356.215 indicates that the fund has no unfunded actuarial accrued liability and that there is a sufficiency in excess of 0.5 percent of covered payroll when the total actuarial funding requirements of the fund are compared to the total support, the employee and employer contribution rates must be decreased as determined under paragraph (c) to a level such that the sufficiency equals 0.5 percent of covered payroll based on the most recent actuarial valuation.

(b) If, for three consecutive years, the 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 in excess of 0.5 percent of covered payroll when the total actuarial funding requirements of the fund are compared to the total support, the employee and employer contribution rates must be increased as determined under paragraph (c) so that no deficiency exists based on the most recent actuarial valuation.

(c) The increase or decrease in employee and employer contribution rates required under paragraphs (a) and (b) must maintain the current ratio in employer and employee contribution rates of 40 percent employee contribution and 60 percent employer contribution.

(d) The contribution rate increase or decrease must be determined by the executive director of the public employees retirement association.

(e) The contribution rate increase or decrease is effective on the first full payroll period beginning after June 30 next following the third consecutive annual actuarial valuation disclosing the deficiency or sufficiency specified in paragraph (a) or (b)."

Page 2, line 11, delete "2" and insert "4"

Page 2, line 21, delete "3" and insert "5"

Pages 3 and 4, delete section 4 and insert:

"Sec. 6. [353A.083] [PERA-P&F BENEFIT PLAN APPLICABLE TO PRE-1993 CONSOLIDATIONS.]

For any consolidation account in effect on the date of final enactment of section 6, the public employee police and fire fund benefit plan applicable to consolidation account members who have elected or will elect that benefit plan coverage under section 353A.08 is the pre-July 1, 1993 public employees police and fire fund benefit plan unless the applicable municipality approves the extension of the post-June 30, 1993 public employees police and fire fund benefit plan to the consolidation account.

Sec. 7. Minnesota Statutes 1992, section 356.215, subdivision 4g, is amended to read:

Subd. 4g. [AMORTIZATION CONTRIBUTIONS.] (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation must contain an exhibit indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability. For funds governed by chapters 3A, 352, 352B, 352C, 353, 353C, 354, 354A, and 490, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared. The level percent additional contribution must be calculated assuming annual payroll growth of 6.5 percent. For all other funds, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any fund other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding for the first actuarial valuation made after June 1, 1989, and each successive actuarial valuation is the first actuarial valuation date occurring after June 1, 2020.

(c) For any fund or plan other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund must be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the interest assumption specified in subdivision 4d in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable interest assumption specified in subdivision 4d in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution under item (iv) must be added to the level annual dollar amortization contribution or level percentage calculated under item (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the interest assumption specified in subdivision 4d in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined under item (vi) must be added to the date as of which the actuarial valuation was prepared and the date obtained is the new established date for full funding.

(d) For the Minneapolis employees retirement fund, the established date for full funding is June 30, 2020.

(e) For the public employees retirement association police and fire fund, an excess of valuation assets over actuarial accrued liability will be amortized in the same manner over the same period as an unfunded actuarial accrued liability but will serve to reduce the required contribution instead of increasing it."

Page 4, line 26, delete "5" and insert "8"

Page 4, delete lines 27 to 29, and insert "Sections 1 and 2 are effective the first full payroll period beginning after December 31, 1993. Sections 3 to 7 are effective July 1, 1993."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 570, A bill for an act relating to retirement; the public employees retirement association; changing employee and employer contribution rates; changing benefits under certain consolidations; increasing the pension benefit multiplier for the public employees police and fire fund; amending Minnesota Statutes 1992, sections 353.65, subdivisions 2, 3, and by adding a subdivision; 353.651, subdivision 3; 353.656, subdivision 1; and 356.215, subdivision 4g; proposing coding for new law in Minnesota Statutes, chapter 353A.

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 120 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Beard	Brown, K.	Dauner	Dorn	Goodno	Haukoos
Anderson, I.	Bergson	Carlson	Davids	Evans	Greenfield	Hausman
Anderson, R.	Bertram	Carruthers	Dawkins	Farrell	Greiling	Holsten
Asch	Bettermann	Clark	Dehler	Frerichs	Gruenes	Huntley
Battaglia	Blatz	Commers	Delmont	Garcia	Gutknecht	Jacobs
Bauerly	Brown, C.	Cooper	Dempsey	Girard	Hasskamp	Jaros

Jefferson	Krueger	McCollum	Olson, K.	Rest	Stanius	Wenzel
Jennings	Lasley	McGuire	Olson, M.	Rhodes	Steensma	Winter
Johnson, A.	Leppik	Milbert	Onnen	Rice	Sviggum	Wolf
Johnson, R.	Lieder	Molnau	Opatz	Rodosovich	Tomassoni	Worke
Johnson, V.	Limmer	Morrison	Osthoff	Rukavina	Trimble	Workman
Kalis	Lindner	Mosel	Ostrom	Sarna	Tunheim	Spk. Long
Kelley	Lourey	Munger	Ozment	Seagren	Van Dellen	
Kelso	Luther	Murphy	Pauly	Sekhon	Vickerman	
Kinkel	Lynch	Neary	Perlt	Simoneau	Wagenius	
Klinzing	Macklin	Nelson	Peterson	Skoglund	Waltman	
Knickerbocker	Mahon	Ness	Pugh	Smith	Weaver	
Koppendrayner	Mariani	Olson, E.	Reding	Solberg	Wejcman	

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

S. F. No. 1129 was reported to the House.

Stanius moved to amend S. F. No. 1129, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 45.025, is amended by adding a subdivision to read:

Subd. 10. [ALTERNATIVE COMPLIANCE.] In lieu of complying with the provisions of this section with respect to any deposit or certificate of deposit, a depository institution defined in section 19(b)(1)(A)(i)-(vi) of the Federal Reserve Act, United States Code, title 12, section 461, or a deposit broker defined in section 29(g) of the Federal Deposit Insurance Act, United States Code, title 12, section 1831f(g), may comply with the requirements of the Federal Truth in Savings Act and regulations, notwithstanding whether or not that act or those regulations apply to the deposit or certificate of deposit.

Sec. 2. Minnesota Statutes 1992, section 46.044, is amended to read:

46.044 [CHARTERS ISSUED, CONDITIONS.]

Subdivision 1. [CHARTERS ISSUED, CONDITIONS.] If (1) the applicants are of good moral character and financial integrity, (2) there is a reasonable public demand for this bank in this location, (3) the organization expenses being paid by the bank do not exceed those allowed by section 46.043, (4) the probable volume of business in this location is sufficient to insure and maintain the solvency of the new bank and the solvency of the then existing bank or banks in the locality without endangering the safety of any bank in the locality as a place of deposit of public and private money, (5) the commissioner of commerce is satisfied that the proposed bank will be properly and safely managed, and (6) the commissioner is satisfied that the capital funds required pursuant to section 48.02 are available and the commissioner may accept any reasonable demonstration including subscription agreements supported by current financial statements, and (7) the applicant, if it is an interstate bank holding company, as defined in section 48.92, has provided developmental loans as required by section 48.991, and has complied with the net new funds reporting requirements of section 48.93, the application must be granted; otherwise it must be denied. In case of the denial of the application, the commissioner of commerce shall specify the grounds for the denial. A person aggrieved, may obtain judicial review of the determination in accordance with chapter 14.

Subd. 2. [EXPIRATION AND EXTENSION OF ORDER.] If a bank charter is not activated within 18 months from the date of the order, the approval order automatically expires. Upon request of the applicant prior to the automatic expiration date of the order, the commissioner may grant reasonable extensions of time to the applicant to activate the facility as the commissioner deems necessary. The extensions of time shall not exceed a total of an additional 12 months. If the commissioner's order is the subject of an appeal in accordance with chapter 14, the time period referred to in this section for activation of the bank charter and any extensions shall begin when all appeals or rights of appeal from the commissioner's order have concluded or expired.

Sec. 3. Minnesota Statutes 1992, section 46.048, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] Whenever a change in the outstanding voting stock of a banking institution will result in control or in a change in the control of the banking institution, the person acquiring control of the banking institution shall file notice of the proposed acquisition of control with the commissioner of commerce at least 60 days before the actual effective date of the change. As used in this section, the term "control" means the power to directly or indirectly direct or cause the direction of the management or policies of the banking institution. A change in ownership of capital stock that would result in direct or indirect ownership by a stockholder or an affiliated group of stockholders of less than 25 percent of the outstanding capital stock is not considered a change of control. If there is any doubt as to whether a change in the outstanding voting stock is sufficient to result in control or to effect a change in the control, the doubt shall be resolved in favor of reporting the facts to the commissioner. The commissioner shall use the criteria established by the Financial Institution Regulatory and Interest Rate Control Act of 1987 1978, United States Code, title 12, section 1817(j), and the regulations adopted under it, when reviewing the acquisition and determining if the acquisition should or should not be disapproved.

Sec. 4. Minnesota Statutes 1992, section 46.09, is amended to read:

46.09 [DEPARTMENT OF COMMERCE EXAMINERS OR EMPLOYEES NOT TO MAINTAIN INTEREST IN SUPERVISED INSTITUTIONS.]

Subdivision 1. [PROHIBITION.] No person who is an examiner of financial institutions or other officer of the department of commerce directly responsible for the supervision of financial institutions shall be interested, either directly or indirectly, as a stockholder, director, officer, trustee, assignee, employee, or otherwise, in a bank, savings bank, trust company, financial institution, or corporation holding the stock of any such corporation within this state, or which carries on a banking business within this state, either directly or indirectly, or through an affiliated group or chain bank operating within this state. The provisions of this subdivision do not apply to the commissioner of commerce.

Subd. 2. [EXCEPTIONS.] Officers and examiners of the department of commerce referred to in subdivision 1 may:

- (1) maintain a demand or trust account in any financial institution;
- (2) maintain a savings, time or share account in any financial institution;
- (3) transact business with any national bank, federally chartered savings and loan association or federally chartered credit union;
- (4) transact business with any financial institution or licensee subject to the examination by the commissioner of commerce to the extent the transaction is on the same terms, conditions and to the same extent available to all other customers of the financial institution or licensee.

Subd. 3. [LOANS AND CREDIT ADVANCES.] The exceptions created in subdivision 2 do not include a loan or advance of credit from a financial institution or licensee subject to examination by the commissioner of commerce. A transaction not specifically exempt by subdivision 2, clauses (1) to (3), is subject to disclosure to the commissioner of commerce upon request to determine if a conflict of interest exists or interest contemplated by subdivision 1.

Subd. 4. [APPLICATION.] This section applies to those employees, examiners, and officers of the department of commerce who are directly responsible for the examination and supervision of financial institutions or licensees.

Sec. 5. Minnesota Statutes 1992, section 47.0156, is amended to read:

47.0156 [CLOSING EFFECTING A PERMANENT CESSATION OF BUSINESS.]

The permanent closing of a financial institution as defined in section 47.015 or 47.0151 for purposes, or with a result, other than authorized in sections 47.015 to 47.0155 is unlawful unless at least ~~60~~ 90 days' written notice is given to the commissioner.

Sec. 6. Minnesota Statutes 1992, section 47.096, is amended to read:

47.096 [TIME DEPOSITS; NOTICE OF AUTOMATIC RENEWAL.]

If a deposit for a term of one year or more, including a savings certificate and a certificate of deposit, is automatically renewable by its own terms if not redeemed at a specified redemption date, the financial corporation receiving the deposit shall give mailed written notice to the owner or holder of the deposit not less than 30 days prior to the redemption date. The written notice shall be sent to the last known address of the owner or holder as filed with the financial corporation, shall state the date of the automatic renewal and shall state any penalty diminution of interest or other consequences to the owner or holder arising out of the failure to redeem prior to automatic renewal. In lieu of complying with the provisions of this section, a financial corporation may comply with the requirements of the Federal Truth in Savings Act and regulations, notwithstanding whether or not that act or those regulations apply to the deposit.

Sec. 7. Minnesota Statutes 1992, section 47.20, subdivision 4a, is amended to read:

Subd. 4a. [MAXIMUM INTEREST RATE.] (a) No conventional or cooperative apartment loan or contract for deed shall be made at a rate of interest or loan yield in excess of a maximum lawful interest rate in an amount equal to the Federal National Mortgage Association posted yields on 30-year mortgage commitments for delivery within 60 days on standard conventional fixed-rate mortgages published in the Wall Street Journal for the last business day of the second preceding month plus four percentage points.

~~(b) On or before the last day of each month the commissioner of commerce shall determine, based on available statistics, the maximum lawful rate of interest for conventional or cooperative apartment loans or contracts for deed for the next succeeding month as defined in paragraph (a), and shall cause the maximum lawful rate of interest to be published in a legal newspaper in Ramsey county on or before the first day of each month or as soon thereafter as practicable and in the state register on or before the last day of each month; the maximum lawful rate of interest to be effective on the first day of that month.~~

(4) The maximum lawful interest rate applicable to a cooperative apartment loan or contract for deed at the time the loan or contract is made is the maximum lawful interest rate for the term of the cooperative apartment loan or contract for deed. Notwithstanding the provisions of section 334.01, a cooperative apartment loan or contract for deed may provide, at the time the loan or contract is made, for the application of specified different consecutive periodic interest rates to the unpaid principal balance, if no interest rate exceeds the maximum lawful interest rate applicable to the loan or contract at the time the loan or contract is made.

(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.

(2) ~~(d)~~ Contracts for deed executed pursuant to a commitment for a contract for deed, or conventional or cooperative apartment loans made pursuant to a borrower's interest rate commitment or made pursuant to a borrower's loan commitment, or made pursuant to a commitment for conventional or cooperative apartment loans made upon payment of a forward commitment fee including a borrower's loan commitment issued pursuant to a forward commitment, which commitment provides for consummation within some future time following the issuance of the commitment may be consummated pursuant to the provisions, including the interest rate, of the commitment notwithstanding the fact that the maximum lawful rate of interest at the time the contract for deed or conventional or cooperative apartment loan is actually executed or made is less than the commitment rate of interest, provided the commitment rate of interest does not exceed the maximum lawful interest rate in effect on the date the commitment was issued. The refinancing of ~~(a)~~ (1) an existing conventional or cooperative apartment loan, ~~(b)~~ (2) a loan insured or guaranteed by the secretary of housing and urban development, the administrator of veterans affairs, or the administrator of the farmers home administration, or ~~(c)~~ (3) a contract for deed by making a conventional or cooperative apartment loan is deemed to be a new conventional or cooperative apartment loan for purposes of determining the maximum lawful rate of interest under this subdivision. The renegotiation of a conventional or cooperative apartment loan or a contract for deed is deemed to be a new loan or contract for deed for purposes of ~~clause (1) paragraph (b)~~ and for purposes of determining the maximum lawful rate of interest under this subdivision. A borrower's interest rate commitment or a borrower's loan commitment is deemed to be issued on the date the commitment is hand delivered by the lender to, or mailed to the borrower. A forward commitment is deemed to be issued on the date the forward commitment is hand delivered by the lender to, or mailed to the person paying the forward commitment fee to the lender, or to any one of them if there should be more than one. A commitment for a contract for deed is deemed to be issued on the date the commitment is initially executed by the contract for deed vendor or the vendor's authorized agent.

(3) (e) A contract for deed executed pursuant to a commitment for a contract for deed, or a loan made pursuant to a borrower's interest rate commitment, or made pursuant to a borrower's loan commitment, or made pursuant to a forward commitment for conventional or cooperative apartment loans made upon payment of a forward commitment fee including a borrower's loan commitment issued pursuant to a forward commitment at a rate of interest not in excess of the rate of interest authorized by this subdivision at the time the commitment was made continues to be enforceable in accordance with its terms until the indebtedness is fully satisfied.

Sec. 8. Minnesota Statutes 1992, section 47.52, is amended to read:

47.52 [AUTHORIZATION.]

(a) With the prior approval of the commissioner, any bank doing business in this state may establish and maintain not more than five detached facilities provided the facilities are located within the municipality in which the principal office of the applicant bank is located; or within 5,000 feet of its principal office measured in a straight line from the closest points of the closest structures involved; or within 100 miles of its principal office measured in a straight line from the closest points of the closest structures involved, if the detached facility is within any municipality in which no bank is located at the time of application or if the detached facility is in a municipality having a population of more than 10,000, ~~as determined by the commissioner from the latest available data from the state demographer;~~ or if the detached facility is located in a municipality having a population of 10,000 or less, as determined by the commissioner from the latest available data from the state demographer, or for municipalities located in the seven-county metropolitan area from the metropolitan council, and all the banks having a principal office in the municipality have consented in writing to the establishment of the facility.

(b) A detached facility shall not be closer than 50 feet to a detached facility operated by any other bank and shall not be closer than 100 feet to the principal office of any other bank, the measurement to be made in the same manner as provided above. This clause shall not be applicable if the proximity to the facility or the bank is waived in writing by the other bank and filed with the application to establish a detached facility.

(c) Any bank is allowed, in addition to other facilities, one drive-in or walk-up facility located between 150 to 1,500 feet of the main banking house or within 1,500 feet from a detached facility. The drive-in or walk-up facility permitted by this clause is subject to clause (b) and section 47.53.

Sec. 9. Minnesota Statutes 1992, section 47.54, subdivision 4, is amended to read:

Subd. 4. [HEARING.] In any case in which the commissioner grants a request for a hearing, the commissioner shall fix a time for a hearing conducted pursuant to chapter 14 to decide whether or not the application will be granted. A notice of the hearing must be published by the applicant in the form prescribed by the commissioner in a qualified newspaper published in the municipality in which the proposed detached facility is to be located, and if there is no such newspaper, then ~~at the county seat of the county in a qualified newspaper likely to give notice in the municipality in which the proposed detached facility is proposed to be located.~~ The notice must be published once, at the expense of the applicants, not less than 30 days prior to the date of the hearing. At the hearing the commissioner shall consider the application and hear the applicants and witnesses that appear in favor of or against the granting of the application of the proposed detached facility. If an application is contested and a hearing is granted, 50 percent of an additional fee equal to the actual costs incurred by the department of commerce in approving or disapproving the application, payable to the commissioner of commerce to be deposited in the general fund, must be paid by the applicant and 50 percent equally by the intervening parties.

Sec. 10. Minnesota Statutes 1992, section 47.55, subdivision 1, is amended to read:

Subdivision 1. [BANKING FACILITIES IN OPERATION PRIOR TO MAY 1, 1971.] A bank may retain and operate one detached facility as it may have had in operation prior to May 1, 1971 without requirement of approval hereunder, provided that its function is limited as provided in section 47.53 and its location conforms with the provisions of section 47.52. A bank having such a retained detached facility shall be limited to operating ~~two~~ five additional detached facilities.

Sec. 11. Minnesota Statutes 1992, section 47.56, is amended to read:

47.56 [TRANSFER OF LOCATION.]

The location of a detached facility may be transferred to another location, subject to the same procedures and approval as required hereunder for establishing a new detached facility, except that the relocation of a detached facility within a municipality of 10,000 or less population shall not require consent of other banks required in section 47.52.

Sec. 12. Minnesota Statutes 1992, section 48.04, is amended to read:

48.04 [INCREASE AND REDUCTION OF CAPITAL.]

No increase or reduction of the capital of any ~~such bank~~ banking institution shall be valid until the entire new capital has been paid in cash, and certified to the commissioner under oath of the president, vice-president, or cashier. The commissioner shall thereupon issue a certificate of that fact and of approval thereof. No reduction of the surplus of any ~~such bank~~ banking institution shall be valid until such reduction has been approved by the commissioner of commerce. No reduction shall affect the liability of any stockholder for any indebtedness incurred prior thereto.

Sec. 13. Minnesota Statutes 1992, section 48.05, is amended to read:

48.05 [CAPITAL NOT TO BE WITHDRAWN; DIVIDENDS.]

No portion of the capital or surplus of any ~~such bank~~ banking institution shall ever be withdrawn by any person or in any way, either in dividends or otherwise, except upon reduction as provided by law. No dividend on common stock shall be made except as provided in section 48.09.

Sec. 14. Minnesota Statutes 1992, section 48.09, is amended to read:

48.09 [DIVIDENDS; SURPLUS.]

At the end of each dividend period, after deducting all necessary expenses, losses, amounts receivable more than one year overdue and not well secured, interest, and taxes due or levied, all of the remaining net profits for the period shall be set aside as a surplus fund, if the surplus fund of ~~such bank~~ the banking institution is not then equal to one-fifth of the capital stock. If the surplus fund is more than one-fifth of the capital stock, ten percent of the remaining net profits for the period shall be set aside as a surplus fund until it equals 50 percent of the capital stock. The directors may then declare a dividend of so much of the remainder as they may think expedient, subject to the commissioner's approval. When in any way impaired the surplus fund shall be raised to this percentage in like manner.

Sec. 15. Minnesota Statutes 1992, section 48.194, is amended to read:

48.194 [INSTALLMENT SALES CONTRACTS; LOANS.]

A person may enter into a credit sale or service contract for sale to a state or national bank doing business in this state, and a bank may purchase and enforce the contract under the terms and conditions set forth in section 51A.385, ~~subdivision subdivisions 2 and 5 to 13~~. A state bank or national bank may extend credit pursuant to the terms and conditions set forth in section 51A.385.

Sec. 16. Minnesota Statutes 1992, section 48.24, subdivision 1, is amended to read:

Subdivision 1. The total liabilities to any such bank, as principal, guarantor or endorser of any individual, including the liabilities of any corporation or limited liability company which the individual owns or controls a majority interest, any partnership, unincorporated association, limited liability company, or corporation, including the liabilities of the several members of ~~a partnership or an unincorporated association and including the liabilities of the general partners but not the limited partners of a partnership~~, and in case of a corporation or limited liability company of all subsidiaries thereof in which such corporation or limited liability company owns or controls a majority interest, shall never exceed 20 percent of its capital actually paid in cash and of its actual surplus fund, except that obligations not to exceed 25 percent of said capital and surplus to any one borrower shall not be included as liabilities for the purposes of this section, but shall be liabilities of the borrowers, provided they are secured by not less than a like amount of any one of the various types of obligations of the United States or which are fully guaranteed as to principal and interest by the United States, and providing that such bonds or obligations have a market value of at least ten percent in excess of the amount loaned thereon at the time each loan is made.

For the purpose of this section the members of a family living together in one household, if borrowed funds are to be used in the conduct of a common enterprise, shall be regarded as one person and the total liabilities of the members of the family shall be limited as herein provided. The endorser or guarantor of any obligation which is exempt from loaning limits according to the provisions of this section shall also be exempt from such loaning limits to the extent of the amount of liability on such obligations for the purposes of this section but shall be liable thereon.

Individual extensions of credit which result in liabilities of individuals ~~or~~ corporations, or limited liability companies exceeding the limitations set forth in this section shall be construed to conform to the provisions of this subdivision upon reduction in an amount sufficient to reduce the total liability to not more than the legal amount, but until paid in full shall not exempt the officer or employee of the bank from being personally liable to the bank for the amount of the original excess portion of the loan as set forth in subdivision 8.

Sec. 17. Minnesota Statutes 1992, section 48.24, subdivision 7, is amended to read:

Subd. 7. Obligations of any person, copartnership, limited liability company, association, or corporation in the form of notes or drafts secured by shipping documents or instruments transferring or securing title covering feeder livestock which is free from all other encumbrances, when the market value of the livestock securing the obligation at the time of the making of the loan is not less than 115 percentum of the face amount of the notes covered by such documents, shall be subject under this subdivision to a limitation of 20 percent of capital and surplus in addition to 20 percent of capital and surplus as included in provisions of subdivision 1. Feeder livestock loans as referred to in this subdivision is defined to include only obligations secured by liens or giving title to cattle, sheep, goats, hogs or poultry being fattened for market, but excluding dairy cattle, milk goats, poultry used for production of eggs, or barnyard or work animals.

Sec. 18. Minnesota Statutes 1992, section 48.24, subdivision 8, is amended to read:

Subd. 8. When a bank shall allow any individual, partnership, limited liability company, unincorporated association, or corporation, or any officer or director of the bank, to become indebted to it, directly or indirectly, in excess of the amount, exclusive of interest permitted by the laws of this state, the officer or employee of the bank willfully permitting or approving the loan shall be guilty of a gross misdemeanor and, in addition thereto, shall be personally liable to the bank for the amount of the loan in excess of the statutory limit.

Sec. 19. Minnesota Statutes 1992, section 48.61, subdivision 2, is amended to read:

Subd. 2. Any such bank or trust company may invest not to exceed ~~two~~ five percent of its capital and surplus in shares of stock in small business investment companies organized under the provisions of the small business investment act of 1958.

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~~ 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.

Sec. 21. Minnesota Statutes 1992, section 48.61, subdivision 4, is amended to read:

Subd. 4. Any such bank or trust company may make equity or debt investments in limited partnerships, limited liability companies, corporations, or projects designed primarily to promote community welfare, such as the rehabilitation or development of economically depressed residential, commercial, or industrial areas. A bank or trust company investment in any one limited partnership, limited liability company, corporation, or project shall not exceed ~~two~~ five percent of its capital and surplus and its aggregate investment in all such limited partnerships, limited liability companies, corporations, or projects shall not exceed ~~five~~ ten percent of its capital and surplus.

Sec. 22. Minnesota Statutes 1992, section 49.35, is amended to read:

49.35 [CONSOLIDATION OR MERGER AGREEMENT.]

The respective boards of directors of the consolidating or merging corporations may, by the majority vote of all of the members of each board, make or authorize to be made between the corporations a written agreement, in duplicate, for the consolidation or merger of the corporations. The agreement shall specify each corporation to be a party to the transaction, and shall prescribe the terms and conditions thereof; the mode of carrying it into effect; the authorized capital stock of the consolidated or surviving corporation, ~~which shall not exceed the aggregate authorized capital stock of all of the corporations that are a party thereto;~~ the name of the consolidated or surviving corporation, which may be the name, in whole or in part, of any corporation which is a party to the agreement, and shall specify the city in which it shall have its principal place of business. It shall name the persons who shall constitute the board of directors of the consolidated or surviving corporation, but the number and qualifications of these persons shall be in accordance with the statutes relating to the number and qualifications of directors of that class of corporation.

Sec. 23. Minnesota Statutes 1992, section 49.36, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS.] This consolidation or merger agreement and certified copy of the proceedings of the meetings of the respective boards of directors, at which the making of the agreement was authorized, must be submitted to the commissioner of commerce for approval with a fee of \$250 payable to the commissioner of commerce. ~~The fee must be paid in equal parts by the parties to~~ The agreement, and it shall not be effective until so approved by the commissioner. The commissioner shall take action after the documents are submitted, and is entitled to further information from any party to the transaction as may be requested by the commissioner, or as may be obtained upon a hearing directed by the commissioner.

Sec. 24. Minnesota Statutes 1992, section 49.36, subdivision 4, is amended to read:

Subd. 4. [NOTICE OF ACQUISITION.] The successor bank shall give reasonable notice of the acquisition to each of the depositors and creditors of an acquired bank or savings association within 30 days after the order is activated. If detached facilities are to be closed as a result of transactions authorized by this section, adequate notice shall be provided by the bank prior to closing, unless the commissioner has acted to prevent the probable failure of the bank or savings association.

Sec. 25. Minnesota Statutes 1992, section 51A.02, subdivision 43, is amended to read:

Subd. 43. [ORGANIZATION.] "Organization" means a corporation, government or governmental subdivision or agency, trust, estate, partnership, joint venture, cooperative, limited liability company, or association.

Sec. 26. Minnesota Statutes 1992, section 52.04, subdivision 1, is amended to read:

Subdivision 1. A credit union has the following powers:

(1) to offer its members and other credit unions various classes of shares, share certificates, deposits, or deposit certificates;

(2) to receive the savings of its members either as payment on shares or as deposits, including the right to conduct Christmas clubs, vacation clubs, and other thrift organizations within its membership. Trust funds received by a real estate broker or the broker's salespersons in trust may be deposited in a credit union;

(3) to make loans to members for provident or productive purposes as provided in section 52.16;

(4) to make loans to a cooperative society or other organization having membership in the credit union;

(5) to deposit in state and national banks and trust companies authorized to receive deposits;

(6) to invest in any investment legal for savings banks or for trust funds in the state and, notwithstanding clause (3), to invest in and make loans of unsecured days funds (federal funds or similar unsecured loans) to financial institutions insured by an agency of the federal government and a member of the Federal Reserve System or required to maintain reserves at the Federal Reserve;

(7) to borrow money as hereinafter indicated;

(8) to adopt and use a common seal and alter the same at pleasure;

(9) to make payments on shares of and deposit with any other credit union chartered by this or any other state or operating under the provisions of the federal Credit Union Act, in amounts not exceeding in the aggregate 25 percent of its unimpaired assets. However, payments on shares of and deposit with credit unions chartered by other states are restricted to credit unions insured by the National Credit Union Administration. The restrictions imposed by this clause do not apply to share accounts and deposit accounts of the Minnesota corporate credit union in United States central credit union or to share accounts and deposit accounts of credit unions in the Minnesota corporate credit union;

(10) to contract with any licensed insurance company or society to insure the lives of members to the extent of their share accounts, in whole or in part, and to pay all or a portion of the premium therefor;

(11) to indemnify each director, officer, or committee member, or former director, officer, or committee member against all expenses, including attorney's fees but excluding amounts paid pursuant to a judgment or settlement agreement, reasonably incurred in connection with or arising out of any action, suit, or proceeding to which that person is a party by reason of being or having been a director, officer, or committee member of the credit union, except with respect to matters as to which that person is finally adjudged in the action, suit, or proceeding to be liable for negligence or misconduct in the performance of duties. The indemnification is not exclusive of any other rights to which that person may be entitled under any bylaw, agreement, vote of members, or otherwise;

(12) upon written authorization from a member, retained at the credit union, to make payments to third parties by withdrawals from the member's share or deposit accounts or through proceeds of loans made to such member, or by permitting the credit union to make those payments from the member's funds prior to deposit; to permit draft withdrawals from member accounts, but a credit union proposing to permit draft withdrawals shall notify the commissioner of commerce, in the form prescribed, of its intent not less than 90 days prior to authorizing draft withdrawals. The board of directors of a credit union may restrict one class of shares to the extent that it may not be redeemed, withdrawn, or transferred except upon termination of membership in the credit union;

(13) to inform its members as to the availability of various group purchasing plans which are related to the promotion of thrift or the borrowing of money for provident and productive purposes by means of informational materials placed in the credit union's office, through its publications, or by direct mailings to members by the credit union;

(14) to facilitate its members' voluntary purchase of types of insurance incidental to promotion of thrift or the borrowing of money for provident and productive purposes including, but not limited to the following types of group or individual insurance: Fire, theft, automobile, life and temporary disability; to be the policy holder of a group insurance plan or a subgroup under a master policy plan and to disseminate information to its members concerning the insurance provided thereunder; to remit premiums to an insurer or the holder of a master policy on behalf of a credit union member, if the credit union obtains written authorization from the member for remittance by share or deposit withdrawals or through proceeds of loans made by the members, or by permitting the credit union to make the payments from the member's funds prior to deposit; and to accept from the insurer reimbursement for expenses incurred or in the case of credit life and accident and health insurance within the meaning of chapter 62B commissions for the handling of the insurance. The amount reimbursed or the commissions received may constitute the general income of the credit union. The directors, officers, committee members and employees of a credit union shall not profit on any insurance sale facilitated through the credit unions;

(15) to contract with another credit union to furnish services which either could otherwise perform. Contracted services under this clause are subject to regulation and examination by the commissioner of commerce like other services;

(16) in furtherance of the twofold purpose of promoting thrift among its members and creating a source of credit for them at legitimate rates of interest for provident purposes, and not in limitation of the specific powers hereinbefore conferred, to have all the powers enumerated, authorized, and permitted by this chapter, and such other rights, privileges and powers incidental to, or necessary for, the accomplishment of the objectives and purposes of the credit union;

(17) to rent safe deposit boxes to its members if the credit union obtains adequate insurance or bonding coverage for losses which might result from the rental of safe deposit boxes;

(18) notwithstanding the provisions of section 52.05, to accept deposits of public funds in an amount secured by insurance or other means pursuant to chapter 118 or section 9.031;

(19) to accept and maintain treasury tax and loan accounts of the United States and to pledge collateral to secure the treasury tax or loan accounts, in accordance with the regulations of the Department of Treasury of the United States;

(20) to accept deposits pursuant to section 149.12, notwithstanding the provisions of section 52.05, if the deposits represent funding of prepaid funeral plans of members;

(21) to sell, in whole or in part, real estate secured loans provided that:

(a) the loan is secured by a first lien;

- (b) the board of directors approves the sale;
- (c) if the sale is partial, the agreement to sell a partial interest shall, at a minimum:
 - (i) identify the loan or loans covered by the agreement;
 - (ii) provide for the collection, processing, remittance of payments of principal and interest, taxes and insurance premiums and other charges or escrows, if any;
 - (iii) define the responsibilities of each party in the event the loan becomes subject to collection, loss or foreclosure;
 - (iv) provide that in the event of loss, each owner shall share in the loss in proportion to its interest in the loan or loans;
 - (v) provide for the distribution of payments of principal to each owner proportionate to its interest in the loan or loans;
 - (vi) provide for loan status reports;
 - (vii) state the terms and conditions under which the agreement may be terminated or modified; and
- (d) the sale is without recourse or repurchase unless the agreement:
 - (i) requires repurchase of a loan because of any breach of warranty or misrepresentation;
 - (ii) allows the seller to repurchase at its discretion; or
 - (iii) allows substitution of one loan for another;
- (22) in addition to the sale of loans secured by a first lien on real estate, to sell, pledge, discount, or otherwise dispose of, in whole or in part, to any source, a loan or group of loans, other than a self-replenishing line of credit; provided, that within a calendar year beginning January 1 the total dollar value of loans sold, other than loans secured by real estate or insured by a state or federal agency, shall not exceed 25 percent of the dollar amount of all loans and participating interests in loans held by the credit union at the beginning of the calendar year, unless otherwise authorized in writing by the commissioner;
- (23) to designate the par value of the shares of the credit union by board resolution;
- (24) to exercise by resolution the powers set forth in United States Code, title 12, section 1757, as amended through ~~August 1, 1985~~ December 31, 1992. Before exercising each power, the board must submit a plan to the commissioner of commerce detailing implementation of the power to be used;
- (25) to offer self-directed individual retirement accounts and Keogh accounts and act as custodian and trustee of these accounts if:
 - (1) all contributions of funds are initially made to a deposit, share or share certificate account in the credit union;
 - (2) any subsequent transfer of funds to other assets is solely at the direction of the member and the credit union exercises no investment discretion and provides no investment advice with respect to plan assets; and
 - (3) the member is clearly notified of the fact that National Credit Union Share Insurance Fund coverage is limited to funds held in deposit, share or share certificate accounts of National Credit Union Share Insurance Fund-insured credit unions.

Sec. 27. Minnesota Statutes 1992, section 52.04, is amended by adding a subdivision to read:

Subd. 2a. A person may enter into a credit sale or service contract for sale to a state or federal credit union doing business in this state, and a credit union may purchase and enforce the contract under the terms and conditions set forth in section 51A.385, subdivisions 2 and 5 to 13.

Sec. 28. Minnesota Statutes 1992, section 52.12, is amended to read:

52.12 [CAPITAL; ENTRANCE FEES; UNION TO HAVE LIEN.]

The capital of a credit union includes shares, share certificates, any special class of shares, undivided earnings, reserves, and any entrance or membership fees. The credit union shall have a lien on the shares and deposits of a member for any sum due to the credit union from the member, or for any loan endorsed by that member. In addition to any other statutory right of setoff or lien and subject to any contractual provision, if any party to an account is indebted to a credit union, the credit union has a right to setoff against any account in which the party has or had immediately before death a present right of withdrawal. A credit union may, at its discretion, charge an entrance or annual membership fee if authorized by the bylaws.

Sec. 29. Minnesota Statutes 1992, section 53.03, subdivision 5, is amended to read:

Subd. 5. [PLACE OF BUSINESS.] Not more than one place of business may be maintained under any certificate of authorization issued subsequent to the enactment of Laws 1943, chapter 67, pursuant to the provisions of this chapter, but the department of commerce may issue more than one certificate of authorization to the same corporation upon compliance with all the provisions of this chapter governing an original issuance of a certificate of authorization. To the extent that previously filed applicable information remains unchanged, the applicant need not refile this information, unless requested. The filing fee for a branch application shall be \$500 and the investigation fee \$250. ~~If a corporation has been issued more than one certificate of authorization, the corporation shall allocate a portion of capital stock to each office for which a certificate has been issued, in order to comply with the capital requirements of sections 53.02 and 53.05, clause (2), which sections are applicable to each office and the capital allocated thereto in the same manner as if each certificate had been issued to a separate corporation.~~ An industrial loan and thrift corporation with deposit liabilities may change one or more of its locations upon the written approval of the commissioner of commerce. A fee of \$100 must accompany each application to the commissioner for approval to change the location of an established office. An industrial loan and thrift corporation that does not sell and issue thrift certificates for investment may change one or more locations by giving 30 days' written notice to the department of commerce which shall promptly amend the certificate of authorization accordingly. No change in place of business of a company to a location outside of its current trade area or more than 25 miles from its present location, whichever distance is greater, shall be permitted under the same certificate unless all of the applicable requirements of this section have been met.

Sec. 30. Minnesota Statutes 1992, section 53.04, is amended by adding a subdivision to read:

Subd. 5a. A person may enter into a credit sale or service contract for sale to an industrial loan and thrift company operating under this chapter in this state, and an industrial loan and thrift company may purchase and enforce the contract under the terms and conditions set forth in section 51A.385, subdivisions 2 and 5 to 13.

Sec. 31. Minnesota Statutes 1992, section 53.09, is amended by adding a subdivision to read:

Subd. 4. The commissioner may honor requests from interested parties for interpretive opinions in connection with the administration of this chapter. No provision of this chapter or of any other chapter to which this chapter refers which imposes any penalty shall apply to any act done or not done in conformity with any written interpretive opinion of the commissioner, notwithstanding that such written interpretive opinion may, after such act or omission, be amended or rescinded or be determined by judicial or other authority to be invalid for any reason.

Sec. 32. Minnesota Statutes 1992, section 56.10, is amended to read:

56.10 [EXAMINATIONS.]

Subdivision 1. For the purpose of discovering violations of this chapter or securing information lawfully required by the commissioner hereunder, the commissioner may, at any time, either personally or by a person or persons duly designated, investigate the loans and business and examine the books, accounts, records, and files used therein, of every licensee and of every person who shall be engaged in the business described in section 56.01, whether the person shall act or claim to act as principal or agent, or under or without the authority of this chapter. For that purpose the commissioner and a duly designated representative shall have free access to the offices and places of business, books, accounts, papers, records, files, safes, and vaults of all such persons. The commissioner and all persons duly designated shall have authority to require the attendance of and to examine, under oath, all persons whomsoever whose testimony the commissioner may require relative to the loan or the business or to the subject matter of any examination, investigation, or hearing.

Each licensee shall pay to the commissioner such amount as may be required under section 46.131, and the commissioner may maintain an action for the recovery of such costs in any court of competent jurisdiction.

Subd. 2. The commissioner may honor requests from interested parties for interpretive opinions in connection with the administration of this chapter. No provision of this chapter or of any other chapter to which this chapter refers which imposes any penalty shall apply to any act done or omitted to be done in conformity with any written interpretive opinion of the commissioner, notwithstanding that such written interpretive opinion may, after such act or omission, be amended or rescinded or be determined by judicial or other authority to be invalid for any reason.

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.

Sec. 34. Minnesota Statutes 1992, section 56.131, subdivision 1, is amended to read:

Subdivision 1. [INTEREST RATES AND CHARGES.] (a) On any loan in a principal amount not exceeding \$35,000 or 15 percent of a Minnesota corporate licensee's capital stock and surplus as defined in section 53.015, if greater, a licensee may contract for and receive interest, calculated according to the actuarial method, not exceeding the equivalent of the greater of any of the following:

(1) the total of: (i) 33 percent per year on that part of the unpaid balance of the principal amount not exceeding \$750; and (ii) 19 percent per year on that part of the unpaid balance of the principal amount exceeding \$750; or

(2) 21.75 percent per year on the unpaid balance of the principal amount.

(b) On any loan where interest has been calculated according to the method provided for in paragraph (a), clause (1), interest must be contracted for and earned as provided in that provision or at the single annual percentage rate computed to the nearest 1/100 of one percent that would earn the same total interest at maturity of the contract as would be earned by the application of the graduated rates provided in paragraph (a), clause (1), when the debt is paid according to the agreed terms and the calculations are made according to the actuarial method.

(c) Loans may be interest-bearing or precomputed.

(d) To compute time on interest-bearing and precomputed loans, including, but not limited to the calculation of interest, a day is considered 1/30 of a month when calculation is made for a fraction of a calendar month. A year is 12 calendar months. A calendar month is that period from a given date in one month to the same numbered date in the following month, and if there is no same numbered date, to the last day of the following month. When a period of time includes a whole month and a fraction of a month, the fraction of a month is considered to follow the whole month.

In the alternative, for interest-bearing loans, a licensee may charge interest at the rate of 1/365 of the agreed annual rate for each actual day elapsed.

(e) With respect to interest-bearing loans:

(1) Interest must be computed on unpaid principal balances outstanding from time to time, for the time outstanding. Each payment must be applied first to the accumulated interest and the remainder of the payment applied to the unpaid principal balance; provided however, that if the amount of the payment is insufficient to pay the accumulated interest, the unpaid interest continues to accumulate to be paid from the proceeds of subsequent payments and is not added to the principal balance.

(2) Interest must not be payable in advance or compounded. However, if part or all of the consideration for a new loan contract is the unpaid principal balance of a prior loan, then the principal amount payable under the new loan contract may include any unpaid interest which has accrued. The unpaid principal balance of a precomputed loan is the balance due after refund or credit of unearned interest as provided in paragraph (f), clause (3). The resulting loan contract is deemed a new and separate loan transaction for all purposes.

(f) With respect to precomputed loans:

(1) Loans must be repayable in substantially equal and consecutive monthly installments of principal and interest combined, except that the first installment period may be more or less than one month by not more than 15 days, and the first installment payment amount may be larger than the remaining payments by the amount of interest charged for the extra days and must be reduced by the amount of interest for the number of days less than one month to the first installment payment; and monthly installment payment dates may be omitted to accommodate borrowers with seasonal income.

(2) Payments may be applied to the combined total of principal and precomputed interest until the loan is fully paid. Payments must be applied in the order in which they become due.

(3) When any loan contract is paid in full by cash, renewal or refinancing, or a new loan, one month or more before the final installment due date, a licensee shall refund or credit the borrower with the total of the applicable charges for all fully unexpired installment periods, as originally scheduled or as deferred, which follow the day of prepayment; if the prepayment is made other than on a scheduled payment date, the nearest scheduled installment payment date must be used in the computation; provided further, if the prepayment occurs prior to the first installment due date, the licensee may retain 1/30 of the applicable charge for a first installment period of one month for each day from the date of the loan to the date of prepayment, and shall refund or credit the borrower with the balance of the total interest contracted for. If the maturity of the loan is accelerated for any reason and judgment is entered, the licensee shall credit the borrower with the same refund as if prepayment in full had been made on the date the judgment is entered.

(4) If an installment, other than the final installment, is not paid in full within ten days of its scheduled due date, a licensee may contract for and receive a default charge not exceeding five percent of the amount of the installment, but not less than \$4.

A default charge under this subdivision may not be collected on an installment paid in full within ten days of its scheduled due date, or deferred installment due date with respect to deferred installments, even though a default or deferral charge on an earlier installment has not been paid in full. A default charge may be collected at the time it accrues or at any time thereafter.

(5) If the parties agree in writing, either in the loan contract or in a subsequent agreement, to a deferment of wholly unpaid installments, a licensee may grant a deferment and may collect a deferment charge as provided in this section. A deferment postpones the scheduled due date of the earliest unpaid installment and all subsequent installments as originally scheduled, or as previously deferred, for a period equal to the deferment period. The deferment period is that period during which no installment is scheduled to be paid by reason of the deferment. The deferment charge for a one-month period may not exceed the applicable charge for the installment period immediately following the due date of the last undeferred payment. A proportionate charge may be made for deferment for periods of more or less than one month. A deferment charge is earned pro rata during the deferment period and is fully earned on the last day of the deferment period. Should a loan be prepaid in full during a deferment period, the licensee shall make or credit to the borrower a refund of the unearned deferment charge in addition to any other refund or credit made for prepayment of the loan in full.

(6) If two or more installments are delinquent one full month or more on any due date, and if the contract so provides, the licensee may reduce the unpaid balance by the refund credit which would be required for prepayment in full on the due date of the most recent maturing installment in default. Thereafter, and in lieu of any other default or deferment charges, the single annual percentage rate permitted by this subdivision may be charged on the unpaid balance until fully paid.

(7) Following the final installment as originally scheduled or deferred, the licensee, for any loan contract which has not previously been converted to interest-bearing under clause (6), may charge interest on any balance remaining unpaid, including unpaid default or deferment charges, at the single annual percentage rate permitted by this subdivision until fully paid.

(8) With respect to a loan secured by an interest in real estate, and having a maturity of more than 60 months, the original schedule of installment payments must fully amortize the principal and interest on the loan. The original schedule of installment payments for any other loan secured by an interest in real estate must provide for payment amounts that are sufficient to pay all interest scheduled to be due on the loan.

Sec. 35. [56.132] [INSTALLMENT SALES CONTRACTS.]

A person may enter into a credit sale or service contract for sale to a licensee under this chapter doing business in this state, and a licensee may purchase and enforce the contract under the terms and conditions set forth in section 51A.385, subdivisions 2 and 5 to 13.

Sec. 36. Minnesota Statutes 1992, section 56.155, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] No licensee shall, directly or indirectly, sell or offer for sale any insurance in connection with any loan made under this chapter except as and to the extent authorized by this section. The sale of credit life and credit accident and health insurance is subject to the provisions of chapter 62B, except that the term of the insurance may exceed 60 months if the term of the loan exceeds 60 months. Life, accident, and health insurance,

or any of them, may be written upon or in connection with any loan but must not be required as additional security for the indebtedness. If the debtor chooses to procure credit life insurance or credit accident and health insurance as security for the indebtedness, the debtor shall have the option of furnishing this security through existing policies of insurance that the debtor owns or controls, or of furnishing the coverage through any insurer authorized to transact business in this state. A statement in substantially the following form must be made orally, except for loans by mail pursuant to section 56.12, and provided in writing in bold face type of a minimum size of 12 points to the borrower before the transaction is completed for each credit life and accident and health insurance coverage sold:

CREDIT LIFE INSURANCE AND CREDIT DISABILITY INSURANCE ARE NOT REQUIRED TO OBTAIN CREDIT. YOU MAY BUY ANY INSURANCE FROM ANYONE YOU CHOOSE OR YOU MAY USE EXISTING INSURANCE.

The licensee shall disclose whether or not the benefits commence as of the first day of disability and shall further disclose the number of days that an insured obligor must be disabled, as defined in the policy, before benefits, whether retroactive or nonretroactive, commence. In case there are multiple obligors under a transaction subject to this chapter, no policy or certificate of insurance providing credit accident and health benefits may be procured by or through a licensee upon more than one of the obligors. In case there are multiple obligors under a transaction subject to this chapter, no policy or certificate of insurance providing credit life insurance may be procured by or through a licensee upon more than two of the obligors in which case they shall be insured jointly. The premium or identifiable charge for the insurance must not exceed that filed by the insurer with the department of commerce. The charge, computed at the time the loan is made for a period not to exceed the full term of the loan contract on an amount not to exceed the total amount required to pay principal and charges, may be deducted from the proceeds or may be included as part of the principal of any loan. If a borrower procures insurance by or through a licensee, the statement required by section 56.14 must disclose the cost to the borrower and the type of insurance, and the licensee shall cause to be delivered to the borrower a copy of the policy, certificate, or other evidence thereof, within a reasonable time. No licensee shall decline new or existing insurance which meets the standards set out in this section nor prevent any obligor from obtaining this insurance coverage from other sources. Notwithstanding any other provision of this chapter, any gain or advantage to the licensee or to any employee, affiliate, or associate of the licensee from this insurance or the sale or provision thereof is not an additional or further charge in connection with the loan; nor are any of the provisions pertaining to insurance contained in this section prohibited by any other provision of this chapter.

Sec. 37. Minnesota Statutes 1992, section 59A.02, subdivision 3, is amended to read:

Subd. 3. [LICENSEE.] "Licensee" means a person licensed by the commissioner to engage in the business of insurance premium financing. The term does not include a person in the business of insurance premium financing exclusively financing premiums for business, agricultural, or corporate purposes.

Sec. 38. Minnesota Statutes 1992, section 82B.03, subdivision 2, is amended to read:

Subd. 2. [LICENSE NOT REQUIRED.] (a) An officer or employee of a corporation, partnership, or other business entity may act as a real estate appraiser without obtaining a license under this chapter if the corporation, partnership, or other business entity in which the person is employed or is an officer has an interest in the real estate that is the subject of the appraisal as owners, lenders, investors, or insurers.

(b) An Notwithstanding licensure under this chapter any appraisal conducted by a person exempt under this subdivision is only subject to the guidelines for real estate appraisal policies and review procedures of the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation Office of Thrift Supervision, the Federal Reserve Board, the Farm Credit Administration, the National Credit Union Administration, or the comptroller of the currency, if the appraisal was conducted only within the scope and purpose of this subdivision.

(c) If a real estate appraisal is made by a person who is exempt from licensing under this subdivision, the person for whom the appraisal is conducted must be given written notice that the appraisal was not conducted by a licensed appraiser, and the appraisal report must clearly state that it was conducted by an interested party and not by a licensed real estate appraiser.

Sec. 39. Minnesota Statutes 1992, section 300.20, subdivision 2, is amended to read:

Subd. 2. [VACANCIES.] If the certificate of incorporation or the bylaws so provides, a vacancy in the board of directors may be filled by the remaining directors. Not more than one-third of the members of the board may be so filled in any one year except any number may be appointed to provide for at least three directors until any subsequent meeting of the stockholders.

Sec. 40. Minnesota Statutes 1992, section 300.21, is amended to read:

300.21 [OFFICERS.]

Every domestic corporation, except when otherwise specially provided, must have a president, secretary, and treasurer, and may have one or more vice-presidents and other officers, as its certificate of incorporation or bylaws may provide. The time and manner of their election and their respective duties must be prescribed in the certificate of incorporation or in the bylaws. Only one president of record may act on behalf of the corporation; however, additional officers may be titled president for purposes of empowering those additional officers to function as managing officers of detached facilities of banks.

Sec. 41. Minnesota Statutes 1992, section 336.4-104, is amended to read:

336.4-104 [DEFINITIONS AND INDEX OF DEFINITIONS.]

(a) In this article, unless the context otherwise requires:

(1) "Account" means any deposit or credit account with a bank, including a demand, time, savings, passbook, share draft, or like account, other than an account evidenced by a certificate of deposit;

(2) "Afternoon" means the period of a day between noon and midnight;

(3) "Banking day" means ~~the~~ that part of a any day, excluding Saturday, Sunday, and holidays, on which a bank is open to the public for carrying on substantially all of its banking functions;

(4) "Clearinghouse" means an association of banks or other payors regularly clearing items;

(5) "Customer" means a person having an account with a bank or for whom a bank has agreed to collect items, including a bank that maintains an account at another bank;

(6) "Documentary draft" means a draft to be presented for acceptance or payment if specified documents, certificated securities (section 336.8-102) or instructions for uncertificated securities (section 336.8-308), or other certificates, statements, or the like are to be received by the drawee or other payor before acceptance or payment of the draft;

(7) "Draft" means a draft as defined in section 336.3-104 or an item, other than an instrument, that is an order;

(8) "Drawee" means a person ordered in a draft to make payment;

(9) "Item" means an instrument or a promise or order to pay money handled by a bank for collection or payment. The term does not include a payment order governed by article 4A or a credit or debit card slip;

(10) "Midnight deadline" with respect to a bank is midnight on its next banking day following the banking day on which it receives the relevant item or notice or from which the time for taking action commences to run, whichever is later;

(11) "Settle" means to pay in cash, by clearinghouse settlement, in a charge or credit or by remittance, or otherwise as agreed. A settlement may be either provisional or final;

(12) "Suspends payments" with respect to a bank means that it has been closed by order of the supervisory authorities, that a public officer has been appointed to take it over, or that it ceases or refuses to make payments in the ordinary course of business.

(b) Other definitions applying to this article and the sections in which they appear are:

"Agreement for electronic presentment," section 336.4-110

"Bank," section 336.4-105

"Collecting bank," section 336.4-105

"Depository bank," section 336.4-105

"Intermediary bank," section 336.4-105

"Payor bank," section 336.4-105

"Presenting bank," section 336.4-105

"Presentment notice," section 336.4-110

(c) The following definitions in other articles apply to this article:

"Acceptance," section 336.3-409

"Alteration," section 336.3-407

"Cashier's check," section 336.3-104

"Certificate of deposit," section 336.3-104

"Certified check," section 336.3-409

"Check," section 336.3-104

"Good faith," section 336.3-103

"Holder in due course," section 336.3-302

"Instrument," section 336.3-104

"Notice of dishonor," section 336.3-503

"Order," section 336.3-103

"Ordinary care," section 336.3-103

"Person entitled to enforce," section 336.3-301

"Presentment," section 336.3-501

"Promise," section 336.3-103

"Prove," section 336.3-103

"Teller's check," section 336.3-104

"Unauthorized signature," section 336.3-403

(d) In addition, article 1 contains general definitions and principles of construction and interpretation applicable throughout this article.

Sec. 42. [REPEALER.]

Minnesota Statutes 1992, sections 46.048, subdivision 2; and 48.24, subdivision 4, are repealed.

Sec. 43. [EFFECTIVE DATE.]

Sections 1 to 4, 6 to 21, 23 and 24, 26 to 33, and 35 to 39, are effective immediately upon final enactment. Section 5 is effective October 1, 1993, and section 34 is effective June 1, 1993.

Delete the title and insert:

"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, 3, 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; 56.12; 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."

The motion prevailed and the amendment was adopted.

Stanis moved to amend S. F. No. 1129, as amended, as follows:

Page 36, line 10, delete "21" and insert "15, 19 to 21"

Page 36, line 11, delete "immediately upon" and insert "the day following"

Page 36, line 13, after the period, insert "Sections 17, 18, and 25 are effective retroactive to January 1, 1993. Section 16 is effective the day following final enactment, except that the changes relating to limited liability companies are effective retroactive to January 1, 1993."

The motion prevailed and the amendment was adopted.

Simoneau moved to amend S. F. No. 1129, as amended, as follows:

Page 3, after line 5, insert:

"Sec. 3. Minnesota Statutes 1992, section 46.045, is amended by adding a subdivision to read:

Subd. 4. [DEPOSIT INSURANCE.] In any case where Minnesota Statutes require, either generally or by reference to a specific program, that deposits in any financial institution be insured, the requirement shall be deemed satisfied if the deposits are insured in the requisite amount by an agency of the federal government insuring deposits."

Page 10, after line 16, insert:

"Sec. 13. Minnesota Statutes 1992, section 47.58, subdivision 1, is amended to read:

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

(a) "Reverse mortgage loan" means a loan:

(1) Made to a borrower wherein the committed principal amount is paid to the borrower in equal or unequal installments over a period of months or years, interest is assessed, and authorized closing costs are incurred as specified in the loan agreement;

(2) Which is secured by a mortgage on residential property owned solely by the borrower; and

(3) Which is due when the committed principal amount has been fully paid to the borrower, or upon sale of the property securing the loan, or upon the death of the last surviving borrower, or upon the borrower terminating use of the property as principal residence so as to disqualify the property from the homestead credit given in chapter 290A.

(b) "Lender" means any bank subject to chapter 48, credit union subject to chapter 52, savings bank organized and operated pursuant to chapter 50, savings and loan association subject to chapter 51A, or any insurance company as defined in section 60A.02, subdivision 4. "Lender" also includes any federally chartered bank supervised by the comptroller of the currency or federally chartered savings and loan association supervised by the federal home loan bank board or federally chartered credit union supervised by the National Credit Union Administration, to the extent permitted by federal law.

(c) "Borrower" includes any natural person holding an interest in severalty or as joint tenant or tenant-in-common in the property securing a reverse mortgage loan.

(d) "Outstanding loan balance" means the current net amount of money owed by the borrower to the lender whether or not that sum is suspended pursuant to the terms of the reverse mortgage loan agreement or is immediately due and payable. The outstanding loan balance is calculated by adding the current totals of the items described in clauses (1) to (5) and subtracting the current totals of the item described in clause (6):

(1) The sum of all payments made by the lender which are necessary to clear the property securing the loan of any outstanding mortgage encumbrance or mechanics or material supplier's lien.

(2) The total disbursements made by the lender to date pursuant to the loan agreement as formulated in accordance with subdivision 3.

(3) All taxes, assessments, insurance premiums and other similar charges paid to date by the lender pursuant to subdivision 6, which charges were not reimbursed by the borrower within 60 days.

(4) All actual closing costs which the borrower has deferred, if a deferral provision is contained in the loan agreement as authorized by subdivision 7.

(5) The total accrued interest to date, as authorized by subdivision 5.

(6) All payments made by the borrower pursuant to subdivision 4.

(e) "Actual closing costs" mean reasonable charges or sums ordinarily paid at the time of closing for the following, whether or not retained by the lender:

(1) Any insurance premiums on policies covering the mortgaged property including but not limited to premiums for title insurance, fire and extended coverage insurance, flood insurance, and private mortgage insurance.

(2) Abstracting, title examination and search, and examination of public records related to the mortgaged property.

(3) The preparation and recording of any or all documents required by law or custom for closing a reverse mortgage loan agreement.

(4) Appraisal and survey of real property securing a reverse mortgage loan.

(5) A single service charge, which service charge shall include any consideration, not otherwise specified in this section as an "actual closing cost," paid by the borrower to the lender for or in relation to the acquisition, making, refinancing or modification of a reverse mortgage loan, and shall also include any consideration received by the lender for making a commitment for a reverse mortgage loan, whether or not an actual loan follows the commitment. The service charge shall not exceed one percent of the bona fide committed principal amount of the reverse mortgage loan.

(6) Charges and fees necessary for or related to the transfer of real property securing a reverse mortgage loan or the closing of a reverse mortgage loan agreement paid by the borrower and received by any party other than the lender."

Page 14, after line 24, insert:

"Sec. 24. Minnesota Statutes 1992, section 48.64, is amended to read:

48.64 [DEPOSITS OF TRUST FUNDS.]

Any person, firm, or corporation appointed by a court of competent jurisdiction as representative of the estate of a deceased person, or as guardian, or any trustee of a firefighters' relief association, or any referee, receiver, or trustee appointed by a court of record in this state, may deposit funds for safekeeping and disbursing, unless otherwise directed by the court, in any bank, credit union, if the beneficial owner is a member, or trust company, however organized, the deposits of which are insured, in whole or in part, by the Federal Deposit Insurance Corporation an agency of the federal government insuring deposits, to the extent that the funds so deposited are fully insured.

Sec. 25. Minnesota Statutes 1992, section 48.86, is amended to read:

48.86 [TRUST FUNDS; INVESTMENT OF ACCUMULATIONS.]

Any amount not less than \$500 received by any trust company as executor, administrator, guardian, or other trustee, or by order of court, not required for the purposes of such trust, or not to be accounted for within one year, it shall invest as soon as practicable in authorized securities either then held by it or specially procured by it; and the income, less its proper charges, shall become part of the trust estate, and the net accumulations thereon shall be likewise invested, accounted for, and allowed in the settlement of such trust.

Except as may be otherwise provided in the governing will, trust agreement, court order or other instrument, any amount in a trust account may be invested in certificates of deposit, share certificates, or savings accounts in any bank or banks, or credit union, if the beneficial owner is a member, provided that such certificates of deposit, share certificates, or savings accounts are fully insured by the federal deposit insurance corporation an agency of the federal government insuring deposits and receive the prevailing rate of interest on such certificates or savings accounts."

Page 19, line 14, before the semicolon insert "or other applicable law and to receive deposits of trust funds provided that either the provider or the beneficial owner of the funds is a member of the credit union accepting the deposit"

Page 30, after line 20, insert:

"Sec. 41. Minnesota Statutes 1992, section 80A.14, subdivision 4, is amended to read:

Subd. 4. [BROKER-DEALER.] "Broker-dealer" means any person engaged in the business of effecting transactions in securities for the account of others or for that person's own account. "Broker-dealer" does not include:

(1) an agent;

(2) an issuer;

(3) a trust company; or

(4) a bank, savings institution, savings and loan association, credit union:

(i) acting for the account of others, provided that such activities are conducted in compliance with such rules as may be adopted by the commissioner;

(ii) acting for its own account; or

(iii) acting in a fiduciary capacity pursuant to the powers and privileges described by sections 48.36 to 48.49 or United States Code, title 12, section 92(a);

(5) a person who has no place of business in this state if that person effects transactions in this state exclusively with or through (i) the issuers of the securities involved in the transactions, (ii) other broker-dealers, or (iii) banks, savings institutions, trust companies, insurance companies, investment companies as defined in the Investment Company Act of 1940, pension or profit sharing trusts, or other financial institutions or institutional buyers, or to broker-dealers, whether the purchaser is acting for itself or in some fiduciary capacity; or

(6) other persons not within the intent of this subsection whom the commissioner by rule or order designates.

Sec. 42. Minnesota Statutes 1992, section 80A.14, subdivision 9, is amended to read:

Subd. 9. [INVESTMENT ADVISER.] "Investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications, writings or electronic means, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities. "Investment adviser" does not include:

(1) a bank, savings institution, credit union, or trust company;

(2) a lawyer, accountant, engineer, or teacher whose performance of these services is solely incidental to the practice of that person's profession;

(3) a broker-dealer whose performance of these services is solely incidental to the conduct of the business as a broker-dealer and who receives no special compensation for them;

(4) a publisher of any newspaper, news column, newsletter, news magazine, or business or financial publication or service, whether communicated in hard copy form, or by electronic means, or otherwise, that does not consist of the rendering of advice on the basis of the specific investment situation of each client; or

(5) other persons not within the intent of this subdivision as the commissioner may by rule or order designate."

Page 36, after line 5, insert:

"Sec. 47. Minnesota Statutes 1992, section 540.08, is amended to read:

540.08 [INJURY TO CHILD OR WARD; SUIT BY PARENT OR GUARDIAN.]

A parent may maintain an action for the injury of a minor son or daughter. A general guardian may maintain an action for an injury to the ward. A guardian of a dependent, neglected, or delinquent child, appointed by a court having jurisdiction, may maintain an action for the injury of the child. If no action is brought by the father or mother, an action for the injury may be brought by a guardian ad litem, either before or after the death of the parent. Before a parent receives property as a result of the action, the parent shall file a bond as the court prescribes and approves as security therefor. In lieu of this bond, upon petition of the parent, the court may order that the property received be invested in securities issued by the United States, which shall be deposited pursuant to the order of the court, or that the property be invested in a savings account, savings certificate, or certificate of deposit, or share certificate, in a bank, savings and loan association, or trust company, credit union in which either the depositor or beneficiary is a member, or an annuity or other form of structured settlement, subject to the order of the court. A copy of the court's order and the evidence of the deposit shall be filed with the court administrator. Money or assets in an account established by the court under this section are not available to the minor child or the child's parent or guardian until released by the court to the child or the child's parent or guardian. No settlement or compromise of the action is valid unless it is approved by a judge of the court in which the action is pending."

Page 36, line 10, delete everything after the first "to" and insert "5, 7 to 23, 27 and 28, 30 to 36, and 38 to 44"

Page 36, line 10, delete "38" and delete "5" and insert "6"

Page 36, line 11, delete "35" and insert "37"

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1129, 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, 3, 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.06, 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.

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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

H. F. No. 1253 was reported to the House.

Anderson, I., moved that H. F. No. 1253 be temporarily laid over on Special Orders. The motion prevailed.

S. F. No. 1290, A bill for an act relating to local government; permitting the cities of Bloomington, Edina, Richfield, Eden Prairie, Minnetonka, Maple Grove, and Plymouth to establish a transportation demand management program; providing for a transportation demand management plan for the capitol complex.

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 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

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

S. F. No. 1171 was reported to the House.

Skoglund moved to amend S. F. No. 1171, as follows:

Page 1, line 7, delete "COMMISSION" and insert "COMMITTEE"

Page 1, line 8, after "enforcement" insert "advisory"

Page 1, lines 9, 10, 13, 16, 24, and Page 2, lines 1, 4, 5, 28, and 29, delete "commission" and insert "committee"

Page 2, line 20, delete "and"

Page 2, line 21, after the semicolon insert "and"

Page 2, after line 21, insert:

"(viii) public members who are victims of crime;"

Amend the title as follows:

Page 1, line 2, delete "commission" and insert "committee"

The motion prevailed and the amendment was adopted.

S. F. No. 1171, A bill for an act relating to crime; creating a commission on nonfelony enforcement to review the proportionality and enforcement of petty misdemeanor, misdemeanor, and gross misdemeanor offenses; requiring a report.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

S. F. No. 663 was reported to the House.

Wejcman moved that S. F. No. 663 be continued on Special Orders. The motion prevailed.

The Speaker called Bauerly to the Chair.

S. F. No. 693, 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.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

H. F. No. 1658 was reported to the House.

Krueger moved to amend H. F. No. 1658, the first engrossment, as follows:

Page 5, after line 19, insert:

"Sec. 2. [FEDERAL DEFENSE CONVERSION ACTIVITIES.]

The Minnesota Project Outreach Corporation shall assist the department of trade and economic development, the sponsoring agency, to prepare a response to the Technology Reinvestment Project solicitation required by the Defense Conversion, Reinvestment and Transition Assistance Act of 1992, Public Laws Numbers 102-484 and 102-190, and related federal law. The response shall address technology development, deployment, and manufacturing education and training activities that comply with the Act, that result from a collaborative working effort that involves a team of eligible participants which may include nonprofit and other eligible firms as mandated by United States Code, section 2491, state government agencies, local government agencies, institutions of higher education, manufacturing and other extension programs, and other eligible proposers under the Act.

The department of trade and economic development shall create an advisory task force made up of business, labor community, and local government representatives to assist in developing a state plan for job retention and job creation in industries and communities in Minnesota affected by defense contract cuts. The task force shall advise the Minnesota Project Outreach Corporation, Minnesota Technology, Inc., the department of trade and economic development, and other appropriate state agencies in accessing federal funding available from the Office of Economic Adjustment in order (1) to improve Minnesota's competitiveness in seeking federal community adjustment planning funds available through the new federal defense conversion programs, and (2) to provide for public involvement and accountability in the conversion programs."

Page 5, after line 25, insert:

"Sec. 5. [EFFECTIVE DATE.]

Sections 1, 3, and 4 are effective August 1, 1994. Section 2 is effective the day following final enactment."

Renumber the sections in order

Correct the internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

H. F. No. 1658, A bill for an act relating to economic development; abolishing Minnesota Project Outreach Corporation and transferring its funds, property, records, and duties to Minnesota Technology, Inc.; providing for federal defense conversion activities; amending Minnesota Statutes 1992, section 116O.091; repealing Minnesota Statutes 1992, section 116O.092.

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 131 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abrams	Bauerly	Bishop	Carruthers	Davids	Dorn	Garcia
Anderson, I.	Beard	Blatz	Clark	Dawkins	Erhardt	Girard
Anderson, R.	Bergson	Brown, C.	Commers	Dehler	Evans	Goodno
Asch	Bertram	Brown, K.	Cooper	Delmont	Farrell	Greenfield
Battaglia	Bettermann	Carlson	Dauner	Dempsey	Frerichs	Greiling

Gruenes	Johnson, V.	Lourey	Nelson	Pelowski	Skoglund	Vickerman
Gutknecht	Kalis	Luther	Ness	Perlt	Smith	Wagenius
Hasskamp	Kelley	Lynch	Olson, E.	Peterson	Solberg	Waltman
Haukoos	Kelso	Macklin	Olson, K.	Pugh	Sparby	Weaver
Hausman	Kinkel	Mahon	Olson, M.	Reding	Stanis	Wejcmán
Holsten	Klinzing	Mariani	Onnen	Rest	Steensma	Welle
Hugoson	Koppendraye	McCollum	Opatz	Rhodes	Sviggum	Wenzel
Huntley	Krinkie	McGuire	Orenstein	Rice	Swenson	Winter
Jacobs	Krueger	Milbert	Orfield	Rodosovich	Tomassoni	Wolf
Jaros	Lasley	Molnau	Osthoﬀ	Rukavina	Tompkins	Worke
Jefferson	Leppik	Morrison	Ostrom	Sarna	Trimble	Workman
Jennings	Lieder	Mosel	Ozment	Seagren	Tunheim	Spk. Long
Johnson, A.	Limmer	Munger	Pauly	Sekhon	Van Dellen	
Johnson, R.	Lindner	Murphy	Pawlenty	Simoneau	Vellenga	

Those who voted in the negative were:

Neary

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

S. F. No. 264 was reported to the House.

Anderson, I., moved that S. F. No. 264 be temporarily laid over on Special Orders. The motion prevailed.

S. F. No. 832, A bill for an act relating to occupations and professions; regulating athletic trainers; establishing an advisory council; providing for registration; requiring fees; providing for rulemaking; imposing penalties; appropriating money; amending Minnesota Statutes 1992, section 116J.70, subdivision 2a; proposing coding for new law in Minnesota Statutes, chapter 148.

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 123 yeas and 9 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Bergson	Girard	Koppendraye	Ness	Ornen
Dauner	Gruenes	Krinkie	Olson, M.	

The bill was passed and its title agreed to.

S. F. No. 419 was reported to the House.

Reding moved to amend S. F. No. 419, the unofficial engrossment, as follows:

Pages 34 to 37, delete section 6

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 419, A bill for an act relating to health care; modifying and making corrections to the health right act; amending Minnesota Statutes 1992, sections 43A.317, subdivisions 2, 7, and 10; 62A.011, subdivision 3; 62A.021, subdivision 1; 62A.65, subdivision 5; 62J.04, subdivisions 2, 3, 4, 5, 6, and 7; 62J.09, subdivisions 1, 2, and 6; 62J.15, subdivision 2; 62J.17, subdivisions 2, 4, 5, and 6; 62J.19; 62J.23; 62J.29, subdivisions 1 and 4; 62J.30, subdivisions 4, 7, 8, and 10; 62J.31, subdivisions 2 and 3; 62J.32, subdivisions 1 and 4; 62J.34, subdivisions 2 and 3; 62L.02, subdivisions 8, 11, 15, and 16, and by adding a subdivision; 62L.03, subdivisions 2 and 5; 62L.05, subdivisions 1, 4, and 10; 62L.09, subdivision 2; 62L.13, subdivisions 1, 3, and 4; 62L.14, subdivisions 1, 2, 3, 4, 5, 6, 7, and 9; 62L.15, subdivision 2; 62L.16, subdivision 5, and by adding a subdivision; 62L.17, subdivisions 1 and 4; 62L.19; 62L.20, subdivisions 1 and 2; 144.147, subdivision 4; 144.1481, subdivision 1; 256.045, subdivision 10; 256.9353, subdivisions 2, 6, and by adding a subdivision; 256.9354; 256.9355, subdivision 3; 256.9356, subdivision 2; 256.9357; 256B.0644; Laws 1992, chapter 549, articles 1, section 15; 2, sections 24 and 25; 3, section 24; and 4, section 18; proposing coding for new law in Minnesota Statutes, chapter 62J; repealing Minnesota Statutes 1992, sections 62J.05, subdivision 5; 62J.09, subdivision 3; and 62J.21.

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

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

Those who voted in the affirmative were:

Abrams	Brown, K.	Erhardt	Hausman	Kelley	Luther	Neary
Anderson, I.	Carlson	Evans	Holsten	Kelso	Lynch	Nelson
Anderson, R.	Carruthers	Farrell	Hugoson	Kinkel	Macklin	Ness
Asch	Clark	Frerichs	Huntley	Klinzing	Mahon	Olson, E.
Battaglia	Commers	Garcia	Jacobs	Koppendraye	Mariani	Olson, K.
Bauerly	Cooper	Girard	Jaros	Krinkie	McCollum	Olson, M.
Beard	Dauner	Goodno	Jefferson	Krueger	McGuire	Ornen
Bergson	Davids	Greenfield	Jennings	Lasley	Milbert	Opatz
Bertram	Dawkins	Greiling	Johnson, A.	Leppik	Molnau	Orenstein
Bettermann	Dehler	Gruenes	Johnson, R.	Lieder	Morrison	Orfield
Bishop	Delmont	Gutknecht	Johnson, V.	Limmer	Mosel	Osthoff
Blatz	Dempsey	Hasskamp	Kahn	Lindner	Munger	Ostrom
Brown, C.	Dorn	Haukoos	Kalis	Lourey	Murphy	Ozment

Pauly	Reding	Sarna	Solberg	Tomassoni	Vickerman	Wenzel
Pawlenty	Rest	Seagren	Sparby	Tompkins	Wagenius	Winter
Pelowski	Rhodes	Sekhon	Stanis	Trimble	Waltman	Wolf
Perlt	Rice	Simoneau	Steensma	Tunheim	Weaver	Worke
Peterson	Rodosovich	Skoglund	Sviggum	Van Dellen	Wejzman	Workman
Pugh	Rukavina	Smith	Swenson	Vellenga	Welle	Spk. Long

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

H. F. No. 1253 which was temporarily laid over earlier today on Special Orders was again reported to the House.

Hausman moved to amend H. F. No. 1253, the first engrossment, as follows:

Page 3, line 6, delete "or"

Page 3, line 7, delete the period and insert "; or"

Page 3, after line 7, insert:

"(6) landfill gas."

The motion prevailed and the amendment was adopted.

Hausman moved to amend H. F. No. 1253, the first engrossment, as amended, as follows:

Page 5, after line 20, insert:

"Sec. 5. [REORGANIZATION; GOALS.]

The legislature finds that it may be desirable to reorganize state services relating to the protection of the environment, protection of farmland, and the management of natural resources to achieve the following goals:

- (1) sustainable development throughout all regions of the state and all sectors of the economy;
- (2) improved delivery of services;
- (3) a preventive approach to environmental degradation;
- (4) citizen participation in all relevant decision-making processes and at meaningful points in the processes; and
- (5) progressively less air, land, and water pollution.

Sec. 6. [REORGANIZATION; OUTCOMES.]

Any reorganization must achieve the following outcomes:

- (1) increased citizen access to pertinent, understandable information relating to environmental protection, farmland protection, and natural resources management;
- (2) better citizen representation, access, and information through an office of public information and advocacy;
- (3) an ecosystem-based, integrated service delivery system that includes the elimination of multiple access points to receive the same or related services;
- (4) the flexibility to enable state and local governments to coordinate and cooperate as well as identify and address existing and emerging environmental issues of state, national, and international import; and
- (5) a commitment to staff development resources sufficient to implement the reorganization.

Sec. 7. [LEGISLATIVE TASK FORCE ON STATE ADMINISTRATIVE ENVIRONMENTAL STRUCTURE.]

Subdivision 1. [TASK FORCE.] A legislative task force on administrative environmental structure is created to recommend to the legislature an organizational structure for the state that best implements the environmental policy of the state and delineates the responsibility of state government in relation to that policy. The task force will consist of ten members, five appointed by the speaker of the house of representatives and five appointed by the rules and administration subcommittee on committees of the senate. At least two members from each chamber must be members of the minority party in that chamber. The task force shall elect one member from each chamber to serve as cochaIRS of the task force who shall alternately preside over hearings, unless they agree otherwise.

The house research department, senate counsel and research, and other legislative staff offices shall provide staff for the commission.

Subd. 2. [DUTIES.] (a) In accordance with the environmental policy codified in Minnesota Statutes, section 116D.02, subdivision 1, the responsibility of state government in relation to that policy codified in Minnesota Statutes, section 116D.02, subdivision 2, and the actions required of state agencies under Minnesota Statutes, section 116D.03, the task force shall:

(1) examine all recent analyses, critiques, studies, and recommendations related to state administrative environmental structure that have been completed by June 1, 1993, including, but not limited to, the commission on reform and efficiency study and recommendations relating to environmental structure, structures in other states and proposals made by the governor, members of the legislature, state agencies, or other groups;

(2) gather information from interested groups or individuals that may not have participated in the available analyses, critiques, studies, and recommendations; and

(3) by December 15, 1993, prepare a proposal for legislation that the task force determines will best organize the implementation, administration, and enforcement of the state's environmental policy in an efficient, accessible, and environmentally sustainable and economically viable manner and will best recognize the responsibility of state government in relation to that policy.

(b) In developing its proposal, the task force shall seek to achieve:

(1) a structure based on interdisciplinary, integrated resource management in order to protect and enhance the physical environment of the state;

(2) a structure that promotes and maintains a system that meets the needs of the present without compromising the ability of future generations to meet their own needs and that incorporates a process for change in which the use of natural and other resources, the direction of investments, the orientation of technological development, and institutional change are made consistent with future as well as present needs;

(3) a structure that facilitates the protection of the diversity of plant and animal life in Minnesota;

(4) a flexible structure that enables state agencies to identify and address existing and emerging environmental issues of state, national, and international import;

(5) an integrated approach based on ecosystems for the delivery of services, including decentralization of service delivery;

(6) increased citizen access to pertinent, understandable information and procedures for implementation and enforcement of environmental protection and natural resources management;

(7) meaningful citizen participation in all relevant policy and decision-making processes;

(8) a structure that recognizes legitimate conflicts of interest and provides for their resolution;

(9) clarity of the mission of all state agencies in light of the state's environmental policy and the responsibility and accountability of those agencies in relation to that policy;

(10) a preventive approach to environmental degradation;

(11) a balanced system of regulatory controls, financial incentives, technical assistance, and educational components to achieve environmental goals and compliance with law; and

(12) a structure that can identify and capture cost savings where those savings can be made without reducing the ability to implement and enforce the state's environmental policy.

(c) The proposal must include provisions to ensure continuity of services, as smooth a transition as possible if structural changes are recommended, and meaningful public employee and public agency participation in determining and implementing future administrative environmental structures.

Subd. 3. [PUBLIC HEARINGS.] As soon as possible after development of the proposal, the task force shall distribute the proposal to all interested persons and shall hold hearings throughout the state designed to gather responses to the proposal from all perspectives. Hearings must be held in convenient locations and at convenient times to maximize the ability of the public to participate in the hearings.

Subd. 4. [FINAL LEGISLATIVE PROPOSAL.] The task force shall revise the proposal, as it determines advisable, and shall issue a final proposal by February 15, 1994, for consideration by the legislature during the 1994 legislative session. The task force is abolished effective May 1, 1994.

Sec. 8. [EMPLOYEE PARTICIPATION COMMITTEE.]

(a) Before any restructuring of executive branch agencies, a committee including representatives of employees and employers within each affected agency must be established and be given adequate time to perform the functions prescribed by paragraph (b). Each exclusive representative of employees shall select a committee member from each of its bargaining units in each affected agency. The head of each agency shall select an employee member from each unit of employees not represented by an exclusive representative. The agency head shall also appoint one or more committee members to represent the agency. The number of members appointed by the agency head, however, may not exceed the total number of members representing bargaining units.

(b) A committee established under paragraph (a) shall:

(1) identify tasks related to agency reorganization and adopt plans for addressing those tasks;

(2) identify other employer and employee issues related to reorganization and adopt plans for addressing those issues;

(3) adopt detailed plans for providing retraining for affected employees; and

(4) guide the implementation of the reorganization.

Sec. 9. [EXAMINATION OF AGENCIES' MISSION, POWERS, AND DUTIES.]

Subdivision 1. [AGENCIES.] The mission, powers, and duties of the department of natural resources, the board of water and soil resources, the office of waste management, the pollution control agency, the environmental quality board, the harmful substances compensation board, the petroleum tank release compensation board, and the agricultural chemical response board shall be examined by the task force.

Subd. 2. [POWERS AND DUTIES.] (a) The following powers and duties of the department of agriculture shall be examined:

(1) regulation of fertilizers, soil amendments, agricultural liming, and plant amendments under Minnesota Statutes, chapter 18C;

(2) pesticide control under Minnesota Statutes, chapter 18B;

(3) agriculture chemical incident response and cleanup under Minnesota Statutes, chapter 18D;

(4) chemical incident reimbursement under Minnesota Statutes, chapter 18E;

(5) urban forest promotion under Minnesota Statutes, section 17.86;

(6) mosquito abatement under Minnesota Statutes, sections 18.041 to 18.161;

(7) groundwater protection under Minnesota Statutes, chapter 103H; and

(8) oil and hazardous substance discharge preparedness under Minnesota Statutes, chapter 115E.

(b) The following powers and duties of the department of health shall be examined:

(1) the water well program under Minnesota Statutes, chapter 103I;

(2) the safe drinking water program under Minnesota Statutes, sections 144.381 to 144.387;

(3) health risk assessment under Minnesota Statutes, section 115B.17, subdivision 10;

(4) domestic water supply protection under Minnesota Statutes, sections 144.35 to 144.37;

(5) asbestos contractor licensing under Minnesota Statutes, sections 326.70 to 326.81;

(6) public health laboratory regulation under Minnesota Statutes, section 144.98;

(7) lead abatement under Minnesota Statutes, sections 144.871 to 144.879;

(8) hazardous substance exposure under Minnesota Statutes, section 145.94;

(9) mosquito research under Minnesota Statutes, section 144.95;

(10) water supply monitoring and health assessments under Minnesota Statutes, section 473.845, subdivision 2; and

(11) health risk limits under Minnesota Statutes, section 103H.201.

(c) The following powers and duties of the department of trade and economic development shall be examined:

(1) energy loans under Minnesota Statutes, sections 216C.36 and 216C.37;

(2) outdoor recreation grants under Minnesota Statutes, section 116J.406; and

(3) environmental permit coordination under Minnesota Statutes, sections 116C.22 to 116C.34.

(d) The following powers and duties of the department of public service shall be examined: energy conservation under Minnesota Statutes, sections 216C.01 to 216C.35 and 216C.373 to 216C.381.

(e) The following powers and duties of the department of transportation shall be examined:

(1) oil and hazardous substance discharge preparedness under Minnesota Statutes, chapter 115E; and

(2) hazardous waste shipment and licensing under Minnesota Statutes, sections 221.033 to 221.036 and 221.172.

(f) The powers and duties of the metropolitan council relating to metropolitan solid and hazardous waste under Minnesota Statutes, sections 473.801 to 473.849, shall be examined.

(g) The powers and duties relating to mosquito control under Minnesota Statutes, sections 473.701 to 473.716, shall be examined.

Sec. 10. [BUDGET FOR NEXT BIENNIUM.]

The budget may not require the layoff of classified or unclassified employees in departments and agencies included under section 9 that are covered by a collective bargaining agreement except as provided in a plan negotiated under Minnesota Statutes, chapter 179A, that provides options to layoff for employees who would be affected.

Sec. 11. [EFFECTIVE DATE.]

Sections 5 to 10 are effective the day following final enactment."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

POINT OF ORDER

Hugoson raised a point of order pursuant to rule 3.09 that the Hausman amendment was not in order. Speaker pro tempore Bauerly ruled the point of order not well taken and the amendment in order.

The question recurred on the Hausman amendment and the roll was called. There were 61 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Dawkins	Jacobs	Lourey	Neary	Rest	Trimble
Asch	Delmont	Jaros	Luther	Orenstein	Rice	Vellenga
Bauerly	Evans	Jefferson	Mahon	Orfield	Rukavina	Wagenius
Beard	Farrell	Johnson, A.	Mariani	Ostrom	Sarna	Weaver
Bergson	Garcia	Johnson, R.	McCollum	Ozment	Sekhon	Wejzman
Brown, K.	Greenfield	Kahn	McGuire	Pauly	Simoneau	Winter
Carlson	Greiling	Kelley	Milbert	Perlt	Skoglund	Spk. Long
Carruthers	Hausman	Kelso	Munger	Peterson	Solberg	
Clark	Huntley	Kinkel	Murphy	Pugh	Tomassoni	

Those who voted in the negative were:

Abrams	Dauner	Gutknecht	Krueger	Mosel	Pelowski	Tunheim
Anderson, R.	Davids	Haukoos	Lasley	Nelson	Rhodes	Van Dellen
Battaglia	Dehler	Holsten	Leppik	Ness	Rodosovich	Vickerman
Bertram	Dempsey	Hugoson	Lieder	Olson, E.	Seagren	Waltman
Bettermann	Dorn	Jennings	Limmer	Olson, K.	Smith	Welle
Bishop	Erhardt	Johnson, V.	Lindner	Olson, M.	Stanis	Wenzel
Blatz	Frerichs	Kalis	Lynch	Onnen	Steensma	Wolf
Brown, C.	Girard	Klinzing	Macklin	Opatz	Sviggum	Worke
Commers	Goodno	Koppendrayner	Molnau	Osthoff	Swenson	Workman
Cooper	Gruenes	Krinkie	Morrison	Pawlenty	Tompkins	

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

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; 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.

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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

S. F. No. 264 which was temporarily laid over earlier today on Special Orders was again reported to the House.

S. F. No. 264, A bill for an act relating to housing; changing program review requirements; increasing deferred loan limits; expanding the types of eligible users of the homesharing program; expanding the project eligibility of the housing trust fund; authorizing cities to sell single-family residential housing under the neighborhood land trust program; expanding the types of eligible service providers and changing the authorized payment structure of the rental assistance for family stabilization program; increasing the income limits for rental housing assistance; establishing the community rehabilitation fund account; consolidating the blighted residential property and capital reserve programs; authorizing tribal Indian housing demonstration projects; appropriating money; amending Minnesota Statutes 1992, sections 462A.05, subdivisions 14a and 24; 462A.07, subdivisions 14 and 15; 462A.201, subdivision 2; 462A.202, subdivision 7; 462A.205, subdivisions 2, 3, 4, 5, 6, 7, and by adding subdivisions; 462A.21, subdivision 8c and by adding a subdivision; and 462C.04, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 462A; repealing Minnesota Statutes 1992, sections 462A.05, subdivision 37; and 462A.32.

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

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

Those who voted in the affirmative were:

Abrams	Blatz	Dehler	Greiling	Jefferson	Koppendrayner	Macklin
Anderson, I.	Brown, C.	Delmont	Gruenes	Jennings	Krinkie	Mahon
Anderson, R.	Brown, K.	Dempsey	Gutknecht	Johnson, A.	Krueger	Mariani
Asch	Carlson	Dorn	Hasskamp	Johnson, R.	Lasley	McCollum
Battaglia	Carruthers	Erhardt	Haukoos	Johnson, V.	Leppik	McGuire
Bauerly	Clark	Evans	Hausman	Kahn	Lieder	Milbert
Beard	Commers	Farrell	Holsten	Kalis	Limmer	Molnau
Bergson	Cooper	Garcia	Hugoson	Kelley	Lindner	Morrison
Bertram	Dauner	Girard	Huntley	Kelso	Lourey	Mosel
Bettermann	Davids	Goodno	Jacobs	Kinkel	Luther	Munger
Bishop	Dawkins	Greenfield	Jaros	Klinzing	Lynch	Murphy

Neary	Orenstein	Perlt	Rukavina	Sparby	Tunheim	Welle
Nelson	Orfield	Peterson	Sarna	Stanius	Van Dellen	Wenzel
Ness	Osthoff	Pugh	Seagren	Steensma	Vellenga	Winter
Olson, E.	Ostrom	Reding	Sekhon	Sviggum	Vickerman	Wolf
Olson, K.	Ozment	Rest	Simoneau	Swenson	Wagenius	Worke
Olson, M.	Pauly	Rhodes	Skoglund	Tomassoni	Waltman	Workman
Onnen	Pawlenty	Rice	Smith	Tompkins	Weaver	Spk. Long
Opatz	Pelowski	Rodosovich	Solberg	Trimble	Wejzman	

The bill was passed and its title agreed to.

S. F. No. 782 was reported to the House.

Clark moved to amend S. F. No. 782, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. [DRUGS.] (a) Medical assistance covers drugs if prescribed by a licensed practitioner and dispensed by a licensed pharmacist, or by a physician enrolled in the medical assistance program as a dispensing physician. The commissioner, after receiving recommendations from the Minnesota Medical Association and the Minnesota Pharmacists Association, shall designate a formulary committee to advise the commissioner on the names of drugs for which payment is made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. ~~The commissioner shall appoint the formulary committee members no later than 30 days following July 1, 1981.~~ The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve two-year terms and shall serve without compensation.

(b) The commissioner shall establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the administrative procedure act, but the formulary committee shall review and comment on the formulary contents. The formulary committee shall review and recommend drugs which require prior authorization. The formulary committee may recommend drugs for prior authorization directly to the commissioner, as long as opportunity for public input is provided. Prior authorization may be requested by the commissioner based on medical and clinical criteria before certain drugs are eligible for payment. Before a drug may be considered for prior authorization at the request of the commissioner:

(1) the drug formulary committee must develop criteria to be used for identifying drugs; the development of these criteria is not subject to the requirements of chapter 14, but the formulary committee shall provide opportunity for public input in developing criteria;

(2) the drug formulary committee must hold a public forum and receive public comment for an additional 15 days; and

(3) the commissioner must provide information to the formulary committee on the impact that placing the drug on prior authorization will have on the quality of patient care and information regarding whether the drug is subject to clinical abuse or misuse. Prior authorization may be required by the commissioner before certain formulary drugs are eligible for payment. The formulary shall not include:

(i) drugs or products for which there is no federal funding;

(ii) over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, products for the treatment of lice, vitamins for adults with documented vitamin deficiencies, and vitamins for children under the age of seven and pregnant or nursing women; or any other over-the-counter drug identified by the commissioner, in consultation with the drug formulary committee, as necessary, appropriate, and cost-effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14, ~~the administrative procedure act~~;

~~nutritional products, except for those products needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product;~~

(iii) anorectics; and

(iv) drugs for which medical value has not been established.

~~Nutritional products needed for the treatment of a combined allergy to human milk, cow's milk, and soy formula require prior authorization. Separate payment shall not be made for nutritional products for residents of long-term care facilities; payment for dietary requirements is a component of the per diem rate paid to these facilities. Payment to drug vendors shall not be modified before the formulary is established except that the commissioner shall not permit payment for any drugs which may not by law be included in the formulary, and the commissioner's determination shall not be subject to chapter 14, the administrative procedure act. The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.~~

(b) (c) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed dispensing fee established by the commissioner, the maximum allowable cost set by the federal government or by the commissioner plus the fixed dispensing fee or the usual and customary price charged to the public. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug may be estimated by the commissioner. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third party payors in this state who have maximum allowable cost programs. Establishment of the amount of payment for drugs shall not be subject to the requirements of the administrative procedure act. An additional dispensing fee of \$.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. Over-the-counter medications must be dispensed in the manufacturer's unopened package. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written - brand necessary" on the prescription as required by section 151.21, subdivision 2. Implementation of any change in the fixed dispensing fee that has not been subject to the administrative procedure act is limited to not more than 180 days, unless, during that time, the commissioner initiates rulemaking through the administrative procedure act.

(e) (d) Until January 4, 1993, or the date the Medicaid Management Information System (MMIS) upgrade is implemented, whichever occurs last, a pharmacy provider may require individuals who seek to become eligible for medical assistance under a one-month spend-down, as provided in section 256B.056, subdivision 5, to pay for services to the extent of the spend-down amount at the time the services are provided. A pharmacy provider choosing this option shall file a medical assistance claim for the pharmacy services provided. If medical assistance reimbursement is received for this claim, the pharmacy provider shall return to the individual the total amount paid by the individual for the pharmacy services reimbursed by the medical assistance program. If the claim is not eligible for medical assistance reimbursement because of the provider's failure to comply with the provisions of the medical assistance program, the pharmacy provider shall refund to the individual the total amount paid by the individual. Pharmacy providers may choose this option only if they apply similar credit restrictions to private pay or privately insured individuals. A pharmacy provider choosing this option must inform individuals who seek to become eligible for medical assistance under a one-month spend-down of (1) their right to appeal the denial of services on the grounds that they have satisfied the spend-down requirement, and (2) their potential eligibility for the health right program or the children's health plan.

Sec. 2. Minnesota Statutes 1992, section 256B.0625, is amended by adding a subdivision to read:

Subd. 32. [NUTRITIONAL PRODUCTS.] (a) Medical assistance covers nutritional products needed for nutritional supplementation because solid food or nutrients thereof cannot be properly absorbed by the body or needed for treatment of phenylketonuria, hyperlysinemia, maple syrup urine disease, a combined allergy to human milk, cow's

milk, and soy formula, or any other childhood or adult diseases, conditions, or disorders identified by the commissioner as requiring a similarly necessary nutritional product. Nutritional products needed for the treatment of a combined allergy to human milk, cow's milk, and soy formula require prior authorization. Separate payment shall not be made for nutritional products for residents of long-term care facilities. Payment for dietary requirements is a component of the per diem rate paid to these facilities.

(b) The commissioner shall designate a nutritional supplementation products advisory committee to advise the commissioner on nutritional supplementation products for which payment is made. The committee shall consist of nine members, one of whom shall be a physician, one of whom shall be a pharmacist, two of whom shall be registered dietitians, one of whom shall be a public health nurse, one of whom shall be a representative of a home health care agency, one of whom shall be a provider of long-term care services, and two of whom shall be consumers of nutritional supplementation products. Committee members shall serve two-year terms and shall serve without compensation.

(c) The advisory committee shall review and recommend nutritional supplementation products which require prior authorization. The commissioner shall develop procedures for the operation of the advisory committee so that the advisory committee operates in a manner parallel to the drug formulary committee."

Delete the title and insert:

"A bill for an act relating to health; expanding medical assistance coverage to include nutritional supplementation products; amending Minnesota Statutes 1992, section 256B.0625, subdivision 13, and by adding a subdivision."

The motion prevailed and the amendment was adopted.

S. F. No. 782, A bill for an act relating to health; expanding medical assistance coverage to include nutritional supplementation products; amending Minnesota Statutes 1992, section 256B.0625, subdivision 13.

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

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

Those who voted in the affirmative were:

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

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

S. F. No. 1000 was reported to the House.

Gutknecht moved that S. F. No. 1000 be continued on Special Orders. The motion prevailed.

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:

S. F. Nos. 340, 532, 948, 869, 34, 1221, 1187, 1232, 625, 429, 1367, 304, 1054 and 376.

SPECIAL ORDERS, Continued

S. F. No. 340, A bill for an act relating to the military; entering into the National Guard mutual assistance counterdrug activities compact; proposing coding for new law in Minnesota Statutes, chapter 192.

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 5 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Huntley	Jaros	Kahn	McCollum	Rukavina
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The bill was passed and its title agreed to.

S. F. No. 532 was reported to the House.

Dawkins moved to amend S. F. No. 532, as follows:

Page 4, line 29, delete "\$5,000" and insert "\$6,000" and before "or" insert ", or, on and after July 1, 1994, \$7,500" and delete "\$3,000" and insert "\$5,000"

Page 15, delete section 7

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

Winter moved to amend the Dawkins amendment to S. F. No. 532, as follows:

Page 1 of the Dawkins amendment, delete line 5

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

The question recurred on the Dawkins amendment to S. F. No. 532. The motion prevailed and the amendment was adopted.

Leppik and Dawkins moved to amend S. F. No. 532, as amended, as follows:

Page 5, after line 2, insert:

"When a court administrator is required to summon the defendant by certified mail under this paragraph, the summons may be made by personal service in the manner provided in the rules of civil procedure for personal service of a summons of the district court as an alternative to service by certified mail."

The motion prevailed and the amendment was adopted.

S. F. No. 532, A bill for an act relating to courts; conciliation court; adopting one body of law to govern conciliation courts; increasing the jurisdictional limit; amending Minnesota Statutes 1992, sections 481.02, subdivision 3; and 549.09, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 550; proposing coding for new law as Minnesota Statutes, chapter 491A; repealing Minnesota Statutes 1992, sections 487.30; 488A.12; 488A.13; 488A.14; 488A.15; 488A.16; 488A.17; 488A.29; 488A.30; 488A.31; 488A.32; 488A.33; and 488A.34; and Laws 1992, chapter 591, section 21.

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 129 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Abrams	Asch	Beard	Bettermann	Brown, C.	Clark	Dauner
Anderson, I.	Battaglia	Bergson	Bishop	Brown, K.	Commers	Davids
Anderson, R.	Bauerly	Bertram	Blatz	Carlson	Cooper	Dawkins

Dehler	Haukoos	Klinzing	McGuire	Orfield	Sekhon	Vickerman
Delmont	Hausman	Koppendrayner	Milbert	Ostrom	Simoneau	Wagenius
Dempsey	Holsten	Krinkie	Molnau	Ozment	Skoglund	Waltman
Dorn	Hugoson	Krueger	Morrison	Pauly	Smith	Weaver
Erhardt	Huntley	Lasley	Mosel	Pawlenty	Solberg	Wejcman
Evans	Jacobs	Leppik	Munger	Perlt	Sparby	Welle
Farrell	Jaros	Lieder	Murphy	Peterson	Stanius	Wenzel
Frerichs	Jefferson	Limmer	Neary	Pugh	Steensma	Winter
Garcia	Jennings	Lindner	Nelson	Reding	Sviggum	Wolf
Girard	Johnson, A.	Loûrey	Ness	Rest	Swenson	Worke
Goodno	Johnson, V.	Luther	Olson, E.	Rhodes	Tomassoni	Workman
Greenfield	Kahn	Lynch	Olson, K.	Rice	Tompkins	Spk. Long
Greiling	Kalis	Macklin	Olson, M.	Rodosovich	Trimble	
Gruenes	Kelley	Mahori	Onnen	Rukavina	Tunheim	
Gutknecht	Kelso	Mariani	Opatz	Sarna	Van Dellen	
Hasskamp	Kinkel	McCollum	Orenstein	Seagren	Vellenga	

Those who voted in the negative were:

Carruthers Johnson, R.

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

S. F. No. 948 was reported to the House.

Bertram, Reding and Huntley moved to amend S. F. No. 948, as follows:

Page 1, after line 10, insert:

"Section 1. Minnesota Statutes 1992, section 60C.22, is amended to read:

60C.22 [NOTICE FOR POLICY OR CONTRACT NOT COVERED.]

A policy or contract not covered by the Minnesota Life and Health Insurance Guaranty Association or the Minnesota Insurance Guaranty Association must contain the following notice in 10-point type, stamped in red ink on the policy or contract and the application:

"THIS POLICY OR CONTRACT IS NOT PROTECTED BY THE MINNESOTA LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION OR THE MINNESOTA INSURANCE GUARANTY ASSOCIATION. IN THE CASE OF INSOLVENCY, PAYMENT OF CLAIMS IS NOT GUARANTEED. ONLY THE ASSETS OF THIS INSURER WILL BE AVAILABLE TO PAY YOUR CLAIM."

This section does not apply to fraternal benefit societies regulated under chapter 64B."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 948, A bill for an act relating to insurance; property; regulating the FAIR plan; modifying its provisions; making various technical changes; amending Minnesota Statutes 1992, sections 65A.31; 65A.32; 65A.33, subdivisions 4, 5, and 6; 65A.34; 65A.35; 65A.36; 65A.37; 65A.375; 65A.38; 65A.39; 65A.40; 65A.41; and 65A.42; repealing Minnesota Statutes 1992, sections 65A.33, subdivision 8; and 65A.43.

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

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

Those who voted in the affirmative were:

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

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

The Speaker resumed the Chair.

S. F. No. 869 was reported to the House.

Ozment moved to amend S. F. No. 869, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1992, section 88.01, subdivision 2, is amended to read:

Subd. 2. [DIVISION.] "Division" or "the division" means the division of ~~lands and~~ forestry in the department of natural resources.

Sec. 2. Minnesota Statutes 1992, section 88.01, subdivision 6, is amended to read:

Subd. 6. ~~[FOREST WILDFIRE AREAS.] Every county now or hereafter having within its boundaries any tract or area of 1,000, or more, contiguous acres of standing or growing timber or of unbroken prairie land or of cutover timber land not cleared or otherwise denuded of combustible or inflammable growth trees, brush, grasslands, or other vegetative material where the potential for wildfire exists, is hereby declared to be a forest area; and every other county is hereby declared not to be such forest wildfire area.~~

Sec. 3. Minnesota Statutes 1992, section 88.01, subdivision 8, is amended to read:

Subd. 8. [BACKFIRE.] "Backfire" means a fire intentionally started ahead of, or in the path of, an approaching forest or prairie fire wildfire for the purpose of burning back toward that forest or prairie fire the wildfire so that when the two fires meet both will die for lack of fuel.

Sec. 4. Minnesota Statutes 1992, section 88.01, subdivision 15, is amended to read:

Subd. 15. [IMPROVEMENT.] "Improvement" includes any act or thing done, or which may be done, and any construction made or structure erected or which may be made or erected, and any removal from any land of trees, brush, stumps, or other debris, which reasonably tend to prevent or abate ~~forest fires~~ wildfires.

Sec. 5. Minnesota Statutes 1992, section 88.01, subdivision 23, is amended to read:

Subd. 23. [OPEN FIRE.] "Open fire" or "open burning" means a fire burning in matter, whether concentrated or dispersed, which is not contained within a fully enclosed firebox, structure or vehicle and from which the products of combustion are emitted directly to the open atmosphere without passing through a stack, duct or chimney.

Sec. 6. Minnesota Statutes 1992, section 88.01, is amended by adding a subdivision to read:

Subd. 24. [WILDFIRE.] "Wildfire" means a fire requiring suppression action, burning any forest, brush, grassland, cropland, or any other vegetative material.

Sec. 7. Minnesota Statutes 1992, section 88.01, is amended by adding a subdivision to read:

Subd. 25. [CAMPFIRE.] "Campfire" means a fire set for cooking, warming, or ceremonial purposes, which is not more than three feet in diameter by three feet high, and has had the ground five feet from the base of the fire cleared of all combustible material.

Sec. 8. Minnesota Statutes 1992, section 88.01, is amended by adding a subdivision to read:

Subd. 26. [SNOW-COVERED.] "Snow-covered" means that the ground has a continuous, unbroken cover of snow, to a depth of three inches or more, surrounding the immediate area of the fire sufficient to keep the fire from spreading.

Sec. 9. Minnesota Statutes 1992, section 88.02, is amended to read:

88.02 [CITATION, ~~FORESTRY~~ WILDFIRE ACT.]

Sections 88.02 to ~~88.21~~ 88.22 may be cited as the ~~forestry~~ wildfire act.

Sec. 10. Minnesota Statutes 1992, section 88.03, is amended to read:

88.03 [CODIFICATION.]

Sections 88.03 to ~~88.21~~ 88.22 shall be deemed and construed as a codification, revision, and expansion of, and as supplementary to, and taking the place of, the laws which existed at the time of the passage of Laws 1925, chapter 407, relating to forestry and to ~~forest and prairie fires~~ wildfires, including Laws 1911, chapter 125, and acts amendatory thereof and supplemental thereto; Laws 1913, chapter 159; Laws 1915, chapter 325; Extra Session Laws 1919, chapters 32 and 33, but without abridging or destroying any rights, obligations, liabilities, or penalties from, or under, any of such laws prior to the taking effect of Laws 1925, chapter 407. Sections 88.03 to ~~88.21~~ 88.22 shall apply only to all the ~~forest~~ wildfire areas of this state. In the prosecution of any civil or criminal prosecution action commenced under sections 88.03 to 88.22, or proceeding thereunder, it shall not be necessary to prove that any county comes within the purview thereof is included in a wildfire area, but the contrary may be proven by any party to such action or proceeding.

Sec. 11. Minnesota Statutes 1992, section 88.04, is amended to read:

88.04 [FIREBREAKS; PREVENTION OF FIRES.]

Subdivision 1. The commissioner shall cooperate with the state highway authorities and with the supervising officers of the various towns and cities in the construction of firebreaks along section lines and public highways.

Subd. 2. All cities in the state situated in any ~~forest~~ wildfire area are hereby authorized to clear off all combustible material and debris and create at least two good and sufficient firebreaks of not less than ten feet in width each, which shall completely encircle such municipalities at a distance of not less than 20 rods apart, between which backfires may be set or a stand made to fight ~~forest fires~~ wildfires in cases of emergency.

Subd. 3. All towns and cities shall take necessary precautions to prevent the starting and spreading of ~~forest or prairie fires~~ wildfires and to extinguish them. They may levy a tax not more than 0.08059 percent of taxable market value annually. The tax in any municipality shall not exceed \$3,000 in any year. The tax when collected shall be known as the fire fund and kept separate from all other funds and used only to pay all necessary and incidental expenses incurred in enforcing the provisions of sections 88.03 to ~~88.21~~ 88.22. Up to \$500 shall be expended in any one year from any such fire fund for the support of any municipal fire department. No municipality shall make any levy for its fire fund at any time when the fund contains \$5,000 or more, including cash on hand and uncollected taxes that are not delinquent.

Subd. 4. In all towns constituted within any of the ~~forest~~ wildfire protection districts which may be established by the commissioner, the respective town and city officers and employees shall cooperate with, and be under the general supervision and direction of, the commissioner.

Sec. 12. Minnesota Statutes 1992, section 88.041, is amended to read:

88.041 [~~INTERSTATE FOREST FIRE~~ WILDFIRE PREVENTION AND SUPPRESSION AGREEMENTS.]

The commissioner may enter into agreements with other states, the Canadian or provincial governments to cooperatively prevent and suppress ~~forest fires~~ wildfires.

Sec. 13. Minnesota Statutes 1992, section 88.05, is amended to read:

88.05 [~~ROADSIDES, CLEARING; FIREBREAKS.~~]

All highways, roads, and trails within ~~forest~~ wildfire areas are declared to be established firebreaks and for that purpose the state, through the department of natural resources, is authorized to clean up all dead and down timber, all underbrush, rotting logs, stumps, and all other ~~inflammable~~ combustible refuse and debris along each side of these highways, roads, and trails for a distance of 200 feet on each side from the center thereof, all of this material to be burned or disposed of under the supervision of a ~~forestry~~ forest officer in such manner as not to injure the growing timber.

All dead and usable timber taken out of these roadsides shall be piled for the immediate removal thereof by the owners of the land from which the same was removed.

Sec. 14. Minnesota Statutes 1992, section 88.06, is amended to read:

88.06 [~~DEAD OR DOWN TIMBER; REMOVAL.~~]

The commissioner may permit, under the commissioner's direct supervision and control, any civilian conservation corps, works progress administration, or other state or federal relief agency actually engaged in the improvement and conservation of state trust fund lands within the boundaries of any state forest to clean up and remove all dead or down timber, underbrush, rotting logs, stumps, and all other ~~inflammable~~ combustible refuse and debris which is deemed to be a fire hazard, or the removal of any trees in forest stand improvement and cultural operations which is advisable in the interest of good forest management; and to use so much of these cuttings for firewood and other forest development needs while these camps are thus actively engaged in the improvement and care of these forests.

Sec. 15. Minnesota Statutes 1992, section 88.065, is amended to read:

88.065 [EQUIPMENT FURNISHED.]

Subject to applicable provisions of state laws respecting purchases, the commissioner of natural resources may purchase for and furnish to any governmental subdivisions of the state authorized to engage in ~~forest fire~~ wildfire prevention or suppression materials or equipment therefor, and may transport, repair, and renovate ~~forest fire~~ wildfire prevention and suppression materials and equipment for governmental subdivisions of the state. The commissioner may use any funds available for the purchase of ~~forest fire~~ wildfire prevention or suppression equipment or for its repair, transportation, and renovation under federal grants, if permitted by the terms thereof, or under state appropriations, unless otherwise expressly provided. Except as otherwise authorized or permitted by federal or state laws or regulations, the governmental subdivision receiving any such materials or services shall reimburse the state for the cost. All moneys received in reimbursement shall be credited to the fund from which the purchase, transportation, repair, or renovation was made, and are hereby reappropriated annually and shall be available for the same purpose as the original appropriation.

Sec. 16. Minnesota Statutes 1992, section 88.067, is amended to read:

88.067 [TRAINING OF LOCAL FIRE DEPARTMENTS.]

The commissioner may make grants for training of ~~volunteer~~ fire departments in techniques of fire control that will enable them to assist the state more effectively in controlling ~~forest fires~~ wildfires. The commissioner may require a local match for any grant. Training shall be provided to the extent practicable in coordination with other public agencies with training and educational responsibilities.

Sec. 17. Minnesota Statutes 1992, section 88.08, is amended to read:

88.08 [~~FOREST FIRE~~ WILDFIRE PROTECTION DISTRICTS.]

The commissioner may create and establish ~~forest fire~~ wildfire protection districts, including all lands of both state and private ownership, upon which there is a probability of ~~forest and brush fires~~ wildfires starting, and establish forest officers over these districts. All such ~~forest protection~~ wildfire districts heretofore established and now in existence are hereby continued until and unless hereafter abolished by the commissioner.

Sec. 18. Minnesota Statutes 1992, section 88.09, subdivision 2, is amended to read:

Subd. 2. [PURCHASE, LEASE, OR CONDEMNATION.] The commissioner may on behalf of the state, where no suitable state lands are available, purchase, lease or acquire easements on small tracts or parcels of lands, not exceeding 40 acres in area, ~~or costing more than \$1500 for any single tract,~~ to be used as locations for fire lookout towers, warehouses, or other buildings of any kind, or as locations for firebreaks, or for any other use which the commissioner may deem suitable; also acquire by condemnation any tract of land, not exceeding 40 acres, for these purposes; also acquire, by gift, purchase, or condemnation, any easement or right of way that may be necessary to provide access to any tract of land so acquired.

Sec. 19. Minnesota Statutes 1992, section 88.10, is amended to read:

88.10 [FIGHTING ~~FOREST FIRES~~ WILDFIRES, PERFORMANCE OF DUTY, AUTHORITY OF STATE FOREST OFFICERS.]

Subdivision 1. Under the direction of the commissioner, forest officers are charged with preventing and extinguishing ~~forest fires~~ wildfires in their respective districts and the performance of such other duties as may be required by the commissioner. They may arrest without warrant any person found violating any provisions of sections 88.03 to 88.22, take the person before a court of competent jurisdiction in the county charging the person so arrested, and the person so charged shall be arraigned and given a hearing on the complaint. The forest officers shall not be liable in civil action for trespass committed in the discharge of their duties. All authorized state forest officers, ~~including rangers, guards, township fire wardens,~~ conservation officers, smoke chasers, fire supervisors or individuals legally employed as firefighters, may in the performance of their duties of fire fighting go onto the property of any person, company, or corporation and in so doing may set backfires, dig or plow trenches, cut timber for clearing fire lines, dig water holes, remove fence wires to provide access to the fire or carry on all other customary activities necessary for the fighting of ~~forest, prairie or brush fires~~ wildfires without incurring a liability to anyone, except for damages arising out of willful or gross negligence.

Subd. 2. Any forest officer may serve any warrant for the arrest of any person violating any provision of sections 88.03 to 88.22 ~~and for that purpose all forest officers are hereby vested with the same powers as constables or other similar officers of the courts issuing such warrants.~~

Sec. 20. Minnesota Statutes 1992, section 88.11, subdivision 2, is amended to read:

Subd. 2. Any able-bodied person so summoned who refuses or neglects or otherwise fails to assist in extinguishing such fire or who fails to make all reasonable efforts to that end, until released by the summoning state employee, shall be guilty of a misdemeanor ~~and punished by a fine of not less than \$10 and not more than \$50 and the costs of prosecution, or by imprisonment in the county jail for not less than 10, nor more than 30, days.~~ The forest officer shall have power to commandeer, for the time being, equipment, tools, appliances, or other property in the possession of any person either summoned to assist in extinguishing the fire or in the vicinity thereof, and to use, and to require the persons summoned to use, the commandeered property in the fighting and extinguishing of the fire. The owner of any property so commandeered shall be promptly paid just compensation for the use thereof and all damages done to the commandeered property while in this use by the forest officer from any money available for these expenses under sections 88.03 to ~~88.21~~ 88.22.

Sec. 21. Minnesota Statutes 1992, section 88.12, is amended to read:

88.12 [COMPENSATION OF FIGHTERS OF ~~FOREST FIRES~~ WILDFIRES; EMERGENCY EXPENSES.]

Subdivision 1. [LIMITATION.] The compensation and expenses of persons temporarily employed in emergencies in suppression or control of ~~forest fires~~ wildfires shall be fixed by the commissioner of natural resources or an authorized agent and paid as provided by law. Such compensation shall not exceed the maximum rate for comparable labor established as provided by law or rules, but shall not be subject to any minimum rate so established. The commissioner is authorized to draw and expend ~~from~~ money appropriated for the purposes of sections 88.03 to ~~88.21~~ 88.22 a reasonable sum, ~~not to exceed \$5,000 at any one time,~~ and through forestry officers or other authorized agent be used in paying emergency expenses, including just compensation for services rendered by persons summoned and for private property used, damaged, or appropriated under sections 88.03 to ~~88.21~~ 88.22. The commissioner of finance is authorized to draw a warrant for this sum when duly approved by the commissioner. The commissioner or agent in charge shall take proper subvouchers or receipts from all persons to whom these moneys are paid, and after these subvouchers have been approved they shall be filed with the commissioner of finance. Authorized funds as herein provided at any time shall be deposited, subject to withdrawal or disbursement by check or otherwise for the purposes herein prescribed, in a bank authorized and bonded to receive state deposits; and the bond of this bank to the state shall cover and include this deposit.

Subd. 2. [CONTRACTS FOR SERVICES FOR FORESTRY OR ~~FIRE~~ WILDFIRE PREVENTION WORK; COMMISSIONS TO PERSONS EMPLOYED.] The commissioner is hereby authorized and empowered to contract for or accept the services of any and all persons whose aid is available, temporarily or otherwise, in forestry or ~~fire~~ wildfire prevention work, either gratuitously or for compensation not in excess of the limits provided by law with respect to the employment of labor by the commissioner. The commissioner may issue a commission, or other written evidence of authority, to any such person whose services are so arranged for; and may thereby empower such person to act, temporarily or otherwise, as fire warden, or in any other capacity, with such powers and duties as may be specified in the commission or other written evidence of authority, but not in excess of the powers conferred by law on forest officers.

Sec. 22. Minnesota Statutes 1992, section 88.14, is amended to read:

88.14 [DISPOSAL OF SLASHINGS AND DEBRIS.]

Subdivision 1. Where and whenever in the judgment of the commissioner or any forest officer there is or may be danger of starting and spreading of ~~fires~~ wildfires from slashings and debris from the cutting of timber of any kind and for any purpose, or from any accumulation of sawdust, shavings, chips, bark, edgings, slabs, or other ~~inflammable~~ combustible refuse from the manufacture of lumber or other timber products the commissioner, or forest officer, shall order the person by or for whom the timber or timber products have been or are being cut or manufactured to dispose of such slashings, debris, or refuse as the state employee may direct. Where conditions do not permit the burning of the slashings, debris, or refuse over the entire area so covered, the commissioner may require such person to dispose of the same in such a way as to establish a safe fire line around the area requiring such protection, the fire line to be of a width and character satisfactory to the commissioner, or otherwise to dispose of the same so as to eliminate the ~~fire~~ wildfires hazard therefrom.

Subd. 2. When any person who has been directed by the commissioner, or forest officers to dispose of such slashings, debris, or refuse fails to comply with these directions the person shall be deemed guilty of a misdemeanor; ~~and, on conviction thereof, punished by a fine of not less than \$25, and not exceeding \$100, and costs of prosecution, or by imprisonment in the county jail for not less than ten and not exceeding 90 days, and each day during which the failure to comply with the requirements of the commissioner continues shall be deemed a separate and distinct violation of sections 88.02 to 88.21; but any number of these offenses may be prosecuted as separate counts of one charge or information.~~

Subd. 3. When any such slashings, debris, or refuse are not disposed of or are left unattended for a period exceeding 30 days, contrary to the instructions of the commissioner, or forest officer, the commissioner, or any forest officer or fire warden, may go upon the premises with as many workers as may be necessary and burn or otherwise dispose of the same and the expense thereof shall be a lien upon the land on which they are situated and upon all contiguous lands of the same owner, and also upon all logs and other timber products cut or manufactured upon all these lands. This lien shall have the same effect and may be enforced in the same manner as a judgment in favor of the state for money. An itemized statement verified by the oath of the commissioner, or forest officer, of the amount of the costs and expenses incurred in burning or otherwise disposing of these slashings, debris, or refuse shall be filed,

within 90 days from the time the disposal thereof is completed, in the office of the county recorder of county in which the timber or timber products were cut or manufactured; and the amount of the lien shall be a valid claim that may be collected in a civil action from the person who cut or manufactured the wood, timber, or timber products from which the slashings, debris, or refuse were produced. Any moneys so collected shall be paid into the state treasury and credited to the general fund.

Subd. 4. Any person who cuts or fells trees or bushes of any kind in clearing land for any roadbed or right-of-way for any railroad, highway, or trail shall, in the manner and at the time as above prescribed, ~~burn the slashings and properly dispose of~~ all combustible material, ~~except fuel and merchantable timber, which shall be promptly removed.~~

Subd. 5. Any person who cuts or fells trees or bushes of any kind in clearing land for any purpose is hereby prohibited from setting fire to any slashings, brush, roots, or excavated stumps or other combustible material on such land and letting the fire run; but the same must be disposed of pursuant to the rules or directions of the commissioner.

Subd. 6. Any contractor who enters into a contract for the construction of a public road or other work, which involves the cutting or grubbing of woods, standing timber, or brush, shall ~~pile in the middle of the right of way all the slashings and debris so cut or grubbed therefrom and burn and properly dispose of~~ such slashings and debris without damage to adjoining timber or woods, ~~which burning shall be done in a manner and at a time satisfactory to the commissioner.~~ The foregoing provisions shall not prevent the leaving of such trees along roads as will be useful for ornamental and shade purposes and which will not interfere with travel.

Subd. 7. Every contract made by or on behalf of any municipality or political subdivision of this state which involves the cutting of any timber on the right of way of a public highway shall provide in terms for compliance with the foregoing provisions, but the failure to include this provision in the contract shall not relieve the contractor from the duty to ~~burn and~~ dispose of these slashings.

Subd. 8. In all cases not herein provided for, where timber is cut in, upon, or adjoining any forest land and no specific directions are given by the commissioner, or forest officer, for the disposal of slashings and debris resulting therefrom, all such slashings and debris within 200 feet of any adjoining timber land or any public highway, railroad, portage, or lake shore, shall ~~nevertheless be piled in separate and compact piles ready for burning, which piling shall be done~~ be properly disposed of by the person by or for whom the timber was cut ~~within 15 days after such timber was cut and such person shall thereafter make such further disposition of such slashings and debris as the commissioner, or forest officer, may direct.~~

Subd. 9. No sawdust, shavings, chips, bark, edgings, slabs, or other ~~inflammable~~ combustible refuse ~~from the manufacture of lumber or other timber products that the commissioner or an agent of the commissioner determines to be a wildfire hazard~~ shall be made or deposited upon any public highway, portage, railroad, or lake shore, or within 100 feet thereof.

Sec. 23. Minnesota Statutes 1992, section 88.15, is amended to read:

88.15 [~~CAMP FIRES~~ CAMPFIRES.]

Subdivision 1. [EXTINGUISHMENT.] Any ~~road overseer or assistant of a road overseer or other local officer having charge of any highway, or any state trooper, forest officer, conservation officer, or other peace officer~~ who finds that any person has left a ~~camp fire~~ campfire ~~burning in the officer's district~~ shall take measures to extinguish the same fire and take prompt measures to prosecute action against the person who so left the fire or persons responsible for leaving the campfire burning.

Subd. 2. [NOT TO BE LEFT BURNING.] Every person who ~~when the ground is not covered with snow~~ starts a fire in the vicinity of forest or prairie land campfire shall exercise every reasonable precaution to prevent the fire campfire from spreading and shall before lighting the same campfire clear the ground of all branches, brushwood, dry leaves, and other combustible material within a radius of five feet from the fire, and keep the fire under immediate personal supervision and control at all times, and carefully extinguish the fire before quitting the place base of the campfire. The person lighting the campfire shall remain with the campfire at all times and shall before leaving the site completely extinguish the campfire.

Sec. 24. Minnesota Statutes 1992, section 88.16, is amended to read:

88.16 [STARTING FIRES; CAMPFIRES; INCINERATORS; BURNING-BAN BURNERS; FAILURE TO REPORT A FIRE.]

Subdivision 1. Except as provided in subdivision 2, and section 88.17, it shall be unlawful, ~~when the ground is not snow-covered, in any place where there are standing or growing native coniferous trees, or in areas of ground from which natural coniferous trees have been cut, or where there are slashings of such trees, or native brush, timber, slashings thereof, or excavated stumps, or where there is peat or peat roots excavated or growing, to start or have any open fire without the written permission of the commissioner or other authorized, a forest officer, or an authorized fire warden.~~

Subd. 2. No permit is required for the following open fires:

(a) ~~A cooking or warming fire contained in a fireplace, firering, charcoal grill, portable gas or liquid fueled camp stove or other similar container or device designed for the purpose of cooking or heating, or if the area within a radius of five feet of the fire is reasonably clear of all combustible material. A fire started when the ground is snow-covered.~~

(b) ~~The burning of grass, leaves, rubbish, garbage, branches, and similar combustible material in an approved incinerator. An approved incinerator shall be constructed of fire resistant material, have a capacity of at least three bushels, be maintained with a minimum burning capacity of at least two bushels, and have a cover which is closed when in use and openings in the top or sides of one inch maximum diameter. No combustible material shall be nearer than three feet to the burner or incinerator when in use. A campfire.~~

(c) A fire contained in a charcoal grill, camp stove, or other device designed for the purpose of cooking or heating.

(d) A fire to burn dried vegetative materials and other materials allowed by Minnesota statutes or official state rules and regulations in a burner of a design which has been approved by the commissioner and with which there is no combustible material within five feet of the base of the burner and is in use only between the hours of 6:00 p.m. and 8:00 a.m. of the following day, when the ground is not snow-covered.

Subd. 3. The occupant of any premises property upon which any unauthorized fire is burning ~~in the vicinity of forest lands, whether the fire was started by the occupant or otherwise, shall promptly report the fire to the commissioner, or to the nearest forest officer or fire warden nearest forestry office, fire department, or other proper authority.~~ Failure to make this report shall be deemed a violation of sections 88.03 to 88.22 a misdemeanor and the occupant of the premises shall be deemed prima facie guilty of negligence if the unreported fire spreads from the premises to the property or causes damage, loss, or injury of the state or any person to another person, that person's property, or the state.

Sec. 25. Minnesota Statutes 1992, section 88.17, subdivision 1, is amended to read:

Subdivision 1. Permission A permit to set start a fire to any grass, stubble, peat, brush, raking of leaves, rubbish, garbage, branches, slashings or woods for the purpose of cleanup, clearing and improving land or preventing other fire shall burn vegetative materials and other materials allowed by Minnesota Statutes or official state rules and regulations may be given whenever the same may be safely burned, upon such reasonable conditions and restrictions as the commissioner may prescribe, to prevent same from spreading and getting beyond control by the commissioner or the commissioner's agent. This permission shall be in the form of a written permit signed by a regular forest officer, fire warden, authorized Minnesota pollution control agent, or some other suitable person to be designated authorized by the forest officer, as or town fire warden, these permits to be on forms furnished by the commissioner. Any person setting any fire or burning anything under such permit shall keep and shall set the time and conditions by which the fire may be started and burned. The permit shall also specifically list the materials that may be burned. The permittee must have the permit in immediate possession while so engaged on their person and shall produce and exhibit the permit for inspection when requested to any do so by a forest officer, when requested to do so, town fire warden, conservation officer, or other peace officer. The permittee shall remain with the fire at all times and before leaving the site shall completely extinguish the fire. A person shall not start or cause a fire to be started on any land that is not owned or under their legal control without the written permission of the owner, lessee, or an agent of the owner or lessee of the land. Violating or exceeding the permit conditions shall constitute a misdemeanor and shall be cause for the permit to be revoked.

Sec. 26. Minnesota Statutes 1992, section 88.17, is amended by adding a subdivision to read:

Subd. 3. [SPECIAL PERMITS.] The following special permits are required at all times, including when the ground is snow-covered:

(a) [FIRE TRAINING.] A permit to start a fire for the instruction and training of firefighters, including liquid fuels training, may be given by the commissioner or agent of the commissioner. Except for owners or operators conducting fire training in specialized industrial settings pursuant to applicable federal, state, or local standards, owners or operators conducting open burning for the purpose of instruction and training of firefighters with regard to structures must follow the techniques described in a document entitled: Structural Burn Training Procedures for the Minnesota Technical College System.

(b) [PERMANENT TREE AND BRUSH OPEN BURNING SITES.] A permit for the operation of a permanent tree and brush burning site, may be given by the commissioner or agent of the commissioner. Applicants for a permanent open burning site permit shall submit a complete application on a form provided by the commissioner. Existing permanent tree and brush open burning sites must submit for a permit within 90 days of the passage of this statute for a burning permit. New site applications must be submitted at least 90 days before the date of the proposed operation of the permanent open burning site. The application must be submitted to the commissioner and must contain:

(1) the name, address, and telephone number of all owners of the site proposed for use as the permanent open burning site;

(2) if the operator for the proposed permanent open burning site is different from the owner, the name, address, and telephone number of the operator;

(3) a general description of the materials to be burned, including the source and estimated quantity; and

(4) a topographic or similarly detailed map of the site and surrounding area within a one mile circumference showing all structures that might be affected by the operation of the site.

Only trees, tree trimmings, or brush that cannot be disposed of by an alternative method such as chipping, composting, or other method, shall be permitted to be burned at a permanent open burning site. A permanent tree and brush open burning site must be located so as not to create a nuisance or endanger water quality.

Sec. 27. [88.171] [OPEN BURNING PROHIBITIONS.]

Subdivision 1. [CONTINUAL.] Open burning prohibitions specified in this section are in effect at all times of the year.

Subd. 2. [PROHIBITED MATERIALS.] No person shall conduct, cause, or permit open burning of oils, rubber, plastics, chemically treated materials, or other materials which produce excessive or noxious smoke including, but not limited to, tires, railroad ties, chemically treated lumber, composite shingles, tar paper, insulation, composition board, sheetrock, wiring, paint, or paint filters.

Subd. 3. [HAZARDOUS WASTES.] No person shall conduct, cause, or permit open burning of hazardous waste as defined in section 116.06, subdivision 11, and applicable commissioner's rules.

Subd. 4. [INDUSTRIAL SOLID WASTE.] No person shall conduct, cause, or permit open burning of solid waste generated from an industrial or manufacturing process or from a service or commercial structure.

Subd. 5. [DEMOLITION DEBRIS.] No person shall conduct, cause, or permit open burning of burnable building material generated from demolition of commercial or institutional structures. A farm building is not a commercial structure.

Subd. 6. [SALVAGE OPERATIONS.] No person shall conduct, cause, or permit salvage operations by open burning.

Subd. 7. [MOTOR VEHICLES.] No person shall conduct, cause, or permit the processing of motor vehicles by open burning.

Subd. 8. [GARBAGE.] No person shall conduct, cause, or permit open burning of discarded material resulting from the handling, processing, storage, preparation, serving, or consumption of food, unless specifically allowed under section 17.135.

Subd. 9. [BURNING BAN.] No person shall conduct, cause, or permit open burning during a burning ban put into effect by a local authority, county, or a state department or agency.

Subd. 10. [SMOLDERING FIRES.] Fires must not be allowed to smolder with no flame present, except when conducted for the purpose of managing forests, prairies, or wildlife habitats.

Sec. 28. Minnesota Statutes 1992, section 88.18, is amended to read:

88.18 [FIRE WARDENS.]

The commissioner may appoint ~~supervisors, constables, and clerks of towns, mayors of cities, and presidents or presiding officers of city councils~~ local government officials, authorized Minnesota pollution control agents, fire chiefs, or other responsible persons to be fire wardens ~~for in their respective districts; and they shall do all things reasonably necessary to protect the property of such municipalities from fire and to extinguish the same.~~

Sec. 29. [88.195] [PENALTIES.]

Subdivision 1. [FAILURE TO EXTINGUISH A FIRE.] Any person who starts and fails to control or extinguish the fire, whether on owned property or on the property of another, before the fire endangers or causes damage to the property of another person or the state is guilty of a misdemeanor.

Subd. 2. [FAILURE TO CONTROL A PERMIT FIRE.] Any person who has a burning permit and fails to keep the permitted fire contained within the area described on the burning permit or who fails to keep the fire restricted to the materials specifically listed on the burning permit is guilty of a misdemeanor.

Subd. 3. [CARELESS OR NEGLIGENT ACTS.] Any person who carelessly or negligently starts a fire that endangers or causes damage to the property of another person or the state is guilty of a misdemeanor.

Subd. 4. [CARELESS OR NEGLIGENT ACTS.] Any person who participates in an act involving careless or negligent use of motor vehicles, other internal combustion engines, firearms with tracers or combustible wads, fireworks, smoking materials, electric fences, torches, flares, or other burning or smoldering substances whereby a fire is started and is not immediately extinguished before the fire endangers or causes damage to the property of another person or the state is guilty of a misdemeanor.

Subd. 5. [INTERNAL COMBUSTION ENGINES.] Any person who operates a vehicle in a wildfire area when the ground is not snow-covered with an open exhaust cut-out, without a muffler, without a catalytic converter if required, or without a spark arrestor on the exhaust pipe; or any person who operates a tractor, chainsaw, or other internal combustion engine not equipped to prevent fires is guilty of a misdemeanor.

Sec. 30. Minnesota Statutes 1992, section 88.22, is amended to read:

88.22 [FOREST FIRE WILDFIRE PREVENTION; CLOSING FOREST ROADS AND TRAILS; PROHIBITING OPEN FIRES AND SMOKING; REGULATING PRIVATE AND PUBLIC DUMPING AREAS PROHIBITIONS, BANNING; PENALTIES.]

Subdivision 1. (a) [ROAD CLOSURE.] When the commissioner of natural resources shall determine that conditions conducive to ~~forest fire~~ wildfire hazards exist in the ~~forest~~ wildfire areas of the state and that the presence of persons in the ~~forest~~ wildlife areas tends to aggravate ~~forest fire~~ wildfire hazards, render forest trails impassable by driving thereon during wet seasons and hampers the effective enforcement of state timber trespass and game laws, the commissioner may by written order, close any road or trail leading into any land used for any conservation purposes, to all modes of travel except that considered essential such as residents traveling to and from their homes or in other cases to be determined by the authorized forest officers assigned to guard the area.

(b) [BURNING BAN.] The commissioner may also, upon such determination, by written order, suspend the issuance of permits for open fires, revoke or suspend the operation of a permit previously issued and, to the extent the commissioner deems necessary, prohibit the building of all or some kinds of open fires in all or any part of a wildfire area regardless of whether a permit is otherwise required; and the commissioner also may, by written order, prohibit smoking except at places of habitation or automobiles or other enclosed vehicles properly equipped with an efficient ash tray.

Subd. 2. The commissioner may close any public or private dumping area, by posting such area as closed to dumping, whenever the commissioner deems it necessary for the prevention of ~~forest fires~~ wildfires. Thereafter no person shall deposit refuse of any kind within or adjacent to such closed area, or along the road leading thereto.

The commissioner shall establish such minimum standards governing public and private dumping areas as the commissioner deems necessary for the prevention of ~~forest fires~~ wildfires.

Subd. 3. Any violations of this section ~~shall constitute~~ is a misdemeanor.

Sec. 31. Minnesota Statutes 1992, section 88.76, is amended to read:

88.76 [REWARDS.]

Upon conviction of any person for violating any of the provisions of sections 88.03 to 88.22, the director may pay, from any money placed at the director's disposal under those sections, a reward of not more than ~~\$100~~ \$1,000 to the person or persons giving the information leading to such conviction.

Sec. 32. [REPEALER.]

(a) Minnesota Statutes 1992, sections 88.17, subdivision 2; and 88.19; and Laws 1992, chapter 556, sections 10 and 11, are repealed.

(b) Minnesota Rules, parts 7005.0705; 7005.0715; 7005.0725; 7005.0735; 7005.0745; 7005.0755; 7005.0765; 7005.0766; 7005.0767; 7005.0775; 7005.0785; 7005.0795; 7005.0796; 7005.0805; and 7005.0815, are repealed."

Delete the title and insert:

"A bill for an act relating to natural resources; providing for the prevention and suppression of wildfires in forest areas; providing penalties; amending Minnesota Statutes 1992, sections 88.01, subdivisions 2, 6, 8, 15, 23, and by adding subdivisions; 88.02; 88.03; 88.04; 88.041; 88.05; 88.06; 88.065; 88.067; 88.08; 88.09, subdivision 2; 88.10; 88.11, subdivision 2; 88.12; 88.14; 88.15; 88.16; 88.17, subdivision 1, and by adding a subdivision; 88.18; 88.22; and 88.76; proposing coding for new law in Minnesota Statutes, chapter 88; repealing Minnesota Statutes 1992, sections 88.17, subdivision 2; and 88.19; and Laws 1992, chapter 556, sections 10 and 11; and Minnesota Rules, parts 7005.0705; 7005.0715; 7005.0725; 7005.0735; 7005.0745; 7005.0755; 7005.0765; 7005.0766; 7005.0767; 7005.0775; 7005.0785; 7005.0795; 7005.0796; 7005.0805; and 7005.0815."

The motion prevailed and the amendment was adopted.

Asch moved to amend S. F. No. 869, as amended, as follows:

Page 19, after line 19, insert:

"Sec. 30. [88.211] [GRADE CROSSINGS IN DEVELOPMENT OF STATE TRAILS.]

The commissioner may consider the use of grade crossings in the development of any state trails. As used in this subdivision "grade crossing" is as defined in section 219.16, subdivision 2."

Page 20, after line 32, insert:

"Sec. 32. Minnesota Statutes 1992, section 219.16, is amended to read:

The term "grade crossing" as used in this chapter means the intersection of a public highway ~~and or~~ public pedestrian-bicycle trail with the tracks of a railroad, however operated, on the same plane or level, except street railways within city limits."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Asch amendment and the roll was called. There were 39 yeas and 87 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Greiling	Kalis	Olson, E.	Rest	Skoglund	Vellenga
Asch	Hausman	Leppik	Onnen	Rice	Solberg	Wagenius
Beard	Huntley	Lourey	Orenstein	Rukavina	Sparby	Welle
Carruthers	Jefferson	McCollum	Osthoff	Sarna	Swenson	
Evans	Johnson, A.	McGuire	Pauly	Sekhon	Tomassoni	
Farrell	Kahn	Milbert	Pugh	Simoneau	Trimble	

Those who voted in the negative were:

Abrams	Dauids	Gutknecht	Krinkie	Mosel	Peterson	Waltman
Anderson, R.	Dawkins	Hasskamp	Krueger	Murphy	Reding	Weaver
Battaglia	Dehler	Haukoos	Lasley	Neary	Rhodes	Wejzman
Bergson	Delmont	Holsten	Lieder	Nelson	Rodosovich	Wenzel
Bertram	Dempsey	Hugoson	Limmer	Ness	Seagren	Winter
Bettermann	Dorn	Jacobs	Lindner	Olson, K.	Smith	Wolf
Blatz	Erhardt	Jennings	Luther	Olson, M.	Stanis	Worke
Brown, C.	Frerichs	Johnson, R.	Lynch	Opatz	Steensma	Workman
Brown, K.	Garcia	Johnson, V.	Macklin	Orfield	Sviggum	Spk. Long
Carlson	Girard	Kelley	Mahon	Ostrom	Tompkins	
Commers	Goodno	Kinkel	Mariani	Pawlenty	Tunheim	
Cooper	Greenfield	Klinzing	Molnau	Pelowski	Van Dellen	
Dauner	Gruenes	Koppendrayner	Morrison	Perit	Vickerman	

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

S. F. No. 869, A bill for an act relating to natural resources; providing for the prevention and suppression of wildfires; providing penalties; amending Minnesota Statutes 1992, sections 88.01, subdivisions 2, 6, 8, 15, 23, and by adding subdivisions; 88.02; 88.03; 88.04; 88.041; 88.05; 88.06; 88.065; 88.067; 88.08; 88.09, subdivision 2; 88.10; 88.11, subdivision 2; 88.12; 88.14; 88.15; 88.16; 88.17, subdivision 1, and by adding a subdivision; 88.18; and 88.22; proposing coding for new law in Minnesota Statutes, chapter 88; repealing Minnesota Statutes 1992, sections 88.17, subdivision 2; and 88.19; and Laws 1992, chapter 556, sections 10 and 11.

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

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

Those who voted in the affirmative were:

Abrams	Brown, C.	Dempsey	Gutknecht	Johnson, R.	Leppik	Milbert
Anderson, I.	Brown, K.	Dorn	Hasskamp	Johnson, V.	Lieder	Molnau
Anderson, R.	Carlson	Erhardt	Haukoos	Kahn	Limmer	Morrison
Asch	Carruthers	Evans	Hausman	Kalis	Lindner	Mosel
Battaglia	Clark	Farrell	Holsten	Kelley	Lourey	Munger
Bauerly	Commers	Frerichs	Hugoson	Kelso	Luther	Murphy
Beard	Cooper	Garcia	Huntley	Kinkel	Lynch	Neary
Bergson	Dauner	Girard	Jacobs	Klinzing	Macklin	Nelson
Bertram	Dauids	Goodno	Jaros	Koppendrayner	Mahon	Ness
Bettermann	Dawkins	Greenfield	Jefferson	Krinkie	Mariani	Olson, E.
Bishop	Dehler	Greiling	Jennings	Krueger	McCollum	Olson, K.
Blatz	Delmont	Gruenes	Johnson, A.	Lasley	McGuire	Olson, M.

Onnen	Pauly	Rest	Sekhon	Steensma	Van Dellen	Welle
Opatz	Pawlenty	Rhodes	Simoneau	Sviggum	Vellenga	Wenzel
Orenstein	Pelowski	Rice	Skoglund	Swenson	Vickerman	Winter
Orfield	Perlt	Rodosovich	Smith	Tomassoni	Wagenius	Wolf
Osthoff	Peterson	Rukavina	Solberg	Tompkins	Waltman	Worke
Ostrom	Pugh	Sarna	Sparby	Trimble	Weaver	Workman
Ozment	Reding	Seagren	Stanis	Tunheim	Wejzman	Spk. Long

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

S. F. No. 34, A bill for an act relating to student exchange programs; regulating student exchange programs; imposing a penalty; appropriating money; amending Minnesota Statutes 1992, section 299C.61, subdivision 5; proposing coding for new law as Minnesota Statutes, chapter 5A.

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 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 1221 was reported to the House.

Sviggum and Anderson, I., moved to amend S. F. No. 1221, as follows:

Page 6, after line 2, insert:

"Sec. 7. [ESTABLISHMENT OF AN OFFICE OF DEPUTY REGISTRAR OF MOTOR VEHICLES IN KENYON AND CROSSLAKE.]

Notwithstanding Minnesota Statutes, section 168.33, and rules adopted by the commissioner of public safety, limiting sites for the office of deputy registrar, the Goodhue and Crow Wing county auditors may, with the approval of the commissioner of public safety, establish an office of the deputy registrar of motor vehicles in the cities of Kenyon and Crosslake. All other provisions regarding the appointment and operation of a deputy registrar office under Minnesota Statutes, section 168.33, and Minnesota Rules, chapter 7406, shall apply to the office.

Sec. 8. [EFFECTIVE DATE.]

Section 7 is effective the day following final enactment without local approval as provided in Minnesota Statutes, section 645.023, subdivision 1, paragraph (a)."

Amend the title accordingly

POINT OF ORDER

Osthoff raised a point of order pursuant to rule 3.09 that the Sviggum and Anderson, I., amendment was not in order. The Speaker ruled the point of order not well taken and the amendment in order.

The question recurred on the Sviggum and Anderson, I., amendment to S. F. No. 1221. The motion prevailed and the amendment was adopted.

Kinkel and Johnson, V., moved to amend S. F. No. 1221, as amended, as follows:

Page 1, after line 14, insert:

"Section 1. Minnesota Statutes 1992, section 161.082, subdivision 2a, is amended to read:

Subd. 2a. [TOWN BRIDGES AND CULVERTS; TOWN ROAD ACCOUNT.] An amount equal to 25 percent of the county turnback account must be expended, within counties having two or more towns, on town road bridge structures that are ten feet or more in length and on town road culverts that replace existing town road bridges. In addition, if the present bridge structure is less than ten feet in length but a hydrological survey indicates that the replacement bridge structure or culvert must be ten feet or more in length, then the bridge or culvert is eligible for replacement funds. In addition, if a culvert that replaces a deficient bridge is in a county comprehensive water plan approved by the board of water and soil resources and the department of natural resources, the costs of the culvert and roadway grading other than surfacing are eligible for replacement funds up to the cost of constructing a replacement bridge. The expenditures on bridge structures and culverts may be on a matching basis, and if on a matching basis, not more than 90 percent of the cost of a bridge structure or culvert may be paid from the county turnback account. When bridge approach construction work exceeds \$10,000 in costs, or when the county engineer determines that the cost of the replacement culverts alone will not exceed \$20,000, the town shall be eligible for financial assistance from the town bridge account. Financial assistance shall be ~~limited to 90 percent of the cost of the bridge approach work that is in excess of \$10,000 and shall be requested by resolution of the county board and shall be limited to:~~

(1) 100 percent of the cost of the bridge approach work that is in excess of \$10,000; or

(2) 100 percent of the cost of the replacement culverts when the cost does not exceed \$20,000 and the town board agrees to be responsible for all the other costs, which may include costs for structural removal, installation, and permitting. The replacement structure design and costs shall be approved and certified by the county engineer, but need not be subsequently approved by the department of transportation.

An amount equal to 47.5 percent of the county turnback account must be set aside as a town road account and distributed as provided in section 162.081."

Re-number the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1221, as amended, was read for the third time.

Osthoff moved that S. F. No. 1221, as amended, be continued on Special Orders. The motion prevailed.

S. F. No. 1187 was reported to the House.

Jacobs moved to amend S. F. No. 1187, as follows:

Page 2, after line 7, insert:

"Sec. 2. Minnesota Statutes 1992, section 148.921, subdivision 2, is amended to read:

Subd. 2. [PERSONS PREVIOUSLY QUALIFIED.] (a) The board shall grant a license for a licensed psychologist ~~without further examination~~ to a person who:

(1) before November 1, 1991, entered a graduate program granting a master's degree with a major in psychology at an educational institution meeting the standards the board has established by rule and earned a master's degree or a master's equivalent in a doctoral program;

(2) before ~~November 1~~ December 31, 1992 1993, filed with the board a written declaration of intent to seek licensure under this subdivision;

(3) complied with all requirements of section 148.91, subdivisions 2 to 4, before December 31, 1997; and

(4) completed at least two full years or their equivalent of post-master's supervised psychological employment, including pre-doctoral internship, before December 31, 1998.

(b) Notwithstanding paragraph (a), the board shall not grant a license for a licensed psychologist under this subdivision to a person who files a written declaration of licensure after October 31, 1992, unless the applicant demonstrates that the applicant was a resident of Minnesota on October 31, 1992, and meets all other requirements for licensure under this subdivision."

Renumber the sections in sequence

Correct internal references

Amend the title accordingly

The motion prevailed and the amendment was adopted.

S. F. No. 1187, A bill for an act relating to health care; clarifying the uniform anatomical gift act; retroactively defining organ donation as the rendition of a service; amending Minnesota Statutes 1992, section 525.9221.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abrams	Battaglia	Bertram	Brown, K.	Commers	Dawkins	Erhardt
Anderson, I.	Bauerly	Bettermann	Carlson	Cooper	Dehler	Evans
Anderson, R.	Beard	Blatz	Carruthers	Dauner	Delmont	Farrell
Asch	Bergson	Brown, C.	Clark	Davids	Dempsey	Frerichs

Garcia	Jennings	Lieder	Munger	Pauly	Simoneau	Vickerman
Girard	Johnson, A.	Limmer	Murphy	Pawlenty	Skoglund	Wagenius
Goodno	Johnson, R.	Lindner	Neary	Pelowski	Smith	Waltman
Greenfield	Johnson, V.	Lourey	Nelson	Perl	Solberg	Weaver
Greiling	Kahn	Luther	Ness	Peterson	Sparby	Wejzman
Gruenes	Kalis	Lynch	Olson, E.	Pugh	Stanius	Welle
Gutknecht	Kelley	Macklin	Olson, K.	Reding	Steensma	Wenzel
Hasskamp	Kelso	Mahon	Olson, M.	Rest	Sviggum	Winter
Hausman	Kinkel	Mariani	Onnen	Rhodes	Swenson	Wolf
Holsten	Klinzing	McCollum	Opatz	Rice	Tomassoni	Worke
Hugoson	Koppendrayner	McGuire	Orenstein	Rodosovich	Tompkins	Workman
Huntley	Krinkie	Milbert	Orfield	Rukavina	Trimble	Spk. Long
Jacobs	Krueger	Molnau	Osthoff	Sarna	Tunheim	
Jaros	Lasley	Morrison	Ostrom	Seagren	Van Dellen	
Jefferson	Leppik	Mosel	Ozment	Sekhon	Vellenga	

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

S. F. No. 1232, A resolution memorializing Congress to consider the impact of the North American Free Trade Agreement on state sovereignty, the need for full legislative deliberation, and the withdrawal of NAFTA from the current fast-track procedures.

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 83 yeas and 47 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Cooper	Hausman	Lasley	Murphy	Peterson	Sparby
Anderson, R.	Dauner	Huntley	Lieder	Neary	Pugh	Steensma
Asch	Dawkins	Jacobs	Lourey	Nelson	Reding	Tomassoni
Battaglia	Delmont	Jefferson	Luther	Olson, E.	Rest	Trimble
Beard	Dorn	Jennings	Mahon	Olson, K.	Rice	Tunheim
Bergson	Evans	Johnson, A.	Mariani	Olson, M.	Rodosovich	Wagenius
Bertram	Farrell	Johnson, R.	McCollum	Orfield	Rukavina	Wejzman
Brown, C.	Garcia	Kahn	McGuire	Osthoff	Sarna	Welle
Brown, K.	Goodno	Kalis	Milbert	Ostrom	Sekhon	Wenzel
Carlson	Greenfield	Kelley	Morrison	Ozment	Simoneau	Winter
Carruthers	Greiling	Kinkel	Mosel	Pelowski	Skoglund	Spk. Long
Clark	Hasskamp	Krueger	Munger	Perl	Solberg	

Those who voted in the negative were:

Abrams	Dehler	Haukoos	Krinkie	Ness	Stanius	Waltman
Bauerly	Dempsey	Holsten	Leppik	Onnen	Sviggum	Weaver
Bettermann	Erhardt	Hugoson	Limmer	Pauly	Swenson	Wolf
Bishop	Frerichs	Jaros	Lindner	Pawlenty	Tompkins	Worke
Blatz	Girard	Johnson, V.	Lynch	Rhodes	Van Dellen	Workman
Commers	Gruenes	Kelso	Macklin	Seagren	Vellenga	
Davids	Gutknecht	Koppendrayner	Molnau	Smith	Vickerman	

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:

S. F. Nos. 1077, 1114, 1418, 748, 1368, 452, 334, 502, 1297, 918, 131, 981, 1226 and 414.

SPECIAL ORDERS, Continued

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.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 514:

Sparby, Jennings and Johnson, V.

ADJOURNMENT

Anderson, I., moved that when the House adjourns today it adjourn until 9:00 a.m., Friday, May 14, 1993. The motion prevailed.

Anderson, I., moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 9:00 a.m., Friday, May 14, 1993.

EDWARD A. BURDICK, Chief Clerk, House of Representatives