

THIRTY-FOURTH DAY

St. Paul, Minnesota, Wednesday, April 5, 1995

The Senate met at 9:45 a.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Betzold imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Kim Smith King.

The roll was called, and the following Senators answered to their names:

Anderson	Hanson	Kroening	Murphy	Riveness
Beckman	Hottinger	Laidig	Neuville	Robertson
Belanger	Janezich	Langseth	Novak	Runbeck
Berg	Johnson, D.E.	Larson	Oliver	Samuelson
Berglin	Johnson, D.J.	Lesewski	Olson	Scheevel
Bertram	Johnson, J.B.	Lessard	Ourada	Solon
Betzold	Johnston	Limmer	Pappas	Spear
Chandler	Kelly	Marty	Pariseau	Stevens
Cohen	Kiscaden	Merriam	Piper	Stumpf
Dille	Kleis	Metzen	Pogemiller	Terwilliger
Finn	Knutson	Moe, R.D.	Price	Vickerman
Flynn	Kramer	Mondale	Ranum	Wiener
Frederickson	Krentz	Morse	Reichgott Junge	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

March 31, 1995

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. No. 229.

Warmest regards,
Arne H. Carlson, Governor

March 31, 1995

The Honorable Irv Anderson
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 Act of the 1995 Session of the State Legislature has been received from the Office of the Governor and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1995	Date Filed 1995
229		29	10:40 a.m. March 31	March 31

Sincerely,
Joan Anderson Growe
Secretary of State

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 399, 410, 1570, 1103 and H.F. No. 446. The motion prevailed.

Mr. Spear from the Committee on Crime Prevention, to which was re-referred

S.F. No. 399: A bill for an act relating to recreational vehicles; driving while intoxicated; providing for forfeiture of snowmobiles, all-terrain vehicles, and motorboats for designated, DWI-related offenses; extending vehicle forfeiture law by expanding the definition of prior conviction to include other types of vehicles; amending Minnesota Statutes 1994, sections 84.83, subdivision 2; and 169.1217, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 84; and 86B.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, lines 17 and 18, delete "and all-terrain vehicles"

Page 1, line 26, delete everything after the period

Page 1, delete line 27

Page 2, line 3, before the colon, insert "or an ordinance in conformity with it"

Page 2, line 6, after "separate" insert "impaired driving" and after the semicolon, insert "or"

Page 2, line 9, after "separate" insert "impaired driving" and delete the semicolon and insert a period

Page 2, delete lines 10 to 16

Page 2, line 30, delete everything after the period

Page 2, delete line 31

Page 4, delete lines 23 to 25 and insert:

"(d) A vehicle is subject to forfeiture under this section only if the owner was privy to the act or omission upon which the forfeiture is based, or the act or omission occurred with the owner's knowledge or consent."

Page 5, line 21, before the period, insert ", if the vehicle was a snowmobile, or to the all-terrain vehicle account in the natural resources fund under section 84.927, subdivision 1"

Page 5, after line 21, insert:

"Subd. 10. [REPORTING REQUIREMENT.] The appropriate agency shall provide a written record of each forfeiture incident to the state auditor. The record shall include the amount forfeited, date, and a brief description of the circumstances involved. Reports shall be made on a monthly basis in a manner prescribed by the state auditor. The state auditor shall report annually to the legislature on the nature and extent of forfeitures."

Sec. 3. Minnesota Statutes 1994, section 84.927, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION REVENUE.] Fees from the registration of all-terrain vehicles and the unrefunded gasoline tax attributable to all-terrain vehicle use under section 296.16, as well as the net proceeds from the sale of all-terrain vehicles forfeited pursuant to section 84.912, shall be deposited in the state treasury and credited to the all-terrain vehicle account in the natural resources fund."

Page 5, line 29, before the colon, insert "or an ordinance in conformity with it"

Page 5, line 32, after "separate" insert "impaired driving" and after the semicolon, insert "or"

Page 5, line 35, after "separate" insert "impaired driving" and delete the semicolon and insert a period

Page 5, delete line 36

Page 6, delete lines 1 to 6

Page 6, line 8, delete everything after the period

Page 6, delete line 9

Page 8, delete lines 13 to 15 and insert:

"(d) A motorboat is subject to forfeiture under this section only if the owner was privy to the act or omission upon which the forfeiture is based, or the act or omission occurred with the owner's knowledge or consent."

Page 9, after line 10, insert:

"Subd. 10. [REPORTING REQUIREMENT.] The appropriate agency shall provide a written record of each forfeiture incident to the state auditor. The record shall include the amount forfeited, date, and a brief description of the circumstances involved. Reports shall be made on a monthly basis in a manner prescribed by the state auditor. The state auditor shall report annually to the legislature on the nature and extent of forfeitures."

Page 10, line 32, delete "4" and insert "5"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 8, after the semicolon, insert "84.927, subdivision 1;"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Mr. Lessard questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was re-referred

S.F. No. 26: A bill for an act relating to agriculture; modifying definitions and exclusions for food licensing; changing license fees and license periods for certain licensees; amending Minnesota Statutes 1994, sections 28A.03; 28A.04, subdivision 1; 28A.08; 28A.09, subdivision 1; 28A.15, subdivisions 3, 7, and 8; 28A.16; 28A.17; and 31.56, subdivision 5.

Reports the same back with the recommendation that the bill be amended as follows:

Pages 1 to 3, delete section 1

Pages 4 to 7, delete section 3

Page 9, delete section 10

Renumber the sections in sequence

Amend the title as follows:

Page 1, lines 2 and 3, delete "definitions and exclusions for" and insert "provisions relating to"

Page 1, line 5, delete "28A.03;"

Page 1, line 6, delete "28A.08;"

Page 1, line 7, after "28A.16;" insert "and" and delete "; and 31.56,"

Page 1, line 8, delete "subdivision 5"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Crime Prevention, to which was re-referred

S.F. No. 418: A bill for an act relating to education; authorizing special projects and programs to combat truancy; denying driving privileges for certain truant students; imposing parental liability for failure to exercise reasonable control; requiring the attorney general to report on the effectiveness of school safety programs; increasing school levy authority for crime prevention activities; providing for expulsion of students for possession of a firearm; providing a fee exception for school uniforms; requiring criminal history background checks for teachers and other school district personnel; clarifying authority to deny teacher licenses; modifying offender rehabilitation exceptions; providing for school security; clarifying access to data; limiting school liability for certain security measures; establishing grants for school safety programs; imposing penalties; appropriating money; amending Minnesota Statutes 1994, sections 120.14; 120.73, by adding a subdivision; 125.05, by adding a subdivision; 125.09, subdivision 1; 171.04, subdivision 1; 260.131, by adding a subdivision; 260.132, subdivisions 1 and 4; 260.161, subdivision 3; 260.191, subdivision 1; 260.315; 364.09; 466.03, by adding a subdivision; and 609.605, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 8; 123; and 127; proposing coding for new law as Minnesota Statutes, chapter 260A; repealing Minnesota Statutes 1994, section 126.25; and Laws 1994, chapter 576, section 1.

Reports the same back with the recommendation that the bill be amended as follows:

Page 9, after line 12, insert:

"A child is not a continuing truant if the child is withdrawn from school by the child's parents because of a dispute with the school concerning the provision of special education services under the Individuals with Disabilities Education Act or accommodations and modifications under the Americans with Disabilities Act, if the parent makes good faith efforts to provide the child educational services from any other source. No parent who withdraws a child from school during a dispute with the school concerning the provision of special education services or accommodations and modifications is required to file home school papers, if the parent provides written notice to the department of education or the district of the plan for the child's education."

Pages 20 and 21, delete section 9

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 24, delete "260.315;"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Crime Prevention, to which was referred

S.F. No. 1151: A bill for an act relating to crime prevention; directing the peace officer standards and training board to review its minimum standards of conduct every three years; requiring certain information to be compiled; requiring a model policy regarding professional conduct to be developed; directing a study; requiring reports; appropriating money; amending Minnesota Statutes 1994, section 626.843, subdivision 1.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 626.843, subdivision 1, is amended to read:

Subdivision 1. [RULES REQUIRED.] The board shall adopt rules with respect to:

(a) The certification of peace officer training schools, programs, or courses including training schools for the Minnesota state patrol. Such schools, programs and courses shall include those administered by the state, county, school district, municipality, or joint or contractual combinations thereof, and shall include preparatory instruction in law enforcement and minimum basic training courses;

(b) Minimum courses of study, attendance requirements, and equipment and facilities to be required at each certified peace officers training school located within the state;

(c) Minimum qualifications for instructors at certified peace officer training schools located within this state;

(d) Minimum standards of physical, mental, and educational fitness which shall govern the recruitment and licensing of peace officers within the state, by any state, county, municipality, or joint or contractual combination thereof, including members of the Minnesota state patrol;

(e) Minimum standards of conduct which would affect the individual's performance of duties as a peace officer;

These standards shall be established and published on or before July 1, 1979. The board shall review the minimum standards of conduct described in this paragraph for possible modification in 1998 and every three years after that time.

(f) Minimum basic training which peace officers appointed to temporary or probationary terms shall complete before being eligible for permanent appointment, and the time within which such basic training must be completed following any such appointment to a temporary or probationary term;

(g) Minimum specialized training which part-time peace officers shall complete in order to be eligible for continued employment as a part-time peace officer or permanent employment as a peace officer, and the time within which the specialized training must be completed;

(h) Content of minimum basic training courses required of graduates of certified law enforcement training schools or programs. Such courses shall not duplicate the content of certified academic or general background courses completed by a student but shall concentrate on practical skills deemed essential for a peace officer. Successful completion of such a course shall be deemed satisfaction of the minimum basic training requirement;

(i) Grading, reporting, attendance and other records, and certificates of attendance or accomplishment;

(j) The procedures to be followed by a part-time peace officer for notifying the board of intent to pursue the specialized training for part-time peace officers who desire to become peace officers pursuant to clause (g), and section 626.845, subdivision 1, clause (g);

(k) The establishment and use by any political subdivision or state law enforcement agency which employs persons licensed by the board of procedures for investigation and resolution of allegations of misconduct by persons licensed by the board. The procedures shall be in writing and shall be established on or before October 1, 1984;

(l) The issues that must be considered by each political subdivision and state law enforcement agency that employs persons licensed by the board in establishing procedures under section 626.5532 to govern the conduct of peace officers who are in pursuit of a vehicle being operated in violation of section 609.487, and requirements for the training of peace officers in conducting pursuits. The adoption of specific procedures and requirements is within the authority of the political subdivision or agency;

(m) Supervision of part-time peace officers and requirements for documentation of hours worked by a part-time peace officer who is on active duty. These rules shall be adopted by December 31, 1993; and

(n) Such other matters as may be necessary consistent with sections 626.84 to 626.855. Rules promulgated by the attorney general with respect to these matters may be continued in force by resolution of the board if the board finds the rules to be consistent with sections 626.84 to 626.855.

Sec. 2. [626.8431] [AUTOMATIC LICENSE REVOCATION.]

The license of a peace officer convicted of a felony is automatically revoked. For purposes of this section, "conviction" includes a finding of guilt, whether or not the adjudication of guilt is stayed or executed, an admission of guilt, or a no contest plea.

Sec. 3. [PEACE OFFICER STANDARDS AND TRAINING BOARD; INFORMATION AND REPORTS REQUIRED.]

Subdivision 1. [INFORMATION REQUIRED TO BE COMPILED BY THE PEACE OFFICER STANDARDS AND TRAINING BOARD.] The peace officer standards and training board shall compile information on peace officers convicted of violating Minnesota Statutes, section 609.224, subdivision 1. This information must include the number of officers convicted, a brief description of the facts of each incident, and a brief description of the disposition of the case, including any disciplinary action taken or referrals made to mental health professionals.

Subd. 2. [REPORT REQUIRED.] The board shall report to the legislature by January 1, 1997, regarding the information compiled under subdivision 1.

Subd. 3. [CHIEF LAW ENFORCEMENT OFFICERS REQUIRED TO PROVIDE INFORMATION.] Chief law enforcement officers shall cooperate with the board by providing it any relevant information on peace officers convicted of violating Minnesota Statutes, section 609.224, subdivision 1, within a reasonable time after the conviction.

Sec. 4. [PROFESSIONAL CONDUCT OF PEACE OFFICERS.]

Subdivision 1. [MODEL POLICY TO BE DEVELOPED.] By July 1, 1996, the peace officer standards and training board shall develop and distribute to all chief law enforcement officers a model policy regarding the professional conduct of peace officers. The policy must address issues regarding professional conduct not addressed by the standards of conduct under Minnesota Rules, part 6700.1600. The policy must define unprofessional conduct to include, but not be limited to, conduct prohibited by Minnesota Statutes, section 609.43. The policy must also describe the procedures that a local law enforcement agency may follow in investigating and disciplining peace officers alleged to have behaved unprofessionally.

Subd. 2. [CHIEF LAW ENFORCEMENT OFFICERS; WRITTEN POLICY REQUIRED.] By January 1, 1997, all chief law enforcement officers shall establish and implement a written policy defining unprofessional conduct and governing the investigation and disposition of cases involving alleged unprofessional conduct by peace officers. A chief law enforcement officer shall adopt a policy identical or substantially similar to the model policy developed by the board under subdivision 1.

Sec. 5. [STUDY DIRECTED.]

The peace officer standards and training board, in consultation with chief law enforcement officers and peace officers, shall conduct a study to determine what statewide resources are available to peace officers in need of job-related professional counseling. The study must determine to what extent existing resources are used, what impediments exist to the resources' use, how resources could be better used, and what additional resources are required. The board shall report its findings to the legislature by July 1, 1996."

Delete the title and insert:

"A bill for an act relating to crime prevention; directing the peace officer standards and training board to review its minimum standards of conduct every three years; providing for automatic license revocation for peace officers convicted of felonies; requiring certain information to be compiled; requiring a model policy regarding professional conduct to be developed; directing a study; requiring reports; amending Minnesota Statutes 1994, section 626.843, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 626."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Crime Prevention, to which was referred

S.F. No. 435: A bill for an act relating to crime prevention; classifying name changes of protected witnesses as private data; expanding the crime of witness tampering; amending Minnesota Statutes 1994, sections 259.10; and 609.498, subdivision 1.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 76a. [NAME CHANGES OF PROTECTED WITNESSES AND VICTIMS.] Court records of name changes of participants in a witness and victim protection program are governed by section 259.10, subdivision 2.

Sec. 2. Minnesota Statutes 1994, section 144.218, subdivision 4, is amended to read:

Subd. 4. [INCOMPLETE AND, INCORRECT, AND MODIFIED CERTIFICATES.] If a court finds that a birth certificate is incomplete, inaccurate or false, or if it is being issued pursuant to section 259.10, subdivision 2, it may order the registration of a new certificate, and shall, if necessary, set forth the correct information in the order. Upon receipt of the order the state registrar shall register a new certificate containing the findings of the court, and the prior certificate shall be confidential pursuant to section 13.02, subdivision 3, and shall not be disclosed except pursuant to court order.

Sec. 3. Minnesota Statutes 1994, section 259.10, is amended to read:

259.10 [PROCEDURE GENERAL REQUIREMENTS.]

Subdivision 1. [PROCEDURE.] A person who shall have resided in this state for six months may apply to the district court in the county where the person resides to change the person's name, the names of minor children, if any, and the name of a spouse, if the spouse joins in the application, in the manner herein specified. The person shall state in the application the name and age of the spouse and each of the children, if any, and shall describe all lands in the state in or upon which the person, the children and the spouse if their names are also to be changed by the application, claim any interest or lien, and shall appear personally before the court and prove identity by at least two witnesses. If the person be a minor, the application shall be made by the person's guardian or next of kin. The court shall accept the certificate of dissolution prepared pursuant to section 518.148 as conclusive evidence of the facts recited in the certificate and may not require the person to provide the court a copy of the judgment and decree of dissolution. Every person who, with intent to defraud, shall make a false statement in any such application shall be guilty of a misdemeanor provided, however, that no minor child's name may be changed without

both parents having notice of the pending of the application for change of name, whenever practicable, as determined by the court.

Subd. 2. [WITNESS AND VICTIM PROTECTION NAME CHANGES; PRIVATE DATA.]
If the court determines that the name change for an individual is made in connection with the individual's participation in a witness and victim protection program, the court shall order that the court records of the name change are not accessible to the public; except that they may be released, upon request, to a law enforcement agency or probation officer conducting a lawful investigation. The existence of an application for a name change described in this subdivision may not be disclosed except to a law enforcement agency conducting a lawful investigation.

Sec. 4. Minnesota Statutes 1994, section 609.498, subdivision 1, is amended to read:

Subdivision 1. [TAMPERING WITH A WITNESS IN THE FIRST DEGREE.] Whoever does any of the following is guilty of tampering with a witness in the first degree and may be sentenced as provided in subdivision 1a:

(a) intentionally prevents or dissuades or intentionally attempts to prevent or dissuade by means of force or threats of injury to any person or property, a person who is or may become a witness from attending or testifying at any trial, proceeding, or inquiry authorized by law;

(b) by means of force or threats of injury to any person or property, intentionally coerces or attempts to coerce a person who is or may become a witness to testify falsely at any trial, proceeding, or inquiry authorized by law;

(c) intentionally causes injury or threatens to cause injury to any person or property in retaliation against a person who was summoned as a witness at any trial, proceeding, or inquiry authorized by law, within a year following that trial, proceeding, or inquiry or within a year following the actor's release from incarceration, whichever is later;

(d) intentionally prevents or dissuades or attempts to prevent or dissuade, by means of force or threats of injury to any person or property, a person from providing information to law enforcement authorities concerning a crime;

(e) by means of force or threats of injury to any person or property, intentionally coerces or attempts to coerce a person to provide false information concerning a crime to law enforcement authorities; or

(f) intentionally causes injury or threatens to cause injury to any person or property in retaliation against a person who has provided information to law enforcement authorities concerning a crime within a year of that person providing the information or within a year of the actor's release from incarceration, whichever is later.

Sec. 5. [EFFECTIVE DATE.]

This act is effective July 1, 1995. Section 4 applies to crimes committed on or after that date."

Amend the title as follows:

Page 1, line 5, after "sections" insert "13.99, by adding a subdivision; 144.218, subdivision 4;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was re-referred

S.F. No. 410: A bill for an act relating to health; giving the commissioner of administration authority to negotiate contract prices for all prescription drugs sold in Minnesota; allowing correction orders to be issued; establishing a statewide drug formulary; requiring a pharmacy to post a sign on generic substitution; amending Minnesota Statutes 1994, sections 151.21, subdivisions 2, 3, and by adding a subdivision; and 256B.0625, subdivision 13; proposing coding for new law in Minnesota Statutes, chapters 16B; and 256.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [16B.93] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For purposes of sections 16B.93 to 16B.97, the following definitions apply.

Subd. 2. [CONTRACTOR.] "Contractor" means the individual, business entity, or other private organization who is awarded the contract by the commissioner to negotiate the prices for prescription drugs pursuant to section 16B.94, subdivision 1.

Subd. 3. [MULTISTATE PHARMACEUTICAL CONTRACTING ALLIANCE OR ALLIANCE.] "Multistate pharmaceutical contracting alliance" or "alliance" means the alliance established and administered by the commissioner of administration under the authority granted in section 471.59.

Subd. 4. [MANUFACTURER.] "Manufacturer" means a manufacturer as defined in section 151.44, paragraph (c).

Subd. 5. [PRESCRIPTION DRUG.] "Prescription drug" means a drug as defined in section 151.44, paragraph (d).

Subd. 6. [PURCHASER.] "Purchaser" means a pharmacy as defined in section 151.01, subdivision 2, and includes health maintenance organizations and hospitals.

Subd. 7. [REBATE.] "Rebate" means any money, incentives, or credits given to a purchaser by a manufacturer or seller for purchasing a prescription drug.

Subd. 8. [SELLER.] "Seller" means any person, other than a manufacturer, who sells or distributes drugs to purchasers or other sellers within the state.

Subd. 9. [SINGLE SOURCE DRUG.] "Single source drug" means a prescription drug for which there is no other drug product sold or marketed in the state which the FDA has rated as therapeutically equivalent and has determined is pharmaceutically equivalent and bioequivalent.

Subd. 10. [STATE DRUG FORMULARY.] "State drug formulary" means a listing of drugs of proven safety, efficacy, and cost-effectiveness established by the commissioner of human services under section 256.996.

Sec. 2. [16B.94] [PRICE CONTRACT FOR PRESCRIPTION DRUGS ON THE STATE FORMULARY.]

Subdivision 1. [MINNESOTA POOLED CONTRACT FOR PRESCRIPTION DRUG DISCOUNTS.] (a) The commissioner shall negotiate price contracts for prescription drugs listed on the state drug formulary. The commissioner may contract with an individual, business entity, or other private organization to negotiate the contract price as required under this subdivision. The commissioner may negotiate a price differential based on volume purchasing.

(b) The contract price for each drug on the state drug formulary, with the exception of single source drugs, shall be based on the average manufacturer's price minus 15 percent, the best competitive bid price, or a negotiated price, whichever is lowest. In the case of single source drugs, the contract price shall be negotiated. The initial average manufacturer's price is the purchaser's actual acquisition cost as of March 1, 1995. For purposes of computing the contract price in 1996 and each year thereafter for those drugs on the state drug formulary, the commissioner or contractor shall not recognize increases in the average manufacturer's contracted price that exceed the rate of increase in the Consumer Price Index for All Items (U.S. city average) (CPI-U).

(c) Nothing in this section shall prohibit the commissioner or contractor from granting multiple awards.

Sec. 3. [16B.95] [STATE CONTRACT PRICE.]

Subdivision 1. [MANUFACTURER REQUIREMENT.] The contract price for all prescription drugs listed on the state formulary that the commissioner has negotiated shall be made available to any Minnesota purchaser by any manufacturer or seller who participates in the alliance. Any manufacturer who does not extend the negotiated contract price to a Minnesota purchaser shall be prohibited from participating in the alliance.

Subd. 2. [PURCHASER REQUIREMENT.] The commissioner of administration may require any Minnesota purchaser who plans on purchasing prescription drugs at the contract price negotiated by the commissioner of administration to submit any information deemed necessary by the commissioner regarding prescription drug purchase projections to assist the commissioner in the contract price negotiations.

Subd. 3. [PURCHASING PRESCRIPTION DRUGS NOT INCLUDED ON THE STATE DRUG FORMULARY.] Nothing in this section shall prevent a purchaser from purchasing a prescription drug that is not included on the state drug formulary.

Sec. 4. [16B.96] [NONDISCRIMINATION.]

No insurer or health plan company shall discriminate against a purchaser for participating in the multistate pharmaceutical contracting alliance or for taking advantage of the alliance contracting price.

Sec. 5. [62J.67] [PRESCRIPTION DRUG PRICE DISCLOSURE.]

Each health plan company and hospitals licensed under chapter 144 must annually submit to the commissioner of health the contract price paid for each prescription drug listed on its drug formulary. The contract price submitted must include any discount or rebate received from a manufacturer or drug wholesaler. The commissioner shall make this information available to the public through the information clearinghouse.

Sec. 6. Minnesota Statutes 1994, section 151.21, subdivision 2, is amended to read:

Subd. 2. When a pharmacist receives a written prescription on which the prescriber has personally written in handwriting "dispense as written - brand medically necessary," or "D.A.W.," or an oral prescription in which the prescriber has expressly indicated that the prescription is to be dispensed as communicated, the pharmacist shall dispense the brand name legend drug as prescribed. If the prescriber specifies orally that the prescription shall be dispensed as communicated, written certification in the prescriber's handwriting bearing the phrase "dispense as written - brand medically necessary" must be sent to the dispensing pharmacy within ten days.

Sec. 7. Minnesota Statutes 1994, section 151.21, subdivision 3, is amended to read:

Subd. 3. When a pharmacist receives a written prescription on which the prescriber has not personally written in handwriting "dispense as written - brand medically necessary," or "D.A.W.," or an oral prescription in which the prescriber has not expressly indicated that the prescription is to be dispensed as communicated, and there is available in the pharmacist's stock a less expensive generically equivalent drug that, in the pharmacist's professional judgment, is safely interchangeable with the prescribed drug, then the pharmacist shall, after disclosing the substitution to the purchaser, dispense the generic drug, unless the purchaser objects. A pharmacist may also substitute pursuant to the oral instructions of the prescriber. A pharmacist may not substitute a generically equivalent drug product unless, in the pharmacist's professional judgment, the substituted drug is therapeutically equivalent and interchangeable to the prescribed drug. A pharmacist shall notify the purchaser if the pharmacist is dispensing a drug other than the brand name drug prescribed.

Sec. 8. Minnesota Statutes 1994, section 151.21, is amended by adding a subdivision to read:

Subd. 4a. Each pharmacy must post a sign in a conspicuous location in a typeface easily seen at the counter where prescriptions are dispensed stating that, "This pharmacy will substitute whenever possible an FDA approved, less expensive, generic drug product which is therapeutically equivalent and safely interchangeable to the one prescribed by your doctor in order to save you money, unless you object to this substitution."

Sec. 9. [256.996] [STATE DRUG FORMULARY.]

Subdivision 1. [ESTABLISHMENT.] By January 1, 1996, the commissioner of human services shall establish a state drug formulary based on the criteria developed by the drug formulary committee established under section 256B.0625, subdivision 13. The commissioner shall publish the state drug formulary on an annual basis. Prior to publication, the drug formulary committee shall review and comment on the formulary contents. When developing the formulary contents, consideration must be given to drugs with a narrow therapeutic index.

Subd. 2. [DEVELOPMENT OF CRITERIA.] In developing the criteria to be used by the commissioner in establishing the state drug formulary, the drug formulary committee shall consult with health care professional experts in each therapeutic class of drugs. The criteria must also be based on review of scientific literature in peer-reviewed biomedical journals for purposes of identifying the most efficacious, safe, and cost-effective drugs in achieving optimal patient therapeutic outcomes.

Subd. 3. [STATE DRUG FORMULARY ADDITIONS AND DELETIONS.] (a) Any health care provider, consumer or consumer group, or seller of prescription drugs may apply to the commissioner on a form specified in the state drug formulary to add or delete a drug from the state drug formulary. For purposes of this subdivision, "health care provider" includes any vendor of medical care qualifying for reimbursement under the medical assistance program provided under chapter 256B.

(b) The drug formulary committee may recommend to the commissioner the addition or deletion of a prescription drug in the state drug formulary.

Subd. 4. [AVAILABILITY OF PRESCRIPTION DRUGS NOT INCLUDED ON THE STATE DRUG FORMULARY.] Nothing in this section shall prevent a physician or other person authorized to prescribe prescription drugs from prescribing a drug that is not included on the state drug formulary.

Sec. 10. Minnesota Statutes 1994, 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 professional medical associations and professional pharmacist associations, 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 formulary committee shall consist of ~~nine~~ 11 members, ~~four of whom shall be three~~ 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 one~~ pharmacoeconomist, one nurse, four pharmacists who are not employed by the department of human services or by a health plan company as defined in section 62Q.01, subdivision 4, and a majority of whose practice is for persons paying privately or through health insurance, a one consumer representative, and a one nursing home representative. Committee members shall serve three-year terms and shall serve without compensation. Members may be reappointed once.

(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;

(iii) 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;

(iv) anorectics; and

(v) drugs for which medical value has not been established.

The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

(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 shall be estimated by the commissioner, at average wholesale price minus 7.6 percent effective January 1, 1994. 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.

(d) Until the date the on-line, real-time Medicaid Management Information System (MMIS) upgrade is successfully implemented, as determined by the commissioner of administration, a pharmacy provider may require individuals who seek to become eligible for medical assistance under a one-month spenddown, as provided in section 256B.056, subdivision 5, to pay for services to the extent of the spenddown 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 spenddown of (1) their right to appeal the denial of services on the grounds that they have satisfied the spenddown requirement, and (2) their potential eligibility for the MinnesotaCare program or the children's health plan."

Delete the title and insert:

"A bill for an act relating to health; giving the commissioner of administration authority to negotiate contract prices for prescription drugs on a state drug formulary; establishing a statewide drug formulary; requiring a pharmacy to post a sign on generic substitution; amending Minnesota Statutes 1994, sections 151.21, subdivisions 2, 3, and by adding a subdivision; and 256B.0625, subdivision 13; proposing coding for new law in Minnesota Statutes, chapters 16B; 62J; and 256."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Ms. Kiscaden questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. Spear from the Committee on Crime Prevention, to which was re-referred

S.F. No. 1052: A bill for an act relating to abuse; conforming domestic abuse definitions; including persons with certain significant relationships; allowing certain minors to petition on their own behalf for orders for protection; modifying petition requirements; providing for subsequent petitions; modifying requirements for alternate service; extending time period for certain domestic abuse arrests; appropriating money; amending Minnesota Statutes 1994, sections 518B.01, subdivisions 2, 4, 8, 14, and by adding a subdivision; 611A.31, subdivision 2; 629.341, subdivision 1; and 629.72, subdivisions 1, 2, and 6.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 24, after "injury" insert a comma and after "assault" strike the comma

Page 1, line 25, delete the new language

Page 8, after line 5, insert:

"Sec. 6. Minnesota Statutes 1994, section 609.224, subdivision 2, is amended to read:

Subd. 2. [GROSS MISDEMEANOR.] (a) Whoever violates the provisions of subdivision 1 against the same victim during the time period between a previous conviction under this section, sections 609.221 to 609.2231, 609.342 to 609.345, or 609.713, or any similar law of another state, and the end of the five years following discharge from sentence for that conviction, is guilty of a gross misdemeanor and may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both. ~~Whoever violates the provisions of subdivision 1 against a family or household member as defined in section 518B.01, subdivision 2, during the time period between a previous conviction under this section or sections 609.221 to 609.2231, 609.342 to 609.345, or 609.713 against a family or household member, and the end of the five years following discharge from sentence for that conviction is guilty of a gross misdemeanor and may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both.~~

(b) Whoever violates the provisions of subdivision 1 within two years of a previous conviction under this section or sections 609.221 to 609.2231 or 609.713 is guilty of a gross misdemeanor and may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both.

Sec. 7. Minnesota Statutes 1994, section 609.224, subdivision 3, is amended to read:

Subd. 3. [~~DOMESTIC ASSAULTS; FIREARMS.~~] (a) When a person is convicted of a violation of this section or section 609.221, 609.222, or 609.223, the court shall determine and make written findings on the record as to whether:

(1) ~~the assault was committed against a family or household member, as defined in section 518B.01, subdivision 2;~~

~~(2) the defendant owns or possesses a firearm; and~~

~~(3) (2) the firearm was used in any way during the commission of the assault.~~

~~(b) If the court determines that the assault was of a family or household member, and that the offender owns or possesses a firearm and used it in any way during the commission of the assault, it shall order that the firearm be summarily forfeited under section 609.5316, subdivision 3.~~

~~(c) When a person is convicted of assaulting a family or household member and is determined by the court to have used a firearm in any way during commission of the assault the court may order that the person is prohibited from possessing any type of firearm for any period longer than three years or for the remainder of the person's life. A person who violates this firearm possession prohibition is guilty of a gross misdemeanor. At the time of the conviction, the court shall inform the defendant whether and for how long the defendant is prohibited from possessing a firearm and that it is a gross misdemeanor to violate this prohibition. The failure of the court to provide this information to a defendant does not affect the applicability of the firearm possession prohibition or the gross misdemeanor penalty to that defendant.~~

~~(d) Except as otherwise provided in paragraph (c), when a person is convicted of a violation of this section and the court determines that the victim was a family or household member, the court shall inform the defendant that the defendant is prohibited from possessing a pistol for a period of three years from the date of conviction and that it is a gross misdemeanor offense to violate this prohibition. The failure of the court to provide this information to a defendant does not affect the applicability of the pistol possession prohibition or the gross misdemeanor penalty to that defendant.~~

~~(e) (b) Except as otherwise provided in paragraph (e) section 609.2241, subdivision 2, paragraph (c), a person is not entitled to possess a pistol if:~~

~~(1) the person has been convicted after August 1, 1992, of assault in the fifth degree if the offense was committed within three years of a previous conviction under sections 609.221 to 609.224; or~~

~~(2) the person has been convicted after August 1, 1992, of assault in the fifth degree under section 609.224 and the assault victim was a family or household member as defined in section 518B.01, subdivision 2, unless three years have elapsed from the date of conviction and, during that time, the person has not been convicted of any other violation of section 609.224. Property rights may not be abated but access may be restricted by the courts. A person who possesses a pistol in violation of this paragraph is guilty of a gross misdemeanor.~~

Sec. 8. [609.2241] [DOMESTIC ASSAULT.]

Subdivision 1. [GROSS MISDEMEANOR.] Whoever violates section 609.224, subdivision 1, against a family or household member as defined in section 518B.01, subdivision 2, after a conviction under sections 609.221 to 609.2231, 609.224, 609.342 to 609.345, or 609.713 against a family or household member, unless five years have passed following discharge from sentence for that conviction is guilty of a gross misdemeanor.

Subd. 2. [DOMESTIC ASSAULTS; FIREARMS.] (a) When a person is convicted of a violation of section 609.221, 609.222, 609.223, or 609.224, the court shall determine and make written findings on the record as to whether:

(1) the assault was committed against a family or household member, as defined in section 518B.01, subdivision 2;

(2) the defendant owns or possesses a firearm; and

(3) the firearm was used in any way during the commission of the assault.

(b) If the court determines that the assault was of a family or household member, and that the offender owns or possesses a firearm and used it in any way during the commission of the assault, it shall order that the firearm be summarily forfeited under section 609.5316, subdivision 3.

(c) When a person is convicted of assaulting a family or household member and is determined by the court to have used a firearm in any way during commission of the assault, the court may order that the person is prohibited from possessing any type of firearm for any period longer than three years or for the remainder of the person's life. A person who violates this paragraph is guilty of a gross misdemeanor. At the time of the conviction, the court shall inform the defendant whether and for how long the defendant is prohibited from possessing a firearm and that it is a gross misdemeanor to violate this paragraph. The failure of the court to provide this information to a defendant does not affect the applicability of the firearm possession prohibition or the gross misdemeanor penalty to that defendant.

(d) Except as otherwise provided in paragraph (c), when a person is convicted of a violation of section 609.224 and the court determines that the victim was a family or household member, the court shall inform the defendant that the defendant is prohibited from possessing a pistol for three years from the date of conviction and that it is a gross misdemeanor offense to violate this prohibition. The failure of the court to provide this information to a defendant does not affect the applicability of the pistol possession prohibition or the gross misdemeanor penalty to that defendant.

(e) Except as otherwise provided in paragraph (c), a person is not entitled to possess a pistol if the person has been convicted after August 1, 1992, of assault in the fifth degree under section 609.224 and the assault victim was a family or household member as defined in section 518B.01, subdivision 2, unless three years have elapsed from the date of conviction and, during that time, the person has not been convicted of any other violation of section 609.224. Property rights may not be abated but access may be restricted by the courts. A person who possesses a pistol in violation of this paragraph is guilty of a gross misdemeanor.

Subd. 3. [FELONY.] Whoever violates the provisions of section 609.224, subdivision 1, against the same victim during the time period between the first of two or more previous convictions under sections 609.221 to 609.2231, 609.224, 609.342 to 609.345, or 609.713, and the end of the five years following discharge from sentence for that conviction is guilty of a felony and may be sentenced to imprisonment for not more than five years or payment of a fine of not more than \$10,000, or both."

Page 8, line 20, reinstate the stricken "has assaulted, threatened with a dangerous weapon, or"

Page 8, lines 21 to 27, delete the new language and reinstate the stricken language

Page 11, delete section 11 and insert:

"Sec. 14. [EFFECTIVE DATE.]

Sections 6 to 8 are effective August 1, 1995, and apply to prosecutions commenced on or after that date."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 9, delete "appropriating money" and insert "recodifying and clarifying portions of the assault in the fifth degree statute which concern domestic assault"

Page 1, line 11, after the semicolon, insert "609.224, subdivisions 2 and 3;"

Page 1, line 13, before the period, insert "; proposing coding for new law in Minnesota Statutes, chapter 609"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 621: A bill for an act relating to game and fish; extending protected status to and authorizing seasons on certain wild animals; dating of short-term nonresident angling licenses; clarifying the age for trapping without a license; posting of waters to prohibit fishing or motorboat operation; adjusting opening and closing dates of various seasons for taking fish; removing time limits on sale of fish by commercial licensees; amending Minnesota Statutes 1994, sections 97A.015, subdivisions 45 and 53; 97A.411, subdivision 1; 97A.451, subdivision 3; 97B.605; 97B.631; 97B.655, subdivision 1; 97C.025; 97C.345, subdivisions 1, 2, and 3; 97C.371, subdivision 4; 97C.395, subdivision 1; and 97C.821; proposing coding for new law in Minnesota Statutes, chapter 97B; repealing Minnesota Statutes 1994, section 97B.301, subdivision 5.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [10.51] [HUNTING HERITAGE WEEK.]

The week beginning the third Monday in September is an official week of observance to commemorate the state's valued heritage of hunting game animals. During this week, all residents of the state are urged to:

(1) reflect on hunting as an expression of our culture and heritage;

(2) acknowledge that it is our community of sportsmen, sportswomen, and hunters who have made the greatest contributions to the establishment of current game animal populations; and

(3) celebrate this culture and heritage in all lawful ways.

Sec. 2. Minnesota Statutes 1994, section 97A.015, subdivision 24, is amended to read:

Subd. 24. [GAME BIRDS.] "Game birds" means migratory waterfowl, pheasant, ruffed grouse, sharp-tailed grouse, Canada spruce grouse, prairie chickens, gray partridge, bob-white quail, turkeys, coots, gallinules, sora and Virginia rails, American woodcock, mourning dove, and common snipe.

Sec. 3. Minnesota Statutes 1994, section 97A.015, subdivision 28, is amended to read:

Subd. 28. [MIGRATORY WATERFOWL.] "Migratory waterfowl" means brant, ducks, geese, tundra swans, trumpeter swans, and whooper swans.

Sec. 4. Minnesota Statutes 1994, section 97A.015, subdivision 52, is amended to read:

Subd. 52. [UNPROTECTED BIRDS.] "Unprotected birds" means English sparrow, blackbird, starling, magpie, cormorant, common pigeon, chukar partridge, quail other than bob-white quail, mute swan, and great horned owl.

Sec. 5. Minnesota Statutes 1994, section 97A.451, subdivision 3, is amended to read:

Subd. 3. [PERSONS UNDER AGE 16; SMALL GAME.] (a) A person under age 16 may not obtain a small game license but may take small game by firearms or bow and arrow without a license if the person is a resident:

(1) age 14 or 15 and possesses a firearms safety certificate;

(2) age 13, possesses a firearms safety certificate, and is accompanied by a parent or guardian;
or

(3) age 12 or under and is accompanied by a parent or guardian.

(b) A resident under age 16 may take small game by trapping without a small game license, but a resident ~~over age~~ 13 years of age or older must have a trapping license. A resident under age 14 13 may trap without a trapping license.

Sec. 6. Minnesota Statutes 1994, section 97A.475, subdivision 6, is amended to read:

Subd. 6. [RESIDENT FISHING.] Fees for the following licenses, to be issued to residents only, are:

- (1) to take fish by angling, for persons under age 65, \$13;
- (2) to take fish by angling, for persons age 65 and over, \$4.50;
- (3) to take fish by angling, for a combined license for a married couple, \$17.50;
- (4) to take fish by spearing from a dark house, \$13; and
- (5) to take fish by angling for a 24-hour period of 24 hours from the time of issuance selected by the licensee, \$7.50.

Sec. 7. Minnesota Statutes 1994, section 97A.475, subdivision 7, is amended to read:

Subd. 7. [NONRESIDENT FISHING.] Fees for the following licenses, to be issued to nonresidents, are:

- (1) to take fish by angling, \$27.50;
- (2) to take fish by angling limited to seven consecutive days selected by the licensee, \$19;
- (3) to take fish by angling for ~~three consecutive days~~ a 72-hour period selected by the licensee, \$16;
- (4) to take fish by angling for a combined license for a family, \$37.50;
- (5) to take fish by angling for a 24-hour period of 24 hours from the time of issuance selected by the licensee, \$7.50; and
- (6) to take fish by angling for a combined license for a married couple, limited to 14 consecutive days selected by one of the licensees, \$27.50.

Sec. 8. Minnesota Statutes 1994, section 97A.531, subdivision 1, is amended to read:

Subdivision 1. [~~SHIPPING COUPONS GENERAL.~~] A person may ship, within or out of the state, wild animals lawfully taken and possessed in Canada and that have lawfully entered the state. The shipment must have the shipping coupons required for a shipment originating in the province where the animals were taken. Fish that are lawfully taken and possessed in Canada may be brought into the state and may be transported within the state or out of the state.

Sec. 9. Minnesota Statutes 1994, section 97B.061, is amended to read:

97B.061 [REPORTS AND RECORDS.]

If requested by the commissioner, a person who has taken game must submit a report to the commissioner on a furnished form ~~before March 15~~, stating the number and or kind of each game animal taken during the preceding license year.

Sec. 10. Minnesota Statutes 1994, section 97B.075, is amended to read:

97B.075 [HUNTING RESTRICTED BETWEEN EVENING AND MORNING.]

A person may not take protected wild animals, except raccoon and fox, with a firearm between the evening and morning times established by commissioner's rule, or take big game by archery from one-half hour after sunset until one-half hour before sunrise.

Sec. 11. Minnesota Statutes 1994, section 97B.301, is amended by adding a subdivision to read:

Subd. 7. [TAKING ANTLERED DEER IN MORE THAN ONE ZONE.] (a) A license to take antlered deer in more than one zone allows the holder of the license to hunt for antlered deer in any area of the state in which antlered deer may be taken during an open season for taking deer with firearms prescribed under section 97B.311, paragraph (a), clause (1).

(b) This subdivision is effective for the 1996 hunting season.

Sec. 12. Minnesota Statutes 1994, section 97B.931, is amended to read:

97B.931 [TENDING TRAPS ~~RESTRICTED.~~]

Subdivision 1. [RESTRICTIONS.] A person may not tend a trap set for wild animals between 10:00 p.m. and 5:00 a.m. Between 5:00 a.m. and 10:00 p.m. a person on foot may use a portable artificial light to tend traps. While using a light in the field, the person may not possess or use a firearm other than a handgun of .22 caliber.

Subd. 2. [BODY-GRIPPING TRAPS.] A body-gripping, conibear-type trap need not be tended more frequently than once every third calendar day.

Sec. 13. Minnesota Statutes 1994, section 97C.025, is amended to read:

97C.025 [FISHING AND MOTORBOATS PROHIBITED IN CERTAIN AREAS.]

~~(a) Except as provided in paragraph (b), a person may not take fish from or drive motorboats over posted~~ The commissioner may prohibit fishing or the operation of motorboats by posting waters that:

- (1) are designated as spawning beds or fish preserves; or
- (2) are being used by the commissioner for fisheries research or management activities.

An area may be posted under this paragraph if necessary to prevent excessive depletion of fish or interference with fisheries research or management activities.

(b) Except as provided in paragraph (c), a person may not take fish or operate a motorboat if prohibited by posting under paragraph (a).

(c) An owner of riparian land adjacent to an area posted under paragraph (a) may operate a motorboat through the area by the shortest direct route at a speed of not more than five miles per hour.

Sec. 14. Minnesota Statutes 1994, section 97C.305, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] Except as provided in subdivision 2, a person over age 16 and under age 65 required to possess an angling license must have a trout and salmon stamp in possession to:

- (1) take fish by angling in:
 - ~~(1)~~ (i) a stream designated by the commissioner as a trout stream;
 - ~~(2)~~ (ii) a lake designated by the commissioner as a trout lake; or
 - ~~(3)~~ (iii) Lake Superior; or
- (2) possess trout or salmon taken by angling.

Sec. 15. Minnesota Statutes 1994, section 97C.345, subdivision 1, is amended to read:

Subdivision 1. [PERIOD WHEN USE PROHIBITED.] Except as specifically authorized, a person may not take fish from the third Monday in February ~~16~~ to April 30 with a spear, fish trap, net, dip net, seine, or other device capable of taking fish.

Sec. 16. Minnesota Statutes 1994, section 97C.345, subdivision 2, is amended to read:

Subd. 2. [POSSESSION.] (a) Except as specifically authorized, a person may not possess a spear, fish trap, net, dip net, seine, or other device capable of taking fish on or near any waters. Possession includes personal possession and in a vehicle.

(b) A person may possess spears, dip nets, bows and arrows, and spear guns allowed under

section 97C.381 on or near waters between sunrise and sunset ~~between~~ from May 1 and to the third Sunday in February 15.

Sec. 17. Minnesota Statutes 1994, section 97C.345, subdivision 3, is amended to read:

Subd. 3. [DIP NETS.] A person may possess and use a dip net between one hour before sunrise and one hour after sunset ~~between~~ from May 1 and to the third Sunday in February 15.

Sec. 18. Minnesota Statutes 1994, section 97C.355, subdivision 7, is amended to read:

Subd. 7. [DATES AND TIMES HOUSES MAY REMAIN ON ICE.] (a) A fish house or dark house may not be on the ice between 12:00 a.m. and one hour before sunrise after the following dates:

(1) February 28, for state waters south of a line starting at the Minnesota-North Dakota border and formed by rights-of-way of U.S. Route No. 10, then east along U.S. Route No. 10 to Trunk Highway No. 34, then east along Trunk Highway No. 34 to Trunk Highway No. 200, then east along Trunk Highway No. 200 to U.S. Route No. 2, then east along U.S. Route No. 2 to the Minnesota-Wisconsin border; and

(2) March 15, for other state waters.

A fish house or dark house on the ice in violation of this subdivision is subject to the enforcement provisions of paragraph (b). The commissioner may, by rule, change the dates in this paragraph for any part of state waters. Copies of the rule must be conspicuously posted on the shores of the waters as prescribed by the commissioner.

(b) A conservation officer must confiscate a fish house or dark house in violation of paragraph (a). The officer may remove, burn, or destroy the house. The officer shall seize the contents of the house and hold them for 60 days. If the seized articles have not been claimed by the owner, they may be retained for the use of the division or sold at the highest price obtainable in a manner prescribed by the commissioner.

Sec. 19. Minnesota Statutes 1994, section 97C.371, subdivision 4, is amended to read:

Subd. 4. [OPEN SEASON.] The open season for spearing through the ice is December 1 to the third Sunday in February 15.

Sec. 20. Minnesota Statutes 1994, section 97C.395, subdivision 1, is amended to read:

Subdivision 1. [DATES FOR CERTAIN SPECIES.] (a) The open seasons to take fish by angling are as follows:

(1) for walleye, sauger, northern pike, muskellunge, largemouth bass, and smallmouth bass, the Saturday two weeks prior to the Saturday of Memorial Day weekend to the third ~~Monday~~ Sunday in February;

(2) for lake trout, from January 1 to October 31;

(3) for brown trout, brook trout, rainbow trout, and splake, between January 1 to October 31 as prescribed by the commissioner by rule except as provided in section 97C.415, subdivision 2; and

(4) for salmon, as prescribed by the commissioner by rule.

(b) The commissioner shall close the season in areas of the state where fish are spawning and closing the season will protect the resource.

Sec. 21. Minnesota Statutes 1994, section 97C.401, subdivision 2, is amended to read:

Subd. 2. [WALLEYE; NORTHERN PIKE.] (a) Except as provided in paragraphs (b) and (c), a person may take no more than one walleye larger than 24 inches and one northern pike larger than ~~30~~ 36 inches daily.

(b) The ~~restrictions~~ restriction in paragraph (a) ~~do~~ relating to walleye does not apply to boundary waters.

(c) On Lake of the Woods, a person may take no more than one walleye larger than 19.5 inches and ~~one northern pike larger than 36 inches daily.~~

Sec. 22. Minnesota Statutes 1994, section 97C.605, subdivision 3, is amended to read:

Subd. 3. [TAKING; METHODS PROHIBITED.] (a) Except as allowed in paragraph (b), a person may take turtles in any manner, except by use of:

- (1) explosives, drugs, poisons, lime, and other harmful substances;
- (2) turtle hooks or traps; or
- (3) nets other than anglers' fish landing nets.

(b) A person with a turtle seller's license may take turtles ~~for sale as prescribed by the commissioner~~ with a floating turtle trap that:

(1) has one or more openings above the water surface that measure at least ten inches by four inches; and

(2) has a mesh size of not less than one-half inch, bar measure.

The commissioner may prescribe additional regulations for taking turtles for sale.

Sec. 23. Minnesota Statutes 1994, section 97C.821, is amended to read:

97C.821 [POSSESSION, SALE, AND TRANSPORTATION OF COMMERCIAL FISH.]

Subject to the applicable provisions of the game and fish laws, fish taken under commercial fishing licenses may be possessed in any quantity, bought, sold, and transported during the open seasons provided for the fish, and for seven days after the season closes. Fish frozen or cured during the open season may be transported, bought, and sold at any time. A commercial fishing licensee may transport the licensee's catch live to holding facilities, if the licensee has exclusive control of the facilities. Commercial fishing licensees may harvest fish from their holding facilities at any time with their licensed gear.

Sec. 24. [FIREARMS SAFETY PROGRAM; PLAN.]

The commissioner of natural resources shall develop a plan for the establishment of a firearms safety program directed at children that is value-neutral concerning firearms ownership, but that promotes awareness and understanding of the safe use and storage of firearms. The commissioner shall submit the plan and any necessary enabling legislation to the legislature by February 1, 1996.

Sec. 25. [STOCKING OF LONG LAKE IN MORRISON COUNTY.]

The Long Lake Homeowners Association may annually stock up to 5,000 walleye fingerlings in Long Lake in Richardson township in Morrison county.

Sec. 26. [REPEALER.]

Minnesota Statutes 1994, sections 97A.531, subdivisions 2, 3, 4, 5, and 6; 97B.301, subdivision 5; and 97B.731, subdivision 2, are repealed.

Sec. 27. [EFFECTIVE DATE.]

Sections 2, 8, and 26 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to game and fish; establishing hunting heritage week; designating mourning doves as game birds and mute swans as unprotected birds; clarifying terms of short-term angling licenses; removing certain requirements relating to fish taken in Canada; specifying the areas in which deer may be taken under a license to take antlered deer in more than one zone; modifying reporting requirements; modifying hours for taking certain animals; modifying provisions relating to trapping; providing for posting of waters to prohibit fishing or motorboat

operation; adjusting opening and closing dates of various seasons for taking fish; expanding the requirement to possess a trout and salmon stamp; modifying northern pike length limits; changing the date by which fish houses and dark houses must be removed from the ice in certain areas; authorizing the use of floating turtle traps; removing time limits on sale of fish by commercial licensees; requiring a plan for a firearms safety program; authorizing certain stocking activities; amending Minnesota Statutes 1994, sections 97A.015, subdivisions 24, 28, and 52; 97A.451, subdivision 3; 97A.475, subdivisions 6 and 7; 97A.531, subdivision 1; 97B.061; 97B.075; 97B.301, by adding a subdivision; 97B.931; 97C.025; 97C.305, subdivision 1; 97C.345, subdivisions 1, 2, and 3; 97C.355, subdivision 7; 97C.371, subdivision 4; 97C.395, subdivision 1; 97C.401, subdivision 2; 97C.605, subdivision 3; and 97C.821; proposing coding for new law in Minnesota Statutes, chapter 10; repealing Minnesota Statutes 1994, sections 97A.531, subdivisions 2, 3, 4, 5, and 6; 97B.301, subdivision 5; and 97B.731, subdivision 2."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 875: A bill for an act relating to capital improvements; changing the bonding authority amount for the public facilities authority; amending Minnesota Statutes 1994, section 446A.12, subdivision 1.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was re-referred

S.F. No. 1000: A bill for an act relating to metropolitan government; creating a contaminated site cleanup loan program within the metropolitan council; levying taxes; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 473.

Reports the same back with the recommendation that the bill be amended as follows:

Page 4, line 35, delete "APPROPRIATION" and insert "BOND PROCEEDS"

Page 4, line 36, delete from "\$14,000,000" through page 5, line 3, to "1."

Amend the title as follows:

Page 1, lines 4 and 5, delete "appropriating money;"

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Ms. Flynn from the Committee on Judiciary, to which was re-referred

S.F. No. 342: A bill for an act relating to children; modifying liability provisions for child abuse investigations; providing for attorney fees in certain actions; providing for the establishment of protocols for investigations; prohibiting certain conflicts of interest; providing for access to data regarding determinations of maltreatment; amending Minnesota Statutes 1994, section 626.556, subdivisions 4, 10e, 11, and by adding subdivisions.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 626.556, subdivision 4, is amended to read:

Subd. 4. [IMMUNITY FROM LIABILITY.] (a) The following persons are immune from any civil or criminal liability that otherwise might result from their actions, if they are acting in good faith:

(1) any person making a voluntary or mandated report under subdivision 3 or under section 626.5561 or assisting in an assessment under this section or under section 626.5561;

(2) any ~~social worker~~ person with responsibility for performing duties under this section or supervisor employed by a local welfare agency or the commissioner complying with subdivision 10d or the provisions of section 626.5561; and

(3) any public or private school, facility as defined in subdivision 2, or the employee of any public or private school or facility who permits access by a local welfare agency or local law enforcement agency and assists in an investigation or assessment pursuant to subdivision 10 or under section 626.5561.

(b) A person who is a supervisor or ~~social worker~~ person with responsibility for performing duties under this section employed by a local welfare agency or the commissioner complying with subdivisions 10 and 11 or section 626.5561 or any related rule or provision of law is immune from any civil or criminal liability that might otherwise result from the person's actions, if the person is acting in good faith and (1) exercising due care, or (2) following the information collection procedures established under subdivision 10, paragraphs (h), (i), and (j).

(c) This subdivision does not provide immunity to any person for failure to make a required report or for committing neglect, physical abuse, or sexual abuse of a child.

(d) If a person who makes a voluntary or mandatory report under subdivision 3 prevails in a civil action from which the person has been granted immunity under this subdivision, the court may award the person attorney fees and costs.

Sec. 2. Minnesota Statutes 1994, section 626.556, subdivision 5, is amended to read:

Subd. 5. [MALICIOUS AND RECKLESS REPORTS.] Any person who knowingly or recklessly makes a false report under the provisions of this section shall be liable in a civil suit for any actual damages suffered by the person or persons so reported and for any punitive damages set by the court or jury, plus costs and reasonable attorney fees.

Sec. 3. Minnesota Statutes 1994, section 626.556, subdivision 10, is amended to read:

Subd. 10. [DUTIES OF LOCAL WELFARE AGENCY AND LOCAL LAW ENFORCEMENT AGENCY UPON RECEIPT OF A REPORT.] (a) If the report alleges neglect, physical abuse, or sexual abuse by a parent, guardian, or individual functioning within the family unit as a person responsible for the child's care, the local welfare agency shall immediately conduct an assessment and offer protective social services for purposes of preventing further abuses, safeguarding and enhancing the welfare of the abused or neglected minor, and preserving family life whenever possible. If the report alleges a violation of a criminal statute involving sexual abuse, physical abuse, or neglect or endangerment, under section 609.378, the local law enforcement agency and local welfare agency shall coordinate the planning and execution of their respective investigation and assessment efforts to avoid a duplication of fact-finding efforts and multiple interviews. Each agency shall prepare a separate report of the results of its investigation. In cases of alleged child maltreatment resulting in death, the local agency may rely on the fact-finding efforts of a law enforcement investigation to make a determination of whether or not maltreatment occurred. When necessary the local welfare agency shall seek authority to remove the child from the custody of a parent, guardian, or adult with whom the child is living. In performing any of these duties, the local welfare agency shall maintain appropriate records.

(b) When a local agency receives a report or otherwise has information indicating that a child who is a client, as defined in section 245.91, has been the subject of physical abuse, sexual abuse, or neglect at an agency, facility, or program as defined in section 245.91, it shall, in addition to its other duties under this section, immediately inform the ombudsman established under sections 245.91 to 245.97.

(c) Authority of the local welfare agency responsible for assessing the child abuse or neglect report and of the local law enforcement agency for investigating the alleged abuse or neglect includes, but is not limited to, authority to interview, without parental consent, the alleged victim and any other minors who currently reside with or who have resided with the alleged perpetrator

offender. The interview may take place at school or at any facility or other place where the alleged victim or other minors might be found or the child may be transported to, and the interview conducted at, a place appropriate for the interview of a child designated by the local welfare agency or law enforcement agency. The interview may take place outside the presence of the ~~perpetrator~~ alleged offender or parent, legal custodian, guardian, or school official. Except as provided in this paragraph, the parent, legal custodian, or guardian shall be notified by the responsible local welfare or law enforcement agency no later than the conclusion of the investigation or assessment that this interview has occurred. Notwithstanding rule 49.02 of the Minnesota rules of procedure for juvenile courts, the juvenile court may, after hearing on an ex parte motion by the local welfare agency, order that, where reasonable cause exists, the agency withhold notification of this interview from the parent, legal custodian, or guardian. If the interview took place or is to take place on school property, the order shall specify that school officials may not disclose to the parent, legal custodian, or guardian the contents of the notification of intent to interview the child on school property, as provided under this paragraph, and any other related information regarding the interview that may be a part of the child's school record. A copy of the order shall be sent by the local welfare or law enforcement agency to the appropriate school official.

(d) When the local welfare or local law enforcement agency determines that an interview should take place on school property, written notification of intent to interview the child on school property must be received by school officials prior to the interview. The notification shall include the name of the child to be interviewed, the purpose of the interview, and a reference to the statutory authority to conduct an interview on school property. For interviews conducted by the local welfare agency, the notification shall be signed by the chair of the local social services agency or the chair's designee. The notification shall be private data on individuals subject to the provisions of this paragraph. School officials may not disclose to the parent, legal custodian, or guardian the contents of the notification or any other related information regarding the interview until notified in writing by the local welfare or law enforcement agency that the investigation or assessment has been concluded. Until that time, the local welfare or law enforcement agency shall be solely responsible for any disclosures regarding the nature of the assessment or investigation.

Except where the alleged ~~perpetrator~~ offender is believed to be a school official or employee, the time and place, and manner of the interview on school premises shall be within the discretion of school officials, but the local welfare or law enforcement agency shall have the exclusive authority to determine who may attend the interview. The conditions as to time, place, and manner of the interview set by the school officials shall be reasonable and the interview shall be conducted not more than 24 hours after the receipt of the notification unless another time is considered necessary by agreement between the school officials and the local welfare or law enforcement agency. Where the school fails to comply with the provisions of this paragraph, the juvenile court may order the school to comply. Every effort must be made to reduce the disruption of the educational program of the child, other students, or school staff when an interview is conducted on school premises.

(e) Where the ~~perpetrator~~ alleged offender or a person responsible for the care of the alleged victim or other minor prevents access to the victim or other minor by the local welfare agency, the juvenile court may order the parents, legal custodian, or guardian to produce the alleged victim or other minor for questioning by the local welfare agency or the local law enforcement agency outside the presence of the ~~perpetrator~~ alleged offender or any person responsible for the child's care at reasonable places and times as specified by court order.

(f) Before making an order under paragraph (e), the court shall issue an order to show cause, either upon its own motion or upon a verified petition, specifying the basis for the requested interviews and fixing the time and place of the hearing. The order to show cause shall be served personally and shall be heard in the same manner as provided in other cases in the juvenile court. The court shall consider the need for appointment of a guardian ad litem to protect the best interests of the child. If appointed, the guardian ad litem shall be present at the hearing on the order to show cause.

(g) The commissioner, the ombudsman for mental health and mental retardation, the local welfare agencies responsible for investigating reports, and the local law enforcement agencies have the right to enter facilities as defined in subdivision 2 and to inspect and copy the facility's

records, including medical records, as part of the investigation. Notwithstanding the provisions of chapter 13, they also have the right to inform the facility under investigation that they are conducting an investigation, to disclose to the facility the names of the individuals under investigation for abusing or neglecting a child, and to provide the facility with a copy of the report and the investigative findings.

(h) The local welfare agency shall collect available and relevant information to ascertain whether maltreatment occurred and whether protective services are needed. Information collected includes, when relevant, information with regard to the person reporting the alleged maltreatment, including the nature of the reporter's relationship to the child and to the alleged offender, and the basis of the reporter's knowledge for the report; the child allegedly being maltreated; the alleged offender; the child's caretaker; and other collateral sources having relevant information related to the alleged maltreatment. The local welfare agency may make a determination of no maltreatment early in an assessment, and close the case and retain immunity, if the collected information shows no basis for a full assessment or investigation.

Information relevant to the assessment or investigation must be asked for, and may include:

(1) the child's sex and age, prior reports of maltreatment, information relating to developmental functioning, credibility of the child's statement, and whether the information provided under this clause is consistent with other information collected during the course of the assessment or investigation;

(2) the alleged offender's age, a record check for prior reports of maltreatment, and criminal charges and convictions. The local welfare agency must provide the alleged offender with an opportunity to make a statement. The alleged offender may submit supporting documentation relevant to the assessment or investigation;

(3) collateral source information regarding the alleged maltreatment and care of the child. Collateral information includes, when relevant: (i) a medical examination of the child; (ii) prior medical records relating to the alleged maltreatment or the care of the child and an interview with the treating professionals; and (iii) interviews with the child's caretakers, including the child's parent, guardian, foster parent, child care provider, teachers, counselors, family members, relatives, and other persons who may have knowledge regarding the alleged maltreatment and the care of the child.

Nothing in this paragraph precludes the local welfare agency from collecting other relevant information necessary to conduct the assessment or investigation. Notwithstanding the data's classification in the possession of any other agency, data acquired by the local welfare agency during the course of the assessment or investigation are private data on individuals and must be maintained in accordance with subdivision 11.

(i) In the initial stages of an assessment or investigation, the local welfare agency shall conduct a face-to-face observation of the child reported to be maltreated and a face-to-face interview of the alleged offender. The interview with the alleged offender may be postponed if it would jeopardize an active law enforcement investigation.

(j) The local welfare agency shall use a question and answer interviewing format with questioning as nondirective as possible to elicit spontaneous responses. The following interviewing methods and procedures must be used whenever possible when collecting information:

(1) audio recordings of all interviews with witnesses and collateral sources; and

(2) in cases of alleged sexual abuse, audio-video recordings of each interview with the alleged victim and child witnesses.

Sec. 4. Minnesota Statutes 1994, section 626.556, subdivision 10b, is amended to read:

Subd. 10b. [DUTIES OF COMMISSIONER; NEGLECT OR ABUSE IN A FACILITY.] (a) The commissioner shall immediately investigate if the report alleges that:

(1) a child who is in the care of a facility as defined in subdivision 2 is neglected, physically

abused, or sexually abused by an individual in that facility, or has been so neglected or abused by an individual in that facility within the three years preceding the report; or

(2) a child was neglected, physically abused, or sexually abused by an individual in a facility defined in subdivision 2, while in the care of that facility within the three years preceding the report.

The commissioner shall arrange for the transmittal to the commissioner of reports received by local agencies and may delegate to a local welfare agency the duty to investigate reports. In conducting an investigation under this section, the commissioner has the powers and duties specified for local welfare agencies under this section. The commissioner or local welfare agency may interview any children who are or have been in the care of a facility under investigation and their parents, guardians, or legal custodians.

(b) Prior to any interview, the commissioner or local welfare agency shall notify the parent, guardian, or legal custodian of a child who will be interviewed in the manner provided for in subdivision 10d, paragraph (a). If reasonable efforts to reach the parent, guardian, or legal custodian of a child in an out-of-home placement have failed, the child may be interviewed if there is reason to believe the interview is necessary to protect the child or other children in the facility. The commissioner or local agency must provide the information required in this subdivision to the parent, guardian, or legal custodian of a child interviewed without parental notification as soon as possible after the interview. When the investigation is completed, any parent, guardian, or legal custodian notified under this subdivision shall receive the written memorandum provided for in subdivision 10d, paragraph (c).

(c) In conducting investigations under this subdivision the commissioner or local welfare agency shall obtain access to information consistent with subdivision 10, paragraphs (h), (i), and (j).

Sec. 5. Minnesota Statutes 1994, section 626.556, subdivision 10e, is amended to read:

Subd. 10e. [DETERMINATIONS.] Upon the conclusion of every assessment or investigation it conducts, the local welfare agency shall make two determinations: first, whether maltreatment has occurred; and second, whether child protective services are needed. Determinations under this subdivision must be made based on a preponderance of the evidence.

(a) For the purposes of this subdivision, "maltreatment" means any of the following acts or omissions committed by a person responsible for the child's care:

- (1) physical abuse as defined in subdivision 2, paragraph (d);
- (2) neglect as defined in subdivision 2, paragraph (c);
- (3) sexual abuse as defined in subdivision 2, paragraph (a); or
- (4) mental injury as defined in subdivision 2, paragraph (k).

(b) For the purposes of this subdivision, a determination that child protective services are needed means that the local welfare agency has documented conditions during the assessment or investigation sufficient to cause a child protection worker, as defined in section 626.559, subdivision 1, to conclude that a child is at significant risk of maltreatment if protective intervention is not provided and that the individuals responsible for the child's care have not taken or are not likely to take actions to protect the child from maltreatment or risk of maltreatment.

(c) This subdivision does not mean that maltreatment has occurred solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child, in lieu of medical care. However, if lack of medical care may result in serious danger to the child's health, the local welfare agency may ensure that necessary medical services are provided to the child.

Sec. 6. Minnesota Statutes 1994, section 626.556, subdivision 10f, is amended to read:

Subd. 10f. [NOTICE OF DETERMINATIONS.] Within ten working days of the conclusion of an assessment, the local welfare agency shall notify the parent or guardian of the child, the person determined to be maltreating the child, and if applicable, the director of the facility, of the determinations. ~~Within ten working days of completing an investigation of a licensed facility, the local welfare agency shall notify the person alleged to be maltreating the child, the director of the facility, and the parent or guardian of the child of the determinations~~ determination and a summary of the specific reasons for the determination. The notice must also include a certification that the information collection procedures under subdivision 10, paragraphs (h), (i), and (j), were followed and a notice of the right of a data subject to obtain access to other private data on the subject collected, created, or maintained under this section. In addition ~~to the determinations~~, the notice shall include the length of time that the records will be kept under subdivision 11c. When there is no determination of either maltreatment or a need for services, the notice shall also include the alleged perpetrator's right to have the records destroyed.

Sec. 7. Minnesota Statutes 1994, section 626.556, is amended by adding a subdivision to read:

Subd. 14. [CONFLICT OF INTEREST.] (a) A potential conflict of interest related to assisting in an assessment under this section resulting in a direct or shared financial interest with a child abuse and neglect treatment provider or resulting from a personal or family relationship with a party in the investigation must be considered by the local welfare agency in an effort to prevent unethical relationships.

(b) A person who conducts an assessment under this section or section 626.5561 may not have:

(1) any direct or shared financial interest or referral relationship resulting in a direct shared financial gain with a child abuse and neglect treatment provider; or

(2) a personal or family relationship with a party in the investigation.

If an independent assessor is not available, the person responsible for making the determination under this section may use the services of an assessor with a financial interest, referral, or personal or family relationship.

Sec. 8. [INFORMATION SHEET ON INVESTIGATION PROCESS.]

The commissioner must distribute to all local welfare agencies an information sheet that summarizes the investigation process and is based upon the commissioner's report titled "Recommended Standards for Use when Investigating Reports of Maltreatment in Child Care Facilities." The local welfare agency shall give this information sheet to all parties involved in information collection procedures under Minnesota Statutes, section 626.556, subdivision 10.

Sec. 9. [ALTERNATIVE DISPUTE RESOLUTION PROCEDURES; RECOMMENDATIONS.]

The commissioner of human services, in consultation with county attorneys, law enforcement personnel, representatives of parent and foster parent groups, facilities, attorneys and other advocates who represent the interests of persons who may be accused of child abuse and neglect, other professional human services associations, and the representatives of communities of color shall review and make recommendations to the chairs of the legislative committees on health and human services, judiciary, family services, and crime prevention on possible alternative dispute resolution or fair hearing procedures to be used in reviewing and resolving issues of alleged maltreatment and determinations of whether child protective services are needed. The purpose of the alternative dispute resolution process shall be to provide a prompt and nonadversarial opportunity to resolve allegations of maltreatment. The commissioner shall make these recommendations by January 15, 1996."

Delete the title and insert:

"A bill for an act relating to children; modifying liability provisions for child abuse investigations; providing for attorney fees in certain actions; providing for the establishment of protocols for investigations; prohibiting certain conflicts of interest; providing for access to data regarding determinations of maltreatment; amending Minnesota Statutes 1994, section 626.556, subdivisions 4, 5, 10, 10b, 10e, 10f, and by adding a subdivision."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Commerce and Consumer Protection, to which was referred

H.F. No. 536: A bill for an act relating to commerce; residential building contractors; regulating licensees; providing a clarification; amending Minnesota Statutes 1994, sections 326.83, subdivision 5, and by adding a subdivision; 326.84, subdivision 3; 326.91, subdivision 1; 326.95, subdivision 2; and 326.975, subdivision 1.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 1122: A bill for an act relating to the environment; creating the drycleaner environmental response act; requiring rulemaking; providing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 115B.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [115B.47] [CITATION.]

Sections 115B.47 to 115B.51 may be cited as the "drycleaner environmental response and reimbursement law."

Sec. 2. [115B.48] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in section 115B.02 and this section apply to sections 115B.47 to 115B.51.

Subd. 2. [DRYCLEANER ENVIRONMENTAL RESPONSE AND REIMBURSEMENT ACCOUNT; ACCOUNT.] "Drycleaner environmental response and reimbursement account" or "account" means the drycleaner environmental response and reimbursement account established in section 115B.49.

Subd. 3. [DRYCLEANING FACILITY.] "Drycleaning facility" means a facility located in this state that is or has been used for a drycleaning operation, other than:

- (1) a coin-operated drycleaning operation;
- (2) a facility located on a United States military base;
- (3) a uniform service or linen supply facility;
- (4) a prison or other penal institution;
- (5) a facility on the national priorities list established under the Federal Superfund Act; or
- (6) a facility at which a response action has been taken or started under section 115B.17 before July 1, 1995.

Subd. 4. [DRYCLEANING OPERATION.] "Drycleaning operation" means commercial cleaning of apparel and household fabrics for the general public, using one or more drycleaning solvents.

Subd. 5. [DRYCLEANING SOLVENT.] "Drycleaning solvent" means a chlorine- or hydrocarbon-based formulation or product that is used as a primary cleaning agent in drycleaning operations.

Subd. 6. [ENVIRONMENTAL RESPONSE COSTS.] "Environmental response costs" means those costs described in section 115B.17, subdivision 6.

Sec. 3. [115B.49] [DRYCLEANER ENVIRONMENTAL RESPONSE AND REIMBURSEMENT ACCOUNT.]

Subdivision 1. [ESTABLISHMENT.] The drycleaner environmental response and reimbursement account is established as an account in the state treasury.

Subd. 2. [REVENUE SOURCES.] Revenue from the following sources must be deposited in the state treasury and credited to the account:

- (1) the proceeds of the fees imposed by subdivision 4;
- (2) interest attributable to investment of money in the account;
- (3) penalties collected under subdivision 4, paragraphs (e) and (f); and
- (4) money received by the commissioner for deposit in the account in the form of gifts, grants, and appropriations.

Subd. 3. [EXPENDITURES.] (a) Money in the account may only be used:

- (1) for environmental response costs, except legal expenses, related to response actions taken by the commissioner under section 115B.50, subdivision 1;
- (2) for reimbursement of amounts spent by the commissioner from the environmental response, compensation, and compliance account for expenses described in clause (1); and
- (3) for reimbursements under section 115B.50, subdivision 2.

(b) Money in the account is appropriated to the commissioner for the purposes of this subdivision.

Subd. 4. [REGISTRATION; FEES.] (a) The owner or operator of a drycleaning facility shall register on or before July 1 of each year with the commissioner of revenue in a manner prescribed by the commissioner of revenue and pay a registration fee for the facility. The amount of the fee is:

- (1) \$500, for facilities with up to four employees;
- (2) \$1,000, for facilities with five to ten employees; and
- (3) \$1,500, for facilities with more than ten employees.

(b) A person who sells drycleaning solvents for use by drycleaning facilities in the state shall collect and remit to the commissioner of revenue, on or before the 20th day of the month following the month in which the sales of drycleaning solvents are made, a fee of:

- (1) \$3.50 for each gallon sold of perchloroethylene; and
- (2) 70 cents for each gallon sold of hydrocarbon-based drycleaning solvent.

(c) The commissioner of revenue shall provide each person who pays a registration fee under paragraph (a) with a receipt. The receipt or a copy of the receipt must be produced for inspection at the request of any authorized representative of the commissioner of revenue.

(d) The commissioner shall, after a public hearing but notwithstanding section 16A.1285, subdivision 4, annually adjust the fees in this subdivision as necessary to maintain an unencumbered balance in the account of at least \$1,000,000, but not more than \$2,000,000. Any adjustment under this paragraph must be prorated among all the fees in this subdivision. Fees adjusted under this paragraph may not exceed 200 percent of the fees in this subdivision.

(e) An owner of a drycleaning facility who fails to pay a fee under paragraph (a) when due is subject to a penalty of \$50 per facility for each day the fee is not paid.

(f) To enforce this subdivision, the commissioner of revenue may examine documents, assess and collect fees, impose sales and use tax penalties on the monthly fee under paragraph (b), and

administer appeals, in the manner provided in chapters 270 and 289A. Disclosure of data collected by the commissioner under this subdivision is governed by chapter 270B.

Sec. 4. [115B.50] [RESPONSE ACTIONS.]

Subdivision 1. [RESPONSE ACTIONS BY THE COMMISSIONER.] (a) Except where an owner or operator has elected to take response actions under subdivision 2, and in accordance with the priority list established under section 115B.17, subdivision 13, the commissioner shall take all response actions at or related to a drycleaning facility that the commissioner determines are reasonable and necessary to protect the public health or welfare or the environment under the standards required in sections 115B.01 to 115B.24.

(b) The commissioner may not seek recovery against the owner or operator of a drycleaning facility of any environmental response costs in excess of \$10,000 incurred by the commissioner at the facility, except:

(1) to the extent of insurance coverage, in excess of \$10,000, held by the owner or operator; or

(2) as provided in section 115B.51.

(c) Before taking a response action under this subdivision, the commissioner shall notify the owner or operator of the facility.

Subd. 2. [RESPONSE ACTIONS BY OWNERS OR OPERATORS; REIMBURSEMENT.] At the request of the owner or operator of a drycleaning facility who takes response actions at the facility in accordance with a response action plan approved by the commissioner, the commissioner shall reimburse the owner or operator for all but \$10,000 of the environmental response costs incurred by the owner or operator if the commissioner determines that the costs are reasonable and were actually incurred. If a request for reimbursement is denied, the owner or operator may appeal the decision as a contested case under chapter 14.

Subd. 3. [LIMITATION ON AMOUNT THAT MAY BE SPENT.] The commissioner may not, in a single fiscal year, make expenditures from the account related to a single drycleaning facility that exceed 20 percent of the balance in the account at the beginning of the fiscal year.

Sec. 5. [115B.51] [ILLEGAL ACTIONS.]

The commissioner may recover under section 115B.17, subdivision 6, that portion of the environmental response costs at a drycleaning facility that is attributable to a person who otherwise would be responsible for the release or threatened release under section 115B.03, and whose actions related to the release or threatened release were in violation of federal or state hazardous waste management laws in effect at the time of those actions.

Sec. 6. [EFFECTIVE DATE.]

Section 3, subdivision 4, paragraph (d), is effective for annual fees due by July 1, 1997, and for monthly fees due by July 20, 1997."

Delete the title and insert:

"A bill for an act relating to the environment; establishing a program for funding response actions to address environmental contamination from drycleaning facilities; proposing coding for new law in Minnesota Statutes, chapter 115B."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 568 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS**CONSENT CALENDAR****CALENDAR**H.F. No.
568S.F. No.
528

H.F. No.

S.F. No.

H.F. No.

S.F. No.

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 612 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS**CONSENT CALENDAR****CALENDAR**H.F. No.
612S.F. No.
543

H.F. No.

S.F. No.

H.F. No.

S.F. No.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 612 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 612 and insert the language after the enacting clause of S.F. No. 543, the second engrossment; further, delete the title of H.F. No. 612 and insert the title of S.F. No. 543, the second engrossment.

And when so amended H.F. No. 612 will be identical to S.F. No. 543, and further recommends that H.F. No. 612 be given its second reading and substituted for S.F. No. 543, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 751 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS**CONSENT CALENDAR****CALENDAR**H.F. No.
751S.F. No.
649

H.F. No.

S.F. No.

H.F. No.

S.F. No.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 751 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 751 and insert the language after the enacting clause of S.F. No. 649, the first engrossment; further, delete the title of H.F. No. 751 and insert the title of S.F. No. 649, the first engrossment.

And when so amended H.F. No. 751 will be identical to S.F. No. 649, and further recommends that H.F. No. 751 be given its second reading and substituted for S.F. No. 649, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1363 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS**CONSENT CALENDAR****CALENDAR**H.F. No.
1363S.F. No.
1336

H.F. No.

S.F. No.

H.F. No.

S.F. No.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1363 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1363 and insert the language after the enacting clause of S.F. No. 1336, the first engrossment; further, delete the title of H.F. No. 1363 and insert the title of S.F. No. 1336, the first engrossment.

And when so amended H.F. No. 1363 will be identical to S.F. No. 1336, and further recommends that H.F. No. 1363 be given its second reading and substituted for S.F. No. 1336, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health Care, to which was referred

S.F. No. 1075: A bill for an act relating to health; modifying provisions relating to X-ray operators and inspections; establishing an advisory committee; amending Minnesota Statutes 1994, section 144.121, by adding subdivisions.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 20, delete "may" and insert "shall"

Page 2, line 14, after the period, insert "The committee shall expire March 31, 1996."

And when so amended the bill do pass and be re-referred to the Committee on Governmental Operations and Veterans. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health Care, to which was referred

S.F. No. 1417: A bill for an act relating to health; occupations and professions; modifying provisions relating to the office of mental health practice; licensing of chemical dependency counselors and hearing instrument dispensers; establishing an advisory council; providing penalties; amending Minnesota Statutes 1994, sections 148B.66, subdivisions 1 and 2, and by adding a subdivision; 148B.68, subdivision 1; 148B.70, subdivision 3; 148C.01; 148C.02; 148C.03, subdivision 1, and by adding a subdivision; 148C.04, subdivisions 2, 3, and 4; 148C.05; 148C.06; 148C.07; 148C.08; 148C.09; 148C.10; 148C.11; 153A.13; 153A.14; 153A.15, subdivisions 1 and 2; 153A.17; 153A.18; 153A.19; 214.01, subdivision 2; 214.10, subdivision 8; and 214.103, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 148C; and 153A; repealing Minnesota Statutes 1994, sections 148B.62; 148C.01, subdivision 8; 148C.03, subdivisions 2 and 3; 148C.035; 148C.09, subdivision 3; and 153A.19, subdivision 1; Minnesota Rules, chapters 4692; and 4745.

Reports the same back with the recommendation that the bill be amended as follows:

Page 8, line 31, strike "chemical dependency" and insert "alcohol and drug"

Page 8, line 33, after "program" insert "that offers no less than the required number of education and practicum hours as described in section 148C.04, subdivision 3, and the core functions as defined in subdivision 9, and"

Page 9, line 3, delete "chemical dependency" and insert "alcohol and drug" and delete everything after "counseling"

Page 9, line 4, delete "functions" and insert "for inclusion of the education, practicum, and core function standards in this chapter"

Page 18, after line 17, insert:

"Sec. 12. Minnesota Statutes 1994, section 148C.04, subdivision 1, is amended to read:

Subdivision 1. [GENERAL REQUIREMENTS.] The commissioner shall issue licenses to the individuals qualified under sections 148C.01 to 148C.11 to practice ~~chemical dependency~~ alcohol and drug counseling."

Page 29, delete lines 14 to 24

Page 33, delete lines 5 to 15

Page 33, line 16, delete "7" and insert "6"

Page 33, line 25, delete "8" and insert "7"

Page 33, line 26, delete "7" and insert "6"

Page 34, line 25, delete "; IMMUNITY"

Page 34, line 32, after the comma, insert "pursuant to this section and Code of Federal Regulations, title 42, part 2,"

Page 35, line 5, delete from "If" through page 35, line 12, to "proceeding."

Page 36, line 19, delete "gross"

Page 43, line 33, delete everything after "including"

Page 44, lines 13 and 19, after the first "of" insert "completion of"

Page 44, line 22, after the period, insert "The first report of evidence of completion of the continuing education credits shall be due October 1, 1997."

Page 46, line 11, delete "unless" and insert "and if for any reason"

Page 46, line 12, delete from "due" through page 46, line 14, to "documented" and insert "pursuant to the United States Food and Drug Administration guidelines, an audiologist shall evaluate the hearing and the need for a hearing instrument"

Page 46, line 24, delete "(LDL/UCL/TD)"

Page 50, line 11, delete "selling" and insert "dispensing"

Page 51, line 27, strike "sponsor" and insert "supervise"

Page 60, delete lines 14 to 17 and insert:

"Sections 1 to 38 are effective the day following final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 11, after "subdivisions" insert "1,"

And when so amended the bill do pass and be re-referred to the Committee on Governmental Operations and Veterans. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health Care, to which was referred

S.F. No. 425: A bill for an act relating to health; providing rulemaking authority; modifying enforcement and fee provisions; providing penalties; amending Minnesota Statutes 1994, sections 144.414, subdivision 3; 144.417, subdivision 1; 144.99, subdivisions 1, 4, and 6; 144.991, subdivision 5; 326.75, subdivision 3a; and 326.78, subdivisions 2 and 9; proposing coding for new

law in Minnesota Statutes, chapter 144; repealing Minnesota Statutes 1994, section 144.8781, subdivision 4; Laws 1989, chapter 282, article 3, section 28; and Laws 1993, chapter 286, section 11.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 14, after "POOLS" insert "; ENCLOSED SPORTS ARENAS"

Page 1, line 15, before "The" insert "Subdivision 1. [PUBLIC POOLS.]"

Page 1, after line 21, insert:

"Subd. 2. [ENCLOSED SPORTS ARENAS.] The commissioner of health shall be responsible for the adoption of rules and enforcement of applicable laws and rules relating to indoor air quality in the operation and maintenance of enclosed sports arenas."

Page 2, line 8, delete "well-ventilated area" and insert "room ventilated at a rate of 60 cubic feet per minute per person"

Page 2, line 30, strike "144.878" and insert "144.879"

Page 3, after line 34, insert:

"Sec. 7. Minnesota Statutes 1994, section 144.99, subdivision 8, is amended to read:

Subd. 8. [DENIAL OR REFUSAL TO REISSUE PERMITS, LICENSES, REGISTRATIONS, OR CERTIFICATES.] (a) The commissioner may deny or refuse to renew an application for a permit, license, registration, or certificate required under the statutes or rules cited in subdivision 1, if the applicant does not meet or fails to maintain the minimum qualifications for holding a permit, license, registration, or certificate or has any unresolved violations related to the activity for which the permit, license, registration, or certificate was issued.

(b) The commissioner may also deny or refuse to renew a permit, license, registration, or certificate required under the statutes or rules cited in subdivision 1 if the applicant has a persistent pattern of violations related to the permit, license, registration, or certificate, or if the applicant submitted false material information to the department in connection with the application.

(c) The commissioner may condition the grant or renewal of a permit, license, registration, or certificate on a demonstration by the applicant that actions needed to ensure compliance with the requirements of the statutes listed in subdivision 1 have been taken, or may place conditions on or issue a limited permit, license, registration, or certificate as a result of previous violations by the applicant.

Sec. 8. Minnesota Statutes 1994, section 144.99, subdivision 10, is amended to read:

Subd. 10. [HEARINGS RELATED TO DENIAL, REFUSAL TO RENEW, SUSPENSION, OR REVOCATION OF A PERMIT, LICENSE, REGISTRATION, OR CERTIFICATE.] If the commissioner proposes to deny, refuses to renew, suspends, or revokes a permit, license, registration, or certificate under subdivision 8 or 9, the commissioner must first notify, in writing, the person against whom the action is proposed to be taken and provide the person an opportunity to request a hearing under the contested case provisions of chapter 14. If the person does not request a hearing by notifying the commissioner within 20 days after receipt of the notice of proposed action, the commissioner may proceed with the action without a hearing."

Page 4, line 13, delete "ten" and insert "15"

Page 5, after line 13, insert:

"Sec. 10. Minnesota Statutes 1994, section 326.71, subdivision 4, is amended to read:

Subd. 4. [ASBESTOS-RELATED WORK.] "Asbestos-related work" means the enclosure, removal, or encapsulation of asbestos-containing material in a quantity that meets or exceeds 260 lineal feet of friable asbestos-containing material on pipes, 160 square feet of friable asbestos-containing material on other facility components, or, if linear feet or square feet cannot

be measured, a total of 35 cubic feet of friable asbestos-containing material on or off all facility components in one facility. In the case of single or multifamily residences, "asbestos-related work" also means the enclosure, removal, or encapsulation of greater than ten but less than 260 lineal feet of friable asbestos-containing material on pipes or ducts or greater than six but less than 160 square feet of friable asbestos-containing material on other facility components. This provision excludes asbestos-containing floor tiles and sheeting, roofing materials, siding, and all ceilings with asbestos-containing material in single family residences and buildings with no more than four dwelling units. Asbestos-related work includes asbestos abatement area preparation; enclosure, removal, encapsulation, or repair operations; and an air quality monitoring specified in rule to assure that the abatement and adjacent areas are not contaminated with asbestos fibers during the project and after completion.

For purposes of this subdivision, the quantity of asbestos containing material applies separately for every project ~~permit fee paid under section 326.75, subdivision 3.~~"

Page 6, after line 24, insert:

"Sec. 14. [EXTENSION OF HEARING INSTRUMENT DISPENSER TRAINEE PERIOD.]

Notwithstanding Minnesota Statutes, section 153A.14, subdivision 4a, paragraph (a), persons approved by the commissioner of health as a hearing instrument dispenser trainee after July 1, 1994, and before December 1, 1994, may continue to dispense hearing instruments as a trainee until November 1, 1995."

Page 6, line 26, delete "section" and insert "sections 144.877, subdivision 5;" and delete "subdivision 4" and insert "subdivisions 4 and 6"

Page 6, line 27, delete "is" and insert "are" and delete everything after the period

Page 6, line 28, delete "are" and insert "is" and after the period, insert "Minnesota Rules, part 4620.1500, is repealed."

Sec. 16. [EFFECTIVE DATE.]

Section 14 is effective the day following final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete "and 6" and insert "6, 8, and 10"

Page 1, line 7, after the first semicolon, insert "326.71, subdivision 4;"

Page 1, delete lines 10 and 11 and insert "1994, sections 144.877, subdivision 5; 144.8781, subdivisions 4 and 6; Laws 1993,"

Page 1, line 12, before the period, insert "; Minnesota Rules, part 4620.1500"

And when so amended the bill do pass and be re-referred to the Committee on Governmental Operations and Veterans. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 936: A bill for an act relating to alcoholic beverages; providing that restrictions on a manufacturer or brewer holding an interest in a retail license do not apply to brewers whose only manufacture is in brewery-restaurants; amending Minnesota Statutes 1994, section 340A.301, subdivision 7.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 340A.101, subdivision 25, is amended to read:

Subd. 25. [RESTAURANT.] "Restaurant" is an establishment, other than a hotel, under the control of a single proprietor or manager, where meals are regularly prepared on the premises and served at tables to the general public, and having a minimum seating capacity for guests in the following minimum numbers: as prescribed by the appropriate license issuing authority.

(a) First class cities	50
(b) Second and third class cities and statutory cities of over 10,000 population	30
(c) Unincorporated or unorganized territory other than in Cook, Itasca, Lake, Lake of the Woods, and St. Louis counties	100
(d) Unincorporated or unorganized territory in Cook, Itasca, Lake, Lake of the Woods, and St. Louis counties	50

~~In the case of classes (b) and (c) above, the governing body of a city or county may prescribe a higher minimum number. In fourth class cities and statutory cities under 10,000 population, minimum seating requirements are those prescribed by the governing body of the city.~~

Sec. 2. Minnesota Statutes 1994, section 340A.301, subdivision 6, is amended to read:

Subd. 6. [FEES.] The annual fees for licenses under this section are as follows:

(a) Manufacturers (except as provided in clauses (b) and (c))	\$15,000
Duplicates	\$ 3,000
(b) Manufacturers of wines of not more than 25 percent alcohol by volume	\$ 500
(c) Brewers other than those described in clauses (d) and (i)	\$ 2,500
(d) Brewers who also hold a <u>one or more retail on-sale license licenses</u> and who manufacture fewer than 3,500 barrels of malt liquor in a year, except as provided in subdivision 10, <u>at any one licensed premises, the entire production of which is solely for consumption on tap on the licensed premises. A brewer licensed under this paragraph must obtain a separate license for each licensed premises where the brewer brews malt liquor. A brewer licensed under this paragraph may not be licensed as an importer under this chapter</u>	\$ 500
(e) Wholesalers (except as provided in clauses (f), (g), and (h))	\$15,000
Duplicates	\$ 3,000
(f) Wholesalers of wines of not more than 25 percent alcohol by volume	\$ 2,000
(g) Wholesalers of intoxicating malt liquor	\$ 600
Duplicates	\$ 25
(h) Wholesalers of 3.2 percent malt liquor	\$ 10
(i) Brewers who manufacture fewer than 2,000 barrels of malt liquor in a year	\$ 150

If a business licensed under this section is destroyed, or damaged to the extent that it cannot be carried on, or if it ceases because of the death or illness of the licensee, the commissioner may refund the license fee for the balance of the license period to the licensee or to the licensee's estate.

Sec. 3. Minnesota Statutes 1994, section 340A.301, subdivision 7, is amended to read:

Subd. 7. [INTEREST IN OTHER BUSINESS.] (a) Except as provided in this subdivision, a holder of a license as a manufacturer, brewer, importer, or wholesaler may not have any ownership, in whole or in part, in a business holding a retail intoxicating liquor or 3.2 percent malt liquor license. The commissioner may not issue a license under this section to a manufacturer, brewer, importer, or wholesaler if a retailer of intoxicating liquor has a direct or indirect interest in the manufacturer, brewer, importer, or wholesaler. A manufacturer or wholesaler of intoxicating liquor may use or have property rented for retail intoxicating liquor sales only if the manufacturer or wholesaler has owned the property continuously since November 1, 1933. A retailer of intoxicating liquor may not use or have property rented for the manufacture or wholesaling of intoxicating liquor.

~~(b) A licensed brewer of malt liquor described in~~ licensed under subdivision 6, clause (d), may be issued an on-sale intoxicating liquor or 3.2 percent malt liquor license by a municipality for a restaurant operated in or immediately adjacent to the place of manufacture. Malt liquor brewed by such a licensee may not be removed from the licensed premises unless the malt liquor is entered in a tasting competition where none of the malt liquor so removed is sold. A brewer licensed under subdivision 6, clause (d), may hold or have an interest in other retail on-sale licenses, but may not have an ownership interest in whole or in part, or be an officer, director, agent, or employee of, any other manufacturer, brewer, importer, or wholesaler, or be an affiliate thereof whether the affiliation is corporate or by management, direction, or control. Notwithstanding this prohibition, a brewer licensed under subdivision 6, clause (d), may be an affiliate or subsidiary company of a brewer licensed in Minnesota or elsewhere if that brewer's only manufacture of malt liquor is:

(1) manufacture licensed under subdivision 6, clause (d);

(2) manufacture in another state for consumption exclusively in a restaurant located in the place of manufacture; or

(3) manufacture in another state for consumption primarily in a restaurant located in or immediately adjacent to the place of manufacture if the brewer was licensed under subdivision 6, clause (d), as of January 1, 1995.

(c) Except as provided in subdivision 7a, no brewer as defined in subdivision 7a may have any interest, in whole or in part, directly or indirectly, in the license, business, assets, or corporate stock of a licensed malt liquor wholesaler.

Sec. 4. Minnesota Statutes 1994, section 340A.311, is amended to read:

340A.311 [BRAND REGISTRATION.]

(a) A brand of intoxicating liquor or 3.2 percent malt liquor may not be manufactured, imported into, or sold in the state unless the brand label has been registered with and approved by the commissioner. A brand registration must be renewed every three years in order to remain in effect. The fee for an initial brand registration is \$30. The fee for brand registration renewal is \$20. The brand label of a brand of intoxicating liquor or 3.2 percent malt liquor for which the brand registration has expired, is conclusively deemed abandoned by the manufacturer or importer.

(b) In this section "brand" and "brand label" include trademarks and designs used in connection with labels.

(c) The label of any brand of ~~wine or intoxicating or nonintoxicating malt~~ alcoholic beverage may be registered only by the brand owner or authorized agent. No such brand may be imported into the state for sale without the consent of the brand owner or authorized agent. This section does not limit the provisions of section 340A.307.

(d) The commissioner shall refuse to register a malt liquor brand label, and shall revoke the

registration of a malt liquor brand label already registered, if the brand label states or implies in a false or misleading manner a connection with an actual living or dead American Indian leader. This paragraph does not apply to a brand label registered for the first time in Minnesota before January 1, 1992.

Sec. 5. [340A.33] [BREW ON PREMISES STORE.]

Notwithstanding anything in this chapter, the owner of a brew on premises store shall not be considered a brewer, manufacturer, wholesaler, or retailer of intoxicating liquor if the owner complies with this section and with Code of Federal Regulations, title 27, part 25, subpart L, sections 25.205 and 25.206. For purposes of this section, a brew on premises store is a facility that provides the ingredients and equipment for a customer to use to brew malt liquor at the store. Intoxicating liquor may not be sold or otherwise provided to customers of a brew on premises store, unless the owner of the brew on premises store holds the appropriate liquor license. Customers using the brew on premises store must be of a minimum age to purchase intoxicating liquor. Intoxicating malt liquor brewed by a customer in the store must not be sold and must be used by the customer solely for personal or family use.

Sec. 6. Minnesota Statutes 1994, section 340A.401, is amended to read:

340A.401 [LICENSE REQUIRED.]

Except as provided in this chapter, no person may directly or indirectly, on any pretense or by any device, sell, barter, keep for sale, charge for possession, or otherwise dispose of alcoholic beverages as part of a commercial transaction without having obtained a license.

Sec. 7. Minnesota Statutes 1994, section 340A.404, subdivision 2, is amended to read:

Subd. 2. [SPECIAL PROVISION; CITY OF MINNEAPOLIS.] (a) The city of Minneapolis may issue an on-sale intoxicating liquor license to the Guthrie Theatre, the Cricket Theatre, the Orpheum Theatre, and the State Theatre, notwithstanding the limitations of law, or local ordinance, or charter provision relating to zoning or school or church distances. The licenses authorize sales on all days of the week to holders of tickets for performances presented by the theatres and to members of the nonprofit corporations holding the licenses and to their guests.

(b) The city of Minneapolis may issue an intoxicating liquor license to 510 Groveland Associates, a Minnesota cooperative, for use by a restaurant on the premises owned by 510 Groveland Associates, notwithstanding limitations of law, or local ordinance, or charter provision.

(c) The city of Minneapolis may issue an on-sale intoxicating liquor license to Zuhrah Shrine Temple for use on the premises owned by Zuhrah Shrine Temple at 2540 Park Avenue South in Minneapolis, notwithstanding limitations of law, or local ordinances, or charter provision relating to zoning or school or church distances.

(d) The city of Minneapolis may issue an on-sale intoxicating liquor license to the American Association of University Women, Minneapolis branch, for use on the premises owned by the American Association of University Women, Minneapolis branch, at 2115 Stevens Avenue South, notwithstanding limitations of law, or local ordinances, or charter provisions relating to zoning or school or church distances.

Sec. 8. Minnesota Statutes 1994, section 340A.404, is amended by adding a subdivision to read:

Subd. 12. [CATERER'S PERMIT.] The commissioner may issue a caterer's permit to a restaurant that holds an on-sale intoxicating liquor license issued by any municipality. The holder of a caterer's permit may sell intoxicating liquor as an incidental part of a food service that serves prepared meals at a place other than the premises for which the holder's on-sale intoxicating liquor license is issued.

(a) A caterer's permit is auxiliary to the primary on-sale license held by the licensee.

(b) The restrictions and regulations which apply to the sale of intoxicating liquor on the licensed premises also apply to the sale under the authority of a caterer's permit, and any act that

is prohibited on the licensed premises is also prohibited when the licensee is operating other than on the licensed premises under a caterer's permit.

(c) Any act, which if done on the licensed premises would be grounds for cancellation or suspension of the on-sale licensee, is grounds for cancellation of both the on-sale license and the caterer's permit if done when the permittee is operating away from the licensed premises under the authority of the caterer's permit.

(d) The permittee shall notify prior to any catered event:

(1) the police chief of the city where the event will take place, if the event will take place within the corporate limits of a city; or

(2) the county sheriff of the county where the event will take place, if the event will be outside the corporate limits of any city.

(e) If the primary license ceases to be valid for any reason, the caterer's permit ceases to be valid.

(f) Permits issued under this subdivision are subject to all laws and ordinances governing the sale of intoxicating liquor except those laws and ordinances which by their nature are not applicable.

(g) The annual state fee for a caterer's permit is \$200.

Sec. 9. Minnesota Statutes 1994, section 340A.414, subdivision 1, is amended to read:

Subdivision 1. [PERMIT REQUIRED.] No business establishment or club which does not hold an on-sale intoxicating liquor license may directly or indirectly allow the consumption and display of ~~intoxicating liquor~~ alcoholic beverages or knowingly serve any liquid for the purpose of mixing with intoxicating liquor without first having obtained a permit from the commissioner.

Sec. 10. [CLAY COUNTY; ON-SALE LICENSE.]

Notwithstanding any state or local law or charter provision, the Clay county board may issue one on-sale intoxicating liquor license to a premises located in Elkton township. The license is not subject to the requirements of Minnesota Statutes, section 340A.101, subdivision 25. The license is subject to all other provisions of Minnesota Statutes, chapter 340A.

Sec. 11. [INTERNATIONAL FALLS; TEMPORARY LICENSE.]

Notwithstanding any law to the contrary, the city of International Falls may issue to a nonprofit organization or corporation a temporary on-sale license for the sale and serving of intoxicating liquor in a sports arena owned by independent school district No. 361. The license authorized under this section is valid for not more than seven consecutive days during the months of June and July, 1995. The license is in addition to the number of temporary on-sale licenses authorized by law. The city shall determine the fee for the license. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the license authorized by this section.

Sec. 12. [MINNEAPOLIS; ON-SALE LICENSE.]

Notwithstanding any state or local law or charter provision, the Minneapolis city council may issue an on-sale wine license to a restaurant located at 5000 Penn Avenue South. The license is subject to all other provisions of Minnesota Statutes, chapter 340A.

Sec. 13. [ST. LOUIS COUNTY; ON-SALE LICENSE.]

Notwithstanding any state or local law or charter provision to the contrary, the St. Louis county board may issue one on-sale intoxicating malt liquor license to an establishment located in township 65, range 18, section 33. The county board shall set the fee for the license. The license is subject to all provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section.

Sec. 14. [STEARNS COUNTY; ON-SALE LICENSE.]

Notwithstanding Minnesota Statutes, section 340A.412, subdivision 4, paragraph (a), clause (9), or any local law or charter provision, the Stearns county board may issue one combination off-sale and on-sale intoxicating liquor license to a premises located in Farming township. The license is subject to all provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section.

Sec. 15. [REPEALER.]

Minnesota Statutes 1994, section 340A.301, subdivision 10, is repealed.

Sec. 16. [EFFECTIVE DATE.]

Sections 3, 5, 6, and 9 are effective the day following final enactment.

Section 7 is effective on approval by the Minneapolis city council and compliance with Minnesota Statutes, section 645.021.

Section 10 is effective on approval by the Clay county board and compliance with Minnesota Statutes, section 645.021.

Section 11 is effective on approval by the International Falls city council and compliance with Minnesota Statutes, section 645.021.

Section 12 is effective on approval by the Minneapolis city council and compliance with Minnesota Statutes, section 645.021.

Section 13 is effective on approval by the St. Louis county board and compliance with Minnesota Statutes, section 645.021.

Section 14 is effective on approval by the Stearns county board and compliance with Minnesota Statutes, section 645.021."

Delete the title and insert:

"A bill for an act relating to liquor; removing statutory minimum restaurant seating capacities and permitting the local license issuing authority to establish minimum restaurant seating capacities; providing that restrictions on a manufacturer or brewer holding an interest in a retail license do not apply to brewers whose only manufacture is in brewery-restaurants; regulating alcoholic beverage brand registration; regulating brew on premises stores; authorizing the issuance of an on-sale liquor license; licensing and permitting requirements; regulating the standards of fill for distilled spirits; authorizing the Clay county board to issue one on-sale intoxicating liquor license; authorizing the city of International Falls to issue a temporary on-sale intoxicating liquor license for sales on property owned by a school district; authorizing the Minneapolis city council to issue an on-sale wine license to a restaurant; authorizing the St. Louis county board to issue one on-sale intoxicating malt liquor license; authorizing the Stearns county board to issue an intoxicating liquor license; amending Minnesota Statutes 1994, sections 340A.101, subdivision 25; 340A.301, subdivisions 6 and 7; 340A.311; 340A.401; 340A.404, subdivision 2, and by adding a subdivision; and 340A.414, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 340A; repealing Minnesota Statutes 1994, section 340A.301, subdivision 10."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 1236: A bill for an act relating to agriculture; providing for land application of agricultural chemical contaminated media; amending Minnesota Statutes 1994, section 18D.01, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 18D.

Reports the same back with the recommendation that the report from the Committee on Agriculture and Rural Development, shown in the Journal for April 3, 1995, be adopted; that committee recommendation being;

"the bill be amended and when so amended the bill do pass". Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 1136: A bill for an act relating to human services; providing firearms background check; providing mental health services; adding provisions for paternity testing; adding provisions for paternity and child support; consolidating the prepaid medical assistance; providing penalties; amending Minnesota Statutes 1994, sections 245.041; 245.4871, subdivisions 12 and 33a; 245.4873, subdivision 6; 245.4874; 245.4875, subdivision 2; 245.4878; 245.4885, subdivision 2; 253B.091; 256.015, subdivision 7; 256.025, subdivisions 1 and 3; 256.12, subdivision 14; 256.74, by adding a subdivision; 256.76, subdivision 1; 256B.69, subdivisions 4, 6, and by adding subdivisions; 256E.08, subdivision 8; 257.55, subdivision 1; 257.57, subdivision 2; 257.62, subdivisions 1, 5, and 6; 257.64, subdivision 3; 257.69, subdivisions 1 and 2; 518.171, subdivisions 1, 3, 4, 5, 7, and 8; 518.611, subdivisions 2 and 4; 518.613, subdivision 7; and 518.615, subdivision 3; repealing Minnesota Statutes 1994, sections 62C.141; 62C.143; 62D.106; and 62E.04, subdivisions 9 and 10.

Reports the same back with the recommendation that the report from the Committee on Judiciary, shown in the Journal for April 3, 1995, be adopted; that committee recommendation being:

"the bill do pass". Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 1164: A bill for an act relating to transportation; allowing commissioner of transportation to act as agent to accept federal money for nonpublic organizations for transportation purposes; increasing maximum lump sum utility adjustment amount allowed for relocating utility facility; eliminating percentage limit for funding transportation research projects and providing for federal research funds and research partnerships; allowing counties more authority in disbursing certain state-aid highway funds; eliminating requirement to have permit identifying number affixed to highway billboard; eliminating legislative route No. 331 from trunk highway system and turning it back to the jurisdiction of Fillmore county; making technical corrections; amending Minnesota Statutes 1994, sections 161.085; 161.36, subdivisions 1, 2, 3, and 4; 161.46, subdivision 3; 161.53; 162.08, subdivisions 4 and 7; 162.14, subdivision 6; 173.07, subdivision 1; 174.04; repealing Minnesota Statutes 1994, sections 161.086; 161.115, subdivision 262.

Reports the same back with the recommendation that the report from the Committee on Transportation and Public Transit, shown in the Journal for April 3, 1995, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass". Amendments adopted. Report adopted.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

H.F. No. 446: A bill for an act relating to occupations and professions; establishing licensure for acupuncture practitioners by the board of medical practice; providing penalties; proposing coding for new law as Minnesota Statutes, chapter 147B.

Reports the same back with the recommendation that the bill do pass. Mr. Merriam questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

H.F. No. 1060: A bill for an act relating to local government; excluding certain fire and police department employees from civil service in the city of South St. Paul.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Spear from the Committee on Crime Prevention, to which was referred

H.F. No. 564: A bill for an act relating to notaries; providing licensed peace officers with the powers of a notary public for administering oaths upon information submitted to establish probable cause; amending Minnesota Statutes 1994, section 358.15.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

Mr. Solon from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 1343: A bill for an act relating to occupations and professions; providing for biennial license renewal for individual certified and licensed public accountants; amending Minnesota Statutes 1994, sections 326.20, subdivision 1; and 326.22, subdivision 2.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, after line 4, insert:

"Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective January 1, 1997."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Ms. Flynn from the Committee on Judiciary, to which was referred

H.F. No. 567: A bill for an act relating to data practices; providing for disclosure of certain hospital and health care provider tax data to the commissioner of human services and the United States Department of Health and Human Services; amending Minnesota Statutes 1994, section 270B.14, subdivision 1.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

Mr. Vickerman from the Committee on Metropolitan and Local Government, to which was referred

S.F. No. 1374: A bill for an act relating to government; modifying a budget report date for cities; eliminating certain budget publication requirements; amending Minnesota Statutes 1994, sections 6.745, subdivision 1; and 471.6965.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 5, after "(2)" insert "for a city in the metropolitan area as defined in section 473.121, subdivision 2,"

Page 2, line 6, delete "taxpayers" and insert "households"

Page 2, after line 6, insert:

"If the summary budget statement is published in a city newsletter, it must be the lead story. If the summary budget statement is published through a city newsletter or other city mailing, a copy of the newsletter or mailing shall be sent on request to any nonresident. If the summary budget statement is published by a mailing to households other than a newsletter, the color of the paper on which the summary budget statement is printed must be distinctively different than the paper containing other printed material included in the mailing."

Page 2, line 13, delete the new language

Page 2, delete lines 14 to 18

Amend the title as follows:

Page 1, line 3, delete "eliminating" and insert "modifying"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 1520: A bill for an act relating to the environment; extending the notification requirements for landfarming contaminated soil to unorganized townships; requiring that notice must be filed with the county recorder when a permit is issued to landfarm contaminated soil; amending Minnesota Statutes 1994, section 116.07, subdivision 11.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 15, strike "in" and delete "an organized or"

Page 1, line 16, delete "unorganized" and strike "township other than" and insert "outside" and strike the second "township" and insert "town"

Page 1, line 17, delete "organized"

Page 1, delete line 18 and insert "township town, where"

Page 1, line 19, after "occur" insert ", or the county board if the spreading would occur outside a town,"

Page 1, line 22, strike "township" and insert "town"

Page 1, line 23, strike "township" and delete the new language

Page 1, delete line 24 and insert "township town, where the soil is to"

Page 1, line 25, after "spread" insert ", or the county board if the spreading would occur outside a town,"

Page 1, delete lines 26 and 27

Page 2, delete line 1

Amend the title as follows:

Page 1, line 4, delete everything after "soil"

Page 1, delete line 5

Page 1, line 6, delete everything before the semicolon

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

Ms. Piper from the Committee on Family Services, to which was re-referred

S.F. No. 217: A bill for an act relating to family law; providing for enforcement of child support obligations; expanding enforcement remedies for child support; authorizing programs; providing for resolution of custody and visitation disputes; imposing penalties; appropriating money; amending Minnesota Statutes 1994, sections 13.46, subdivision 2; 168A.05, subdivisions 2, 3, 7, and by adding a subdivision; 168A.16; 168A.20, by adding a subdivision; 168A.21; 168A.29, subdivision 1; 214.101, subdivisions 1 and 4; 518.171, subdivision 2a; 518.24; and

518.551, subdivision 12, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 171; 256; and 518; repealing Minnesota Statutes 1994, sections 214.101, subdivisions 2 and 3; 518.561; and 518.611, subdivision 8.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

CHILD SUPPORT ENFORCEMENT AND COOPERATION FOR CHILDREN

Section 1. Minnesota Statutes 1994, section 13.46, subdivision 2, is amended to read:

Subd. 2. [GENERAL.] (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

- (1) pursuant to section 13.05;
- (2) pursuant to court order;
- (3) pursuant to a statute specifically authorizing access to the private data;
- (4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;
- (5) to personnel of the welfare system who require the data to determine eligibility, amount of assistance, and the need to provide services of additional programs to the individual;
- (6) to administer federal funds or programs;
- (7) between personnel of the welfare system working in the same program;
- (8) the amounts of cash public assistance and relief paid to welfare recipients in this state, including their names and social security numbers, upon request by the department of revenue to administer the property tax refund law, supplemental housing allowance, and the income tax;
- (9) to the Minnesota department of economic security for the purpose of monitoring the eligibility of the data subject for reemployment insurance, for any employment or training program administered, supervised, or certified by that agency, or for the purpose of administering any rehabilitation program, whether alone or in conjunction with the welfare system, and to verify receipt of energy assistance for the telephone assistance plan;
- (10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;
- (11) data maintained by residential facilities as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state pursuant to Part C of Public Law Number 98-527 to protect the legal and human rights of persons with mental retardation or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;
- (12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;
- (13) data on a child support obligor who makes payments to the public agency may be disclosed to the higher education coordinating board to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);
- (14) participant social security numbers and names collected by the telephone assistance program may be disclosed to the department of revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;

(15) the current address of a recipient of aid to families with dependent children may be disclosed to law enforcement officers who provide the name and social security number of the recipient and satisfactorily demonstrate that: (i) the recipient is a fugitive felon, including the grounds for this determination; (ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and (iii) the request is made in writing and in the proper exercise of those duties;

(16) the current address of a recipient of general assistance, work readiness, or general assistance medical care may be disclosed to probation officers and corrections agents who are supervising the recipient, and to law enforcement officers who are investigating the recipient in connection with a felony level offense;

(17) information obtained from food stamp applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the food stamp act, in accordance with Code of Federal Regulations, title 7, section 272.1(c); or

(18) data on a child support obligor who is in arrears may be disclosed for purposes of publishing the data pursuant to section 518.575; or

(19) data in the employment registry may be disclosed under section 256.998, subdivision 7.

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed in accordance with the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), or (17), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

Sec. 2. Minnesota Statutes 1994, section 168A.05, subdivision 2, is amended to read:

Subd. 2. [RECORD OF CERTIFICATES ISSUED.] The department shall maintain a record of all certificates of title issued by it:

- (1) Under a distinctive title number assigned to the vehicle;
- (2) By vehicle identifying number;
- (3) Alphabetically, under the name of the owner.

Such record shall consist of the certificate of title, including the notations of all security interests recorded, assigned, terminated, or released and liens filed by a public authority responsible for child support enforcement of which the department has notice, of duplicate certificates issued or applied for, and such other information as the department may deem proper.

Sec. 3. Minnesota Statutes 1994, section 168A.05, subdivision 3, is amended to read:

Subd. 3. [CONTENT OF CERTIFICATE.] Each certificate of title issued by the department shall contain:

- (1) the date issued;
- (2) the first, middle, and last names, the dates of birth, and addresses of all owners who are natural persons, the full names and addresses of all other owners;
- (3) the names and addresses of any secured parties in the order of priority as shown on the application, or if the application is based on a certificate of title, as shown on the certificate, or as otherwise determined by the department;

(4) any liens filed by a public agency responsible for child support enforcement against the owner;

(5) the title number assigned to the vehicle;

(5) (6) a description of the vehicle including, so far as the following data exists, its make, model, year, identifying number, type of body, whether new or used, and if a new vehicle, the date of the first sale of the vehicle for use;

(6) (7) with respect to motor vehicles subject to the provisions of section 325E.15, the true cumulative mileage registered on the odometer or that the actual mileage is unknown if the odometer reading is known by the owner to be different from the true mileage;

(7) (8) with respect to vehicles subject to sections 325F.6641 and 325F.6642, the appropriate term "flood damaged," "rebuilt," "prior salvage," or "reconstructed"; and

(8) (9) any other data the department prescribes.

Sec. 4. Minnesota Statutes 1994, section 168A.05, subdivision 7, is amended to read:

Subd. 7. [JUDICIAL PROCESS RELATING TO CERTIFICATE OR VEHICLE.] A certificate of title for a vehicle is not subject to garnishment, attachment, execution, or other judicial process, but this subdivision does not prevent a lawful levy upon the vehicle or the lawful enforcement of an administrative lien or judgment debt or lien filed by a public authority responsible for child support enforcement.

Sec. 5. Minnesota Statutes 1994, section 168A.05, is amended by adding a subdivision to read:

Subd. 8. [LIENS FILED FOR ENFORCEMENT OF CHILD SUPPORT.] This subdivision applies if the court or a public authority responsible for child support enforcement orders or directs the commissioner to enter a lien, as provided in section 518.551, subdivision 14. If a certificate of title is applied for by the owner, the department shall enter a lien on the title in the name of the state of Minnesota or in the name of the obligee in accordance with the notice. The lien on the title is subordinate to any bona fide purchase money security interest as defined in section 336.9-107 regardless of when the purchase money security interest is perfected. With respect to all other security interests, the lien is perfected as of the date entered on the title. The lien is subject to an exemption in an amount of \$4,500.

Sec. 6. Minnesota Statutes 1994, section 168A.16, is amended to read:

168A.16 [INAPPLICABLE LIENS AND SECURITY INTERESTS.]

(a) Sections 168A.01 to 168A.31 do not apply to or affect:

(1) A lien given by statute or rule of law to a supplier of services or materials for the vehicle;

(2) A lien given by statute to the United States, ~~this state, or any political subdivision of this state;~~

(3) A security interest in a vehicle created by a manufacturer or dealer who holds the vehicle for sale.

(b) Sections 168A.17 to 168A.19 do not apply to or affect a lien given by statute or assignment to this state or any political subdivision of this state.

Sec. 7. Minnesota Statutes 1994, section 168A.20, is amended by adding a subdivision to read:

Subd. 4. [SATISFACTION OF LIEN FOR CHILD SUPPORT.] If the secured party is a public authority or a child support or maintenance obligee with a lien under section 168A.05, subdivision 8, upon either the satisfaction of a security interest in a vehicle for which the certificate of title is in the possession of the owner, or the execution by the owner of a written payment agreement determined to be acceptable by the court, an administrative law judge, the public authority, or the obligee, within 15 days the secured party shall execute a release of security interest on the form prescribed by the department and mail or deliver the notification with release to the owner or any person who delivers to the secured party an authorization from the owner to receive the release.

Sec. 8. Minnesota Statutes 1994, section 168A.21, is amended to read:

168A.21 [DISCLOSURE OF SECURITY INTEREST.]

Subdivision 1. [GENERAL.] A secured party named in a certificate of title shall upon written request of the owner or of another secured party named on the certificate disclose any pertinent information as to the security agreement and the indebtedness secured by it.

Subd. 2. [CHILD SUPPORT.] A secured party that is a public authority or an obligee with a lien under section 168A.05, subdivision 8, shall, upon written request of the owner, disclose the amount of the judgment debt secured.

Sec. 9. Minnesota Statutes 1994, section 168A.29, subdivision 1, is amended to read:

Subdivision 1. [AMOUNTS.] (a) The department shall be paid the following fees:

(1) for filing an application for and the issuance of an original certificate of title, the sum of \$2;

(2) for each security interest when first noted upon a certificate of title, including the concurrent notation of any assignment thereof and its subsequent release or satisfaction, the sum of \$2, except that no fee is due for a security interest filed by a public authority under section 168A.05, subdivision 8;

(3) for the transfer of the interest of an owner and the issuance of a new certificate of title, the sum of \$2;

(4) for each assignment of a security interest when first noted on a certificate of title, unless noted concurrently with the security interest, the sum of \$1;

(5) for issuing a duplicate certificate of title, the sum of \$4.

(b) In addition to each of the fees required under paragraph (a), clauses (1) and (3), the department shall be paid:

(1) from July 1, 1994, to June 30, 1997, \$3.50; but then

(2) after June 30, 1997, \$1.

The additional fee collected under this paragraph must be deposited in the transportation services fund and credited to the state patrol motor vehicle account established in section 299D.10.

Sec. 10. [171.186] [SUSPENSION; NONPAYMENT OF SUPPORT.]

Subdivision 1. [SUSPENSION.] The commissioner shall suspend a person's driver's license or operating privileges without a hearing upon receipt of a court order or notice from a public authority responsible for child support enforcement that states that the driver is in arrears in court-ordered child support or maintenance payments, or both, in an amount equal to or greater than four times the obligor's total monthly support and maintenance payments, and is not in compliance with a written payment agreement regarding both current support and arrearages approved by a court, an administrative law judge, or the public authority responsible for child support enforcement, in accordance with section 518.551, subdivision 13.

Subd. 2. [NOTICE.] Upon suspending a driver's license or operating privileges under this section, the department shall immediately notify the licensee, in writing, by mailing a notice addressed to the licensee at the licensee's last known address.

Subd. 3. [DURATION.] A license or operating privilege must remain suspended and may not be reinstated, nor may a license be subsequently issued to the person, until the commissioner receives notice from the court, an administrative law judge, or public authority responsible for child support enforcement that the person is in compliance with all current orders of support or written payment agreements regarding both current support and arrearages. A fee may not be assessed for reinstatement of a license under this section.

Sec. 11. Minnesota Statutes 1994, section 214.101, subdivision 1, is amended to read:

Subdivision 1. [COURT ORDER; HEARING ON SUSPENSION.] (a) For purposes of this section, "licensing board" means a licensing board or other state agency that issues an occupational license.

(b) If a licensing board receives an order from a court or an administrative law judge or a notice from a public authority responsible for child support enforcement agency under section 518.551, subdivision 12, dealing with suspension of a license of a person found by the court or the public agency authority to be in arrears in child support or maintenance payments, or both, the board shall, within 30 days of receipt of the court order or public agency authority notice, provide notice to the licensee and hold a hearing. If the board finds that the person is licensed by the board and evidence of full payment of arrearages found to be due by the court or the public agency is not presented at the hearing, the board shall suspend the license unless it determines that probation is appropriate under subdivision 2. The only issues to be determined by the board are whether the person named in the court order or public agency notice is a licensee, whether the arrearages have been paid, and whether suspension or probation is appropriate. The board may not consider evidence with respect to the appropriateness of the underlying child support order or the ability of the person to comply with the order. The board may not lift the suspension until the licensee files with the board proof showing that the licensee is current in child support payments and maintenance suspend the license as directed by the order or notice.

(c) If a person's license is improperly suspended under this subdivision, the person may recover reasonable expenses from the responsible agency for expenses associated with having the suspensions removed.

Sec. 12. Minnesota Statutes 1994, section 214.101, subdivision 4, is amended to read:

Subd. 4. [VERIFICATION OF PAYMENTS.] Before A board may terminate probation, remove a suspension, not issue, reinstate, or renew a license of a person who has been suspended or placed on probation or is the subject of an order or notice under this section, it shall contact until it receives notification from the court, administrative law judge, or public agency authority that referred the matter to the board to determine confirming that the applicant is not in arrears for in either child support or maintenance or both payments, or confirming that the person is in compliance with a written payment plan regarding both current support and arrearages. The board may not issue or renew a license until the applicant proves to the board's satisfaction that the applicant is current in support payments and maintenance.

Sec. 13. [256.996] [COOPERATION FOR THE CHILDREN PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] The commissioner of human services, in consultation with a representative from the office of administrative hearings and the office of the attorney general and with input from community groups, shall develop and implement the cooperation for the children program as an effort to promote parental relationships with children. The program must be designed with three distinct components:

(1) addressing the needs of parents for educational services pertaining to issues of child custody and visitation arrangements;

(2) providing a nonjudicial forum to aid in the resolution of custody and visitation issues through facilitation of written agreements; and

(3) providing mediation services to resolve conflicts related to custody and visitation issues, when appropriate.

Subd. 2. [PROGRAM DESIGN.] (a) The cooperation for the children program must be administered by the office of administrative hearings and, by contract, implemented in selected counties. The program may accept referrals from the district court, the child support administrative process, or self-referral by individuals. The program must be designed to provide services to individuals who are parents by virtue of birth or adoption of a child, individuals adjudicated as parents through a paternity action or through the recognition of parentage process, or individuals who have experienced a marriage dissolution. The program must be designed to screen all referrals for domestic abuse. The program must coordinate with existing agencies, such as court services, to provide program services to parents. If a participating county operates a parenting

education program, a nonjudicial conflict resolution program, or a mediation program, the cooperation for the children program must utilize the existing programs to the greatest extent possible in an effort to minimize costs. The program must be designed to charge participants a fee to cover the cost of the program, except that if a party is entitled to proceed in forma pauperis under section 563.01, the program shall waive the fee or direct its payment under section 563.01.

(b) The voluntary issue resolution component of the cooperation for the children program must facilitate the parents' discussion of custody and visitation issues in dispute. If there are allegations or indications of domestic abuse, the program shall allow the parents to attend separate sessions with the program facilitator. If agreement of both parties is reached to the disputed issues through the program and the agreement contains a sufficient factual basis to support a finding that the terms are in the best interests of the children, the agreement may be incorporated into a proposed order by program counsel for submission to an administrative law judge or district court judge for execution as a court order.

(c) The mediation component of the program must utilize certified mediators who are competent in recognizing the dynamics of domestic abuse and sensitive to the cultural issues of the participants. To provide services through the cooperation for the children program, mediators must be approved by the supreme court. Relationships that involve allegations or indications of domestic abuse are not appropriate for mediation services through the cooperation for the children program.

(d) In cases where no agreement is voluntarily reached through the program, both parents must be provided with forms sufficient to allow them access to the district court to seek formal adjudication of the dispute.

Subd. 3. [DEMONSTRATION.] The commissioner shall contract with the office of administrative hearings and any county to administer and operate a demonstration project of the cooperation for the children program.

Subd. 4. [EVALUATION.] By January 15, 1997, and every two years after that, the office of administrative hearings shall submit a report to the legislature that identifies the following information relevant to the implementation of this section:

- (1) the number of citizens offered and provided services by the program;
- (2) the circumstances in which the program provided services, whether in paternity adjudications, situations involving recognition of parentage executions, dissolutions, or postdecree matters;
- (3) the reduction in court actions, if any, resulting from the use of the program;
- (4) the effect of the program, if any, on the time period between court case filing and final court resolution; and
- (5) the cost of implementation and operation of the program in the participating counties.

Sec. 14. [256.997] [CHILD SUPPORT OBLIGOR COMMUNITY SERVICE WORK EXPERIENCE PROGRAM.]

Subdivision 1. [AUTHORIZATION.] The commissioner of human services may contract with a county that operates a community work experience program or a judicial district department of corrections that operates a community work experience program to include child support obligors who are physically able to work and fail to pay child support as participants in the community work experience program.

Subd. 2. [LIMITATIONS.] (a) Except as provided in paragraph (f), a person ordered to participate in a work program under section 518.617 shall do so if services are available.

(b) A person may not be required to participate for more than 32 hours per week in the program under this section.

(c) A person may not be required to participate for more than six weeks for each finding of contempt.

(d) If a person is required by a governmental entity to participate in another work or training program, the person may not be required to participate in a program under this section in a week for more than 32 hours minus the number of hours the person is required to participate in the other work or training program in that week.

(e) If a person is employed, the person may not be required to participate in a program under this section in a week for more than 80 percent of the difference between 40 hours and the number of hours actually worked in the unsubsidized job during that week, to a maximum of 32 hours.

(f) A person who works an average of 32 hours or more per week in an unsubsidized job is not required to participate in a program under this section.

Subd. 3. [NOTICE TO COURT.] If a person does not complete six weeks of participation in a program under this section, the county operating the program shall inform the court administrator, by affidavit, of that noncompletion.

Subd. 4. [INJURY PROTECTION FOR WORK EXPERIENCE PARTICIPANTS.] (a) This subdivision applies to payment of any claims resulting from an alleged injury or death of a participant in a community work experience program established and operated by a county or a judicial district department of corrections under this section.

(b) Claims of \$1,000 or less that are subject to this section must be investigated by the county agency responsible for supervising the work to determine if the claim is valid and if the loss is covered by the claimant's insurance. The investigating county agency shall submit all valid claims to the commissioner of human services. The commissioner shall pay the portion of an approved claim that is not covered by the claimant's insurance within three months of the date of submission. On or before February 1 of each year, the commissioner shall submit to the appropriate committees of the senate and the house of representatives a list of claims paid during the preceding calendar year that are to be reimbursed by legislative appropriation for claims that exceed the original appropriation provided to the commissioner to operate this program. Unspent money from this appropriation carries over to the second year of the biennium, and any unspent money remaining at the end of the second year must be returned to the general fund. A claim in excess of \$1,000 and a claim that was not paid by the commissioner may be presented to, heard, and determined by the appropriate committees of the senate and house of representatives and, if approved, paid under the legislative claims procedure.

(c) Claims for worksite injuries not otherwise covered by this section must be referred to the commissioner of labor and industry for assessment. The commissioner of labor and industry shall verify the validity of the claim and recommend compensation. The compensation recommended must afford the same protection for on-site injuries at the same level and to the same extent as provided in chapter 176.

(d) Compensation paid under this section is limited to reimbursement for medical expenses and compensation for disability as impairment compensation or death. Compensation may not be paid under this section for pain and suffering or lost wages. Payments made under this section must be reduced by any proceeds received by the claimant from any insurance policy covering the loss. For the purposes of this section, "insurance policy" does not include the medical assistance program authorized under chapter 256B or the general assistance medical care program authorized under chapter 256D.

(e) The procedure established by this section is exclusive of all other legal, equitable, and statutory remedies against the state, its political subdivisions, or employees of the state or its political subdivisions. The claimant may not seek damages from any state or county insurance policy or self-insurance program.

(f) A claim is not valid for purposes of this subdivision if the local agency responsible for supervising the work cannot verify:

(1) that appropriate safety training and information is provided to all persons being supervised by the agency under this subdivision; and

(2) that all programs involving work by those persons comply with federal Occupational Safety and Health Administration and state department of labor and industry safety standards.

A claim that is not valid because of failure to verify safety training or compliance with safety standards may not be paid by the commissioner of human services or through the legislative claims process and must be heard, decided, and paid, if appropriate, by the local government unit responsible for supervising the work of the claimant.

Subd. 5. [TRANSPORTATION EXPENSES.] A county shall reimburse a person for reasonable transportation costs incurred because of participation in a program under this section, up to a maximum of \$25 per month.

Subd. 6. [PAYMENT TO COUNTY.] The commissioner shall pay a county \$200 for each person who participates in the program under this section in that county. The county is responsible for any additional costs of the program.

Sec. 15. [256.998] [EMPLOYMENT REGISTRY.]

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

(b) "Date of hiring" means the earlier of: (1) the first day for which a worker is owed compensation by an employer; or (2) the first day that a worker reports to work or performs labor or services for an employer.

(c) "Earnings" means payment owed by an employer for labor or services rendered by a worker.

(d) "Worker" means a person who resides or works in Minnesota and performs services for compensation, in whatever form, for an employer. Worker does not include a person hired for domestic service in the private home of the employer, as defined in the federal tax code or a direct seller as defined in United States Code, title 26, section 3508.

(e) "Employer" means a person or entity located or doing business in this state that employs one or more workers for payment, and includes the state, political or other governmental subdivisions of the state, and the federal government.

(f) "Hiring" means engaging a person to perform services for compensation and includes the reemploying or return to work of any previous worker who was laid off, furloughed, separated, granted a leave without pay, or terminated from employment.

Subd. 2. [REGISTRY ESTABLISHED.] The commissioner of human services shall establish a centralized employment registry for the purpose of receiving and maintaining information from employers on newly hired or rehired workers. The commissioner of human services shall take reasonable steps to inform the state's employers of the requirements of this section and the acceptable processes by which employers can comply with the requirements of this section.

Subd. 3. [DUTY TO REPORT.] Employers doing business in this state shall report to the commissioner of human services the hiring of any worker who resides or works in this state to whom the employer anticipates paying earnings. Employers shall submit reports required under this subdivision within 15 calendar days of the date of hiring of the worker.

Subd. 4. [MEANS TO REPORT.] Employers may report by delivering, mailing, or telefaxing a copy of the worker's federal W-4 form or W-9 form or any other document that contains the required information, submitting electronic media in a compatible format, toll-free telecommunication, or other means authorized by the commissioner of human services that will result in timely reporting. The commissioner shall provide employers with appropriately marked or addressed envelopes or other documents to facilitate the required reporting.

Subd. 5. [REPORT CONTENTS.] Reports required under this section must contain:

(1) the worker's name, address, social security number, and date of birth when available, which can be hand-written or otherwise added to the W-4 form, W-9 form, or other document submitted; and

(2) the employer's name, address, and federal identification number.

Subd. 6. [SANCTIONS.] If an employer fails to report under this section, the commissioner of human services shall send the employer a written notice of noncompliance requesting that the employer comply with the reporting requirements of this section. The notice of noncompliance must explain the reporting procedure under this section and advise the employer of the penalty for noncompliance. An employer who has received a notice of noncompliance and later incurs a second violation is subject to a civil penalty of \$50 for each intentionally unreported worker. An employer who has received a notice of noncompliance and later incurs a third or subsequent violation is subject to a civil penalty of \$500 for each intentionally unreported worker. These penalties may be imposed and collected by the commissioner of human services.

Subd. 7. [ACCESS TO DATA.] The commissioner of human services shall retain the information reported to the employment registry for a period of six months. Data in the employment registry may be disclosed to federal agencies, local agencies of this state, and state and local agencies of other states for the purposes of enforcing state and federal laws governing child support.

The commissioner of human services shall charge a state or federal department or agency accessing the information contained in the employment registry the proportionate costs of gathering and furnishing information under this subdivision.

Subd. 8. [AUTHORITY TO CONTRACT.] The commissioner may contract for services to carry out this section.

Sec. 16. Minnesota Statutes 1994, section 518.171, subdivision 2a, is amended to read:

Subd. 2a. [EMPLOYER AND OBLIGOR NOTICE RESPONSIBILITY.] If an individual is hired for employment, the employer shall request that the individual disclose whether the individual has court-ordered medical support obligations that are required by law to be withheld from income and the terms of the court order, if any. The employer shall request that the individual disclose whether the individual has been ordered by a court to provide health and dental dependent insurance coverage. The An individual shall disclose this information at the time of hiring. If an individual discloses that if medical support is required to be withheld, the. If an employee discloses that medical support is required to be withheld, the employer shall begin withholding according to the terms of the order and pursuant to section 518.611, subdivision 8. If an individual discloses an obligation to obtain health and dental dependent insurance coverage and coverage is available through the employer, the employer shall make all application processes known to the individual upon hiring and enroll the employee and dependent in the plan pursuant to subdivision 3.

Sec. 17. Minnesota Statutes 1994, section 518.24, is amended to read:

518.24 [SECURITY; SEQUESTRATION; CONTEMPT.]

In all cases when maintenance or support payments are ordered, the court may require sufficient security to be given for the payment of them according to the terms of the order. Upon neglect or refusal to give security, or upon failure to pay the maintenance or support, the court may sequester the obligor's personal estate and the rents and profits of real estate of the obligor, and appoint a receiver of them. The court may cause the personal estate and the rents and profits of the real estate to be applied according to the terms of the order. The obligor is presumed to have an income from a source sufficient to pay the maintenance or support order. A child support or maintenance order constitutes prima facie evidence that the obligor has the ability to pay the award. If the obligor disobeys the order, it is prima facie evidence of contempt. The court may cite the obligor for contempt under this section, section 518.617, or chapter 588.

Sec. 18. Minnesota Statutes 1994, section 518.551, subdivision 12, is amended to read:

Subd. 12. [OCCUPATIONAL LICENSE SUSPENSION.] (a) Upon petition of an obligee, if the court finds that the obligor is or may be licensed by a licensing board listed in section 214.01 or other state agency or board that issues an occupational license and the obligor is in arrears in court-ordered child support or maintenance payments or both in an amount equal to or greater than four times the obligor's total monthly support and maintenance payments, and is not in compliance with a written payment agreement regarding both current support and arrearages

approved by the court, an administrative law judge, or the public authority, the court may direct the licensing board or other licensing agency to ~~conduct a hearing~~ suspend the license under section 214.101 ~~concerning suspension of the obligor's license~~. If the obligor is a licensed attorney, the court may report the matter to the lawyers professional responsibility board for appropriate action in accordance with the rules of professional conduct. The remedy under this subdivision is in addition to any other enforcement remedy available to the court.

(b) If a public agency authority responsible for child support enforcement finds that the obligor is or may be licensed by a licensing board listed in section 214.01 or other state agency or board that issues an occupational license and the obligor is in arrears in court-ordered child support or maintenance payments or both in an amount equal to or greater than four times the obligor's total monthly support and maintenance payments, and is not in compliance with a written payment agreement regarding both current support and arrearages approved by the court, an administrative law judge, or the public authority, the public agency authority may direct the licensing board or other licensing agency to ~~conduct a hearing~~ suspend the license under section 214.101 ~~concerning suspension of the obligor's license~~. If the obligor is a licensed attorney, the public agency authority may report the matter to the lawyers professional responsibility board for appropriate action in accordance with the rules of professional conduct. The remedy under this subdivision is in addition to any other enforcement remedy available to the public agency authority.

(c) At least 30 days before notifying a licensing authority under paragraph (b), the public authority shall mail a written notice to the license holder addressed to the license holder's last known address that the public authority intends to seek license suspension under this subdivision and that the license holder must request a hearing within 30 days in order to contest the suspension. If the license holder makes a written request for a hearing within 30 days of the date of the notice, either a court hearing or a contested administrative proceeding must be held under section 518.5511, subdivision 4. Notwithstanding any law to the contrary, the license holder must be served with 14 days' notice in writing specifying the time and place of the hearing and the allegations against the license holder. The notice may be served personally or by mail.

(d) The administrative law judge, on behalf of the public authority, or the court shall order the licensing board or licensing agency to suspend the license if the judge finds that:

(1) the person is licensed by a licensing board or other state agency that issues an occupational license;

(2) the person has not made full payment of arrearages found to be due by the public authority; and

(3) the person has not executed or is not in compliance with a payment plan approved by the court, an administrative law judge, or the public authority.

(e) Within 30 days of the date on which the obligor either makes full payment of arrearages found to be due by the court or public authority or executes and initiates good faith compliance with a written payment plan approved by the court, an administrative law judge, or the public authority, the court or public authority responsible for child support enforcement shall notify the licensing board or licensing agency that the obligor is no longer ineligible for license issuance, reinstatement, or renewal under this subdivision.

Sec. 19. Minnesota Statutes 1994, section 518.551, is amended by adding a subdivision to read:

Subd. 13. [DRIVER'S LICENSE SUSPENSION.] (a) Upon motion of an obligee, if a court finds that the obligor has been or may be issued a driver's license by the commissioner of public safety and the obligor is in arrears in court-ordered child support or maintenance payments, or both, in an amount equal to or greater than four times the obligor's total monthly support and maintenance payments, and is not in compliance with a written payment agreement regarding both current support and arrearages approved by the court, an administrative law judge, or the public authority, the court shall order the commissioner of public safety to suspend the obligor's driver's license. The court's order must be stayed for 90 days in order to allow the obligor to execute a written payment agreement regarding both current support and arrearages, which payment agreement must be approved by either the court or the public authority responsible for child support enforcement. If the obligor has not executed or is not in compliance with a written

payment agreement regarding both current support and arrearages after the 90 days expires, the court's order becomes effective and the commissioner of public safety shall suspend the obligor's driver's license. The remedy under this subdivision is in addition to any other enforcement remedy available to the court. An obligee may not bring a motion under this paragraph within 12 months of a denial of a previous motion under this paragraph.

(b) If a public authority responsible for child support enforcement determines that the obligor has been or may be issued a driver's license by the commissioner of public safety and the obligor is in arrears in court-ordered child support or maintenance payments or both in the amount equal to or greater than four times the obligor's total monthly support and maintenance payments, and not in compliance with a written payment agreement regarding both current support and arrearages approved by the court, an administrative law judge, or the public authority, the public authority shall direct the commissioner of public safety to suspend the obligor's driver's license. The remedy under this subdivision is in addition to any other enforcement remedy available to the public authority.

(c) At least 90 days prior to notifying the commissioner of public safety pursuant to paragraph (b), the public authority must mail a written notice to the obligor at the obligor's last known address, that it intends to seek suspension of the obligor's driver's license and that the obligor must request a hearing within 30 days in order to contest the suspension. If the obligor makes a written request for a hearing within 30 days of the date of the notice, either a court hearing or a contested administrative proceeding must be held under section 518.5511, subdivision 4. Notwithstanding any law to the contrary, the obligor must be served with 14 days' notice in writing specifying the time and place of the hearing and the allegations against the obligor. The notice may be served personally or by mail. If the public authority does not receive a request for a hearing within 30 days of the date of the notice, and the obligor does not execute a written payment agreement regarding both current support and arrearages approved by the court, an administrative law judge, or the public authority within 90 days of the date of the notice, the public authority shall direct the commissioner of public safety to suspend the obligor's driver's license under paragraph (b).

(d) If a person's license is improperly suspended under this subdivision, the person may recover reasonable expenses from the responsible agency for expenses associated with having the suspension removed.

(e) At a hearing requested by the obligor under paragraph (c), and on finding that the obligor is in arrears in court-ordered child support or maintenance payments or both in the amount equal to or greater than four times the obligor's total monthly support and maintenance payments, the district court or the administrative law judge shall order the commissioner of public safety to suspend the obligor's driver's license or operating privileges unless the court or administrative law judge determines that the obligor has executed and is in compliance with a written payment agreement regarding both current support and arrearages approved by the court, an administrative law judge, or the public authority.

(f) An obligor whose driver's license or operating privileges are suspended may provide proof to the court or the public authority responsible for child support enforcement that the obligor is in compliance with all written payment agreements regarding both current support and arrearages. Within 15 days of the receipt of that proof, the court or public authority shall inform the commissioner of public safety that the obligor's driver's license or operating privileges should no longer be suspended.

(g) On January 15, 1997, and every two years after that, the commissioner of human services shall submit a report to the legislature that identifies the following information relevant to the implementation of this section:

- (1) the number of child support obligors notified of an intent to suspend a driver's license;
- (2) the amount collected in payments from the child support obligors notified of an intent to suspend a driver's license;
- (3) the number of payment agreements executed in response to notification of an intent to suspend a driver's license;

- (4) the number of drivers' licenses suspended; and
- (5) the cost of implementation and operation of the requirements of this section.

Sec. 20. Minnesota Statutes 1994, section 518.551, is amended by adding a subdivision to read:

Subd. 14. [MOTOR VEHICLE LIEN.] (a) Upon motion of an obligee, if a court finds that the obligor is the registered owner of a motor vehicle and the obligor is a debtor for a judgment debt resulting from nonpayment of court-ordered child support or maintenance payments, or both, in an amount equal to or greater than four times the obligor's total monthly support and maintenance payments, the court shall order the commissioner of public safety to enter a lien in the name of the obligee or in the name of the state of Minnesota, as appropriate, in accordance with section 168A.05, subdivision 8, unless the court finds that the obligor is in compliance with a written payment agreement regarding both current support and arrearages approved by the court, an administrative law judge, or the public authority or that the obligor's interest in the motor vehicle is valued at less than \$4,500. The court's order must be stayed for 90 days in order to allow the obligor to either execute a written payment agreement regarding both current support and arrearages, which agreement shall be approved by either the court or the public authority responsible for child support enforcement, or to allow the obligor to demonstrate that the ownership interest in the motor vehicle is valued at less than \$4,500. If the obligor has not executed or is not in compliance with a written payment agreement regarding both current support and arrearages approved by the court, an administrative law judge, or the public authority or has not demonstrated that the ownership interest in the motor vehicle is valued at less than \$4,500 within the 90-day period, the court's order becomes effective and the commissioner of public safety shall record the lien. The remedy under this subdivision is in addition to any other enforcement remedy available to the court.

(b) If a public authority responsible for child support enforcement determines that the obligor is the registered owner of a motor vehicle and the obligor is a debtor for judgment debt resulting from nonpayment of court-ordered child support or maintenance payments, or both, in the amount equal to or greater than four times the obligor's total monthly support and maintenance payments, the public authority shall direct the commissioner of public safety to enter a lien in the name of the obligee or in the name of the state of Minnesota, as appropriate, under section 168A.05, subdivision 8, unless the public authority determines that the obligor is in compliance with a written payment agreement regarding both current support and arrearages approved by the court, an administrative law judge, or the public authority or that the obligor's ownership interest in the motor vehicle is valued at less than \$4,500. The remedy under this subdivision is in addition to any other enforcement remedy available to the public agency.

(c) At least 90 days prior to notifying the commissioner of public safety pursuant to paragraph (b), the public authority must mail a written notice to the obligor at the obligor's last known address, that it intends to record a lien on the obligor's motor vehicle certificate of title and that the obligor must request a hearing within 30 days in order to contest the action. If the obligor makes a written request for a hearing within 30 days of the date of the notice, either a court hearing or a contested administrative proceeding must be held under section 518.5511, subdivision 4. Notwithstanding any law to the contrary, the obligor must be served with 14 days' notice in writing specifying the time and place of the hearing and the allegations against the obligor. The notice may be served personally or by mail. If the public authority does not receive a request for a hearing within 30 days of the date of the notice and the obligor does not execute a written payment agreement regarding both current support and arrearages approved by the court, an administrative law judge, or the public authority or demonstrate to the public authority that the obligor's ownership interest in the motor vehicle is valued at less than \$4,500 within 90 days of the date of the notice, the public authority shall direct the commissioner of public safety to record the lien under paragraph (b).

(d) At a hearing requested by the obligor under paragraph (c), and on finding that the obligor is in arrears in court-ordered child support or maintenance payments or both in the amount equal to or greater than four times the obligor's total monthly support and maintenance payments, the district court or the administrative law judge shall order the commissioner of public safety to record the lien unless the court or administrative law judge determines that:

(1) the obligor has executed and is in compliance with a written payment agreement regarding both current support and arrearages determined to be acceptable by the court, an administrative law judge, or the public authority; or

(2) the obligor has demonstrated that the ownership interest in the motor vehicle is valued at less than \$4,500.

(e) An obligor who has had a lien recorded against a motor vehicle certificate of title may provide proof to the court or the public authority responsible for child support enforcement that the obligor is in compliance with all written payment agreements regarding both current support and arrearages. Within 15 days of the receipt of that proof, the court or public authority shall execute a release of security interest under section 168A.20, subdivision 4, and mail or deliver the release to the owner or other authorized person.

Sec. 21. [518.553] [PAYMENT AGREEMENTS.]

In proposing or approving proposed written payment agreements for purposes of section 518.551, the court, an administrative law judge, or the public authority shall take into consideration the amount of the arrearages, the amount of the current support order, the pendency of a request for modification, and the earnings of the obligor.

Sec. 22. [518.616] [ADMINISTRATIVE SEEK EMPLOYMENT ORDERS.]

Subdivision 1. [COURT ORDER.] For any support order being enforced by the public authority, the public authority may seek a court order requiring the obligor to seek employment if employment of the obligor cannot be verified and if the obligor is in arrears in court-ordered child support or maintenance payments, or both, in an amount equal to or greater than four times the obligor's total monthly support and maintenance payments and is not in compliance with a written payment plan. Upon proper notice being given to the obligor, the court may enter a seek employment order if it finds that the obligor has not provided proof of gainful employment and has not consented to an order for income withholding under section 518.611 or 518.613 or entered into a written payment plan approved by the court, an administrative law judge, or the public authority.

Subd. 2. [CONTENTS OF ORDER.] The order to seek employment shall:

(1) order that the obligor seek employment within a determinate amount of time;

(2) order that the obligor file with the public authority on a weekly basis a report of at least five new attempts to find employment or of having found employment, which report must include the names, addresses, and telephone numbers of any employers or businesses with whom the obligor attempted to seek employment and the name of the individual contact to whom the obligor made application for employment or to whom an inquiry was directed;

(3) notify the obligor that failure to comply with the order is evidence of a willful failure to pay support under section 518.617;

(4) order that the obligor provide the public authority with verification of any reason for noncompliance with the order; and

(5) specify the duration of the order, not to exceed three months.

Sec. 23. [518.617] [CONTEMPT PROCEEDINGS FOR NONPAYMENT OF SUPPORT.]

Subdivision 1. [GROUNDS.] If a person against whom an order or decree for support has been entered under this chapter, chapter 256, or a comparable law from another jurisdiction, is in arrears in court-ordered child support or maintenance payments in an amount equal to or greater than four times the obligor's total monthly support and maintenance payments and is not in compliance with a written payment plan approved by the court, an administrative law judge, or the public authority, the person may be cited and punished by the court for contempt under section 518.64, chapter 588, or this section. Failure to comply with a seek employment order entered under section 518.616 is evidence of willful failure to pay support.

Subd. 2. [COURT OPTIONS.] (a) If a court cites a person for contempt under this section, and the obligor lives in a county that contracts with the commissioner of human services under section 256.997, the court may order the performance of community service work up to 32 hours per week for six weeks for each finding of contempt if the obligor:

(1) is able to work full time;

(2) works an average of less than 32 hours per week; and

(3) has actual weekly gross income averaging less than 40 times the federal minimum hourly wage under United States Code, title 29, section 206(a)(1), or is voluntarily earning less than the obligor has the ability to earn, as determined by the court.

An obligor is presumed to be able to work full time. The obligor has the burden of proving inability to work full time.

(b) A person ordered to do community service work under paragraph (a) may, during the six-week period, apply to the court, an administrative law judge, or the public authority to be released from the community service work requirement if the person:

(1) provides proof to the court, an administrative law judge, or the public authority that the person is gainfully employed and submits to an order for income withholding under section 518.611 or 518.613;

(2) enters into a written payment plan regarding both current support and arrearages approved by the court, an administrative law judge, or the public authority; or

(3) provides proof to the court, an administrative law judge, or the public authority that, subsequent to entry of the order, the person's circumstances have so changed that the person is no longer able to fulfill the terms of the community service order.

Subd. 3. [CONTINUING OBLIGATIONS.] The performance of community service work does not relieve a child support obligor of any unpaid accrued or accruing support obligation.

Sec. 24. [REPORT.]

The commissioner shall evaluate all child support programs and enforcement mechanisms. The evaluation must include a cost-benefit analysis of each program or enforcement mechanism, and information related to which programs produce the highest revenue, reduce arrears, avoid litigation, and result in the best outcome for children and their parents.

The reports related to the provisions in this chapter are due two years after the implementation date. All other reports on existing programs and enforcement mechanisms are due January 15, 1997.

Sec. 25. [CHILD SUPPORT ASSURANCE WAIVER.]

The commissioner of human services shall seek a waiver from the secretary of the United States Department of Health and Human Services to enable the department of human services to operate a demonstration project of child support assurance. The commissioner shall seek authority from the legislature to implement a demonstration project of child support assurance when enhanced federal funds become available for this purpose.

Sec. 26. [APPROPRIATIONS.]

Subdivision 1. [CHILD SUPPORT OBLIGOR COMMUNITY SERVICE WORK EXPERIENCE PROGRAM.] \$..... is appropriated from the general fund to the commissioner of human services to fund the child support obligor community service work experience program in section 14, to be available until June 30, 1997.

Subd. 2. [MOTOR VEHICLE CERTIFICATES OF TITLE.] \$..... is appropriated from the general fund to the commissioner of public safety to fund the necessary changes to the existing computer system to allow for memorialization of liens on motor vehicle certificates of title and to allow for suspension of drivers' licenses, to be available until June 30, 1997.

Subd. 3. [SUSPENSION OF DRIVERS' LICENSES.] \$..... is appropriated from the general fund to the commissioner of human services to allow the commissioner to seek the suspension of drivers' licenses under Minnesota Statutes, section 518.551, subdivision 13, to be available until June 30, 1997.

Subd. 4. [EMPLOYMENT REGISTRY.] \$..... is appropriated from the general fund to the commissioner of human services to allow the commissioner to implement the employment registry under section 15, to be available until June 30, 1997.

Subd. 5. [PUBLIC EDUCATION.] \$..... is appropriated from the general fund to the commissioner of human services for transfer to the attorney general for continuance of the child support public education campaign, to be available until June 30, 1997.

Subd. 6. [COOPERATION FOR THE CHILDREN PROGRAM.] (a) \$..... is appropriated from the general fund to the commissioner of human services for purposes of developing and implementing the cooperation for the children program under section 13, to be available until June 30, 1997.

(b) \$..... is appropriated from the general fund to the commissioner of human services, for transfer to the office of administrative hearings, for purposes of developing and implementing the cooperation for the children program, to be available until June 30, 1997.

Sec. 27. [REPEALER.]

Minnesota Statutes 1994, sections 214.101, subdivisions 2 and 3; 518.561; and 518.611, subdivision 8, are repealed.

Sec. 28. [EFFECTIVE DATE.]

Sections 2 to 10, 19, and 20 are effective January 1, 1996. Sections 1 and 15 are effective July 1, 1996.

ARTICLE 2

CHILD SUPPORT PAYMENT CENTER

Section 1. [518.5851] [CHILD SUPPORT PAYMENT CENTER; DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purposes of the child support center established under sections 518.5851 to 518.5853, the following terms have the meanings given.

Subd. 2. [CENTRAL COLLECTIONS UNIT.] "Central collections unit" means the unit created under section 518.5852.

Subd. 3. [LOCAL CHILD SUPPORT AGENCY.] "Local child support agency" means the entity at the county level that is responsible for providing child support enforcement services.

Subd. 4. [PAYMENT.] "Payment" means the payment of child support, medical support, maintenance, and related payments required by order of a tribunal, voluntary support, or statutory fees.

Subd. 5. [TRIBUNAL.] "Tribunal" has the meaning given in section 518C.101.

Sec. 2. [518.5852] [CENTRAL COLLECTIONS UNIT.]

The commissioner of human services shall create and maintain a central collections unit for the purpose of receiving, processing, and disbursing payments, and for maintaining a record of payments, in all cases in which:

- (1) the state or county is a party;
- (2) the state or county provides child support enforcement services to a party; or
- (3) payment is collected through income withholding.

The commissioner of human services may contract for services to carry out these provisions.

Sec. 3. [518.5853] [MANDATORY PAYMENT OF OBLIGATIONS TO CENTRAL COLLECTIONS UNIT.]

Subdivision 1. [LOCATION OF PAYMENT.] All payments described in section 518.5852 must be made to the central collections unit.

Subd. 2. [AGENCY DESIGNATION OF LOCATION.] Each local child support agency shall provide a location within the agency to receive payments. A local agency receiving a payment shall transmit the funds to the central collections unit within one working day of receipt of the payment.

Subd. 3. [INCENTIVES.] Notwithstanding any rule to the contrary, incentives must be paid to the county providing services and maintaining the case to which the payment is applied. Incentive payments awarded for the collection of child support must be based solely upon payments processed by the central collections unit.

Subd. 4. [ELECTRONIC TRANSFER OF FUNDS.] The central collections unit is authorized to engage in the electronic transfer of funds for the receipt and disbursement of funds.

Subd. 5. [REQUIRED CONTENT OF ORDER.] A tribunal issuing an order that establishes or modifies a payment shall issue an income withholding order in conformity with section 518.613, subdivision 2. The automatic income withholding order must include the name of the obligor, the obligor's social security number, the obligor's date of birth, and the name and address of the obligor's employer. The street mailing address and the electronic mail address for the central collections unit must be included in each automatic income withholding order issued by a tribunal.

Subd. 6. [TRANSMITTAL OF ORDER TO THE LOCAL AGENCY BY THE TRIBUNAL.] The tribunal shall transmit a copy of the order establishing or modifying the payment, and a copy of the automatic income withholding order, to the local child support agency within two working days of the approval of the order by the judge or administrative law judge or other person or entity authorized to sign the automatic withholding order.

Subd. 7. [TRANSMITTAL OF FUNDS FROM THE OBLIGOR OR PAYOR OF FUNDS TO THE CENTRAL COLLECTIONS UNIT.] The obligor or other payor of funds shall identify the obligor on the check or remittance by name, payor number, and social security number, and shall comply with section 518.611, subdivision 4.

Subd. 8. [SANCTION FOR CHECKS DRAWN ON INSUFFICIENT FUNDS.] A notice must be directed to any person or entity submitting a check drawn on insufficient funds stating that future payment must be paid by cash or certified funds. The central collections unit and the local child support agency may refuse a check from a person or entity that has been given notice that payments must be in cash or certified funds.

Subd. 9. [ADMISSIBILITY OF PAYMENT RECORDS.] A copy of the record of payments maintained by the central collections unit in section 518.5852 is admissible evidence in all tribunals as proof of payments made through the central collections unit without the need of testimony to prove authenticity.

Subd. 10. [TRANSITION PROVISIONS.] (a) The commissioner of human services shall develop a plan for the implementation of the central collections unit. The plan must require that payments be redirected to the central collections unit. Payments may be redirected in groups according to county of origin, county of payment, method of payment, type of case, or any other distinguishing factor designated by the commissioner.

(b) Notice that payments must be made to the central collections unit must be provided to the obligor and to the payor of funds within 30 days prior to the redirection of payments to the central collections unit. After the notice has been provided to the obligor or payor of funds, mailed payments received by a local child support agency must be forwarded to the central collections unit. A notice must be sent to the obligor or payor of funds stating that payment application may be delayed and provide directions to submit future payment to the central collections unit.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 (518.5851; 518.5852; and 518.5853) are effective January 1, 1997.

ARTICLE 3

CHILD SUPPORT DATA COLLECTION AND PUBLICATION

Section 1. Minnesota Statutes 1994, section 256.978, subdivision 1, is amended to read:

Subdivision 1. [REQUEST FOR INFORMATION.] The commissioner of human services, in order to locate a person to establish paternity, child support, or to enforce a child support obligation in arrears, may request information reasonably necessary to the inquiry from the records of all departments, boards, bureaus, or other agencies of this state, which shall, notwithstanding the provisions of section 268.12, subdivision 12, or any other law to the contrary, provide the information necessary for this purpose. Employers, utility companies, insurance companies, financial institutions, and labor associations doing business in this state shall provide information as provided under subdivision 2 upon written request by an agency responsible for child support enforcement regarding individuals owing or allegedly owing a duty to support within 30 days of the receipt of the written request made by the public authority. Information requested and used or transmitted by the commissioner pursuant to the authority conferred by this section may be made available only to public officials and agencies of this state and its political subdivisions and other states of the union and their political subdivisions who are seeking to enforce the support liability of parents or to locate parents. The commissioner may not release the information to an agency or political subdivision of another state unless the agency or political subdivision is directed to maintain the data consistent with its classification in this state. Information obtained under this section may not be released except to the extent necessary for the administration of the child support enforcement program or when otherwise authorized by law.

Sec. 2. Minnesota Statutes 1994, section 518.575, is amended to read:

518.575 [PUBLICATION OF NAMES OF DELINQUENT CHILD SUPPORT OBLIGORS.]

~~Every three months~~ (a) Twice each year, the department commissioner of human services shall publish in the newspaper of widest circulation in each county a list of the names and last known addresses of each person who (1) is a child support obligor, (2) resides in the county, (3) is at least \$3,000 in arrears, and (4) has not made a child support payment, or has made only partial child support payments that total less than 25 percent of the amount of child support owed, for the last 12 months including any payments made through the interception of federal or state taxes. The rate charged for publication shall be the newspaper's lowest classified display rate, including all available discounts. (3) is not in compliance with a written payment agreement regarding both current support and arrearages approved by the public authority. The commissioner of human services shall publish the name of each obligor in the newspaper or newspapers of widest circulation in the area where the obligor is most likely to be residing. For each publication, the commissioner shall release the list of all names being published not earlier than the first day on which names appear in any newspaper.

(b) An obligor's name may not be published if the obligor claims in writing, and the department commissioner of human services determines, there is good cause for the nonpayment of child support. Good cause includes the following: (1) there is a mistake in the obligor's identity or the amount of the obligor's arrears; (2) arrears are reserved by the court or there is a pending legal action concerning the unpaid child support; or (3) other circumstances as determined by the commissioner. The list must be based on the best information available to the state at the time of publication.

(c) Before publishing the name of the obligor, the department of human services shall send a notice to the obligor's last known address which states the department's intention to publish the obligor's name and the amount of child support the obligor owes. The notice must also provide an opportunity to have the obligor's name removed from the list by paying the arrearage or by entering into an agreement to pay the arrearage, and the final date when the payment or agreement can be accepted.

(d) The department of human services shall insert with the notices sent to the obligee, a notice

stating the intent to publish the obligor's name, and the criteria used to determine the publication of the obligor's name.

Sec. 3. Minnesota Statutes 1994, section 518.611, subdivision 1, is amended to read:

Subdivision 1. [ORDER.] Whenever an obligation for support of a dependent child or maintenance of a spouse, or both, is determined and ordered by a court of this state, the amount of child support or maintenance as determined by court order must be withheld from the income, regardless of source, of the person obligated to pay the support or maintenance, and paid through the public authority. The court shall provide a copy of any order where withholding is ordered to the public authority responsible for support collections. Every order for maintenance or support must include:

(1) the obligor's social security number and date of birth and the name and address of the obligor's employer or other payor of funds; and

(2) provisions for the obligor to keep the public authority informed of the name and address of the obligor's current employer or payor of funds, and whether the obligor has access to employment-related health insurance coverage and, if so, the health insurance policy information.

Sec. 4. Minnesota Statutes 1994, section 518.611, subdivision 2, is amended to read:

Subd. 2. [CONDITIONS OF INCOME WITHHOLDING.] (a) Withholding shall result when:

(1) the obligor requests it in writing to the public authority;

(2) the custodial parent requests it by making a motion to the court; or

(3) the obligor fails to make the maintenance or support payments, and the following conditions are met:

(i) the obligor is at least 30 days in arrears;

(ii) the obligee or the public authority serves written notice of income withholding, showing arrearage, on the obligor at least 15 days before service of the notice of income withholding and a copy of the court's order on the payor of funds;

(iii) within the 15-day period, the obligor fails to move the court to deny withholding on the grounds that an arrearage of at least 30 days does not exist as of the date of the notice of income withholding, or on other grounds limited to mistakes of fact, and, ex parte, to stay service on the payor of funds until the motion to deny withholding is heard;

(iv) the obligee or the public authority ~~serves a copy of the notice of income withholding, a copy of the court's order or notice of order,~~ sends the payor of funds a notice of the withholding requirements and the provisions of this section ~~on the payor of funds;~~ and

(v) the obligee serves on the public authority a copy of the notice of income withholding, a copy of the court's order, an application, and the fee to use the public authority's collection services.

For those persons not applying for the public authority's IV-D services, a monthly service fee of \$15 must be charged to the obligor in addition to the amount of child support ordered by the court and withheld through automatic income withholding, or for persons applying for the public authority's IV-D services, the service fee under section 518.551, subdivision 7, applies. The county agency shall explain to affected persons the services available and encourage the applicant to apply for IV-D services.

(b) ~~To pay the arrearage specified in the notice of income withholding,~~ The employer or payor of funds shall withhold from the obligor's income an additional amount equal to 20 percent of the monthly child support or maintenance obligation until the arrearage is paid.

(c) The obligor may move the court, under section 518.64, to modify the order respecting the amount of maintenance or support.

(d) Every order for support or maintenance shall provide for a conspicuous notice of the provisions of this subdivision that complies with section 518.68, subdivision 2. An order without this notice remains subject to this subdivision.

(e) Absent a court order to the contrary, if an arrearage exists at the time an order for ongoing support or maintenance would otherwise terminate, income withholding shall continue in effect in an amount equal to the former support or maintenance obligation plus an additional amount equal to 20 percent of the monthly child support obligation, until all arrears have been paid in full.

Sec. 5. Minnesota Statutes 1994, section 518.611, subdivision 5, is amended to read:

Subd. 5. [ARREARAGE ORDER.] Nothing in this section shall prevent the court from ordering the payor of funds to withhold amounts to satisfy the obligor's previous arrearage in child support or maintenance payments, the obligor's liability for reimbursement of child support or of public assistance pursuant to sections 256.87 and 257.66, for pregnancy and confinement expenses and for blood test costs, and any service fees that may be imposed under section 518.551. This remedy shall not operate to exclude availability of other remedies to enforce judgments.

Sec. 6. Minnesota Statutes 1994, section 518.611, subdivision 8a, is amended to read:

Subd. 8a. [LUMP SUM PAYMENTS.] ~~(a) Upon the Before transmittal of the last reimbursement payment to the employee, where obligor of a lump sum payment including, but not limited to, severance pay, accumulated sick pay or, vacation pay is paid upon termination of employment, and where the employee is in arrears in making court ordered child support payments, the employer shall withhold an amount which is the lesser of (1) the amount in arrears or (2) that portion of the arrearages which is the product of the obligor's monthly court ordered support amount multiplied by the number of months of net income that the lump sum payment represents. (b), bonuses, commissions, or other pay or benefits, an employer, trustee, or other payor of funds who has been served with a notice of income withholding under subdivision 2 or section 518.613 must:~~

(1) notify the public authority of any lump sum payment of \$500 or more that is to be paid to the obligor;

(2) hold the lump sum payment for 30 days after the date on which the lump sum payment would otherwise have been paid to the obligor, notwithstanding sections 181.08, 181.101, 181.11, 181.13, and 181.145; and

(3) upon order of the court, pay any specified amount of the lump sum payment to the public authority for future support, or reimbursement of support judgment, judgments, or arrearages; or

(4) upon service by United States mail of a sworn affidavit from the public authority or a court order stating:

(i) that a judgment entered pursuant to section 548.091, subdivision 1a, exists against the obligor, or that other support arrearages exist;

(ii) that a portion of the judgment, judgments, or arrearages remains unpaid; and

(iii) the current balance of the judgment, judgments, or arrearages, the payor of funds shall pay to the public authority the lesser of the amount of the lump sum payment or the total amount of judgments plus arrearages as stated in affidavit or court order subject to the limits imposed under the consumer credit protection act.

Sec. 7. Minnesota Statutes 1994, section 518.613, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] Notwithstanding any provision of section 518.611, subdivision 2 or 3, to the contrary, whenever an obligation for child support or maintenance, enforced by the public authority, is initially determined and ordered or modified by the court ~~in a county in which this section applies,~~ the amount of child support or maintenance ordered by the court and any fees assessed by the public authority responsible for child support enforcement must be withheld from the income and forwarded to the public authority, regardless of the source of income, of the person obligated to pay the support.

Sec. 8. Minnesota Statutes 1994, section 518.613, subdivision 2, is amended to read:

Subd. 2. [ORDER; COLLECTION SERVICES.] Every order for child support must include the obligor's social security number and date of birth and the name and address of the obligor's employer or other payor of funds. In addition, every order must contain provisions requiring the obligor to keep the public authority informed of the name and address of the obligor's current employer, or other payor of funds and whether the obligor has access to employment-related health insurance coverage and, if so, the health insurance policy information. Upon entry of the order for support or maintenance, the court shall ~~mail a copy of the court's automatic income withholding order and the provisions of section 518.611 and this section to the obligor's employer or other payor of funds and~~ provide a copy of the withholding order to the public authority responsible for child support enforcement. An obligee who is not a recipient of public assistance must decide to either apply for the IV-D collection services of the public authority or obtain income withholding only services when an order for support is entered unless the requirements of this section have been waived under subdivision 7. The supreme court shall develop a standard automatic income withholding form to be used by all Minnesota courts. This form shall be made a part of any order for support or decree by reference.

Sec. 9. Minnesota Statutes 1994, section 518.614, subdivision 1, is amended to read:

Subdivision 1. [STAY OF SERVICE.] If the court finds there is no arrearage in child support or maintenance as of the date of the court hearing, the court shall stay service of the order under section 518.613, subdivision 2, ~~in a county in which that section applies~~ if the obligor establishes a savings account for a sum equal to two months of the monthly child support or maintenance obligation and provides proof of the establishment to the court and the public authority on or before the day of the court hearing determining the obligation. This sum must be held in a financial institution in an interest-bearing account with only the public authority authorized as drawer of funds. Proof of the establishment must include the financial institution name and address, account number, and the amount of deposit.

Sec. 10. Minnesota Statutes 1994, section 518.64, subdivision 4, is amended to read:

Subd. 4. Unless otherwise agreed in writing or expressly provided in the order, provisions for the support of a child are ~~not terminated by emancipation of the child but not~~ by the death of a parent obligated to support the child. When a parent obligated to pay support dies, the amount of support may be modified, revoked, or commuted to a lump sum payment, to the extent just and appropriate in the circumstances.

Sec. 11. Minnesota Statutes 1994, section 518.64, is amended by adding a subdivision to read:

Subd. 4a. [AUTOMATIC TERMINATION OF SUPPORT.] (a) Unless a court order provides otherwise, a child support obligation in a specific amount per child terminates automatically and without any action by the obligor to reduce, modify, or terminate the order upon the emancipation of the child as provided under section 518.54, subdivision 2.

(b) A child support obligation for two or more children that is not a support obligation in a specific amount per child continues in the full amount until the emancipation of the last child for whose benefit the order was made, or until further order of the court.

(c) The obligor may request a modification of his or her child support order upon the emancipation of a child if there are still minor children under the order. The child support obligation shall be determined based on the income of the parties at the time the modification is sought. The court may provide that a modification order made under this paragraph is effective as of the date that the child was emancipated.

Sec. 12. Minnesota Statutes 1994, section 518C.310, is amended to read:

518C.310 [DUTIES OF STATE INFORMATION AGENCY.]

(a) The unit within the department of human services that receives and disseminates incoming interstate actions under title IV-D of the Social Security Act from section 518C.02, subdivision 1a, is the state information agency under this chapter.

(b) The state information agency shall:

(1) compile and maintain a current list, including addresses, of the tribunals in this state which have jurisdiction under this chapter and any support enforcement agencies in this state and transmit a copy to the state information agency of every other state;

(2) maintain a register of tribunals and support enforcement agencies received from other states;

(3) forward to the appropriate tribunal in the place in this state in which the individual obligee or the obligor resides, or in which the obligor's property is believed to be located, all documents concerning a proceeding under this chapter received from an initiating tribunal or the state information agency of the initiating state; and

(4) obtain information concerning the location of the obligor and the obligor's property within this state not exempt from execution, by such means as postal verification and federal or state locator services, examination of telephone directories, requests for the obligor's address from employers, and examination of governmental records, including, to the extent not prohibited by other law, those relating to real property, vital statistics, law enforcement, taxation, motor vehicles, driver's licenses, and social security; and

(5) determine which foreign jurisdictions and Indian tribes have substantially similar procedures for issuance and enforcement of support orders. The state information agency shall compile and maintain a list, including addresses, of all these foreign jurisdictions and Indian tribes. The state information agency shall make this list available to all state tribunals and all support enforcement agencies.

Sec. 13. Minnesota Statutes 1994, section 548.15, is amended to read:

548.15 [DISCHARGE OF RECORD.]

Subdivision 1. [GENERAL.] Except as provided in subdivision 2, upon the satisfaction of a judgment, whether wholly or in part, or as to all or any of several defendants, the court administrator shall enter the satisfaction in the judgment roll, and note it, with its date, on the docket. If the docketing is upon a transcript from another county, the entry on the docket is sufficient. A judgment is satisfied when there is filed with the court administrator:

(1) an execution satisfied, to the extent stated in the sheriff's return on it;

(2) a certificate of satisfaction signed and acknowledged by the judgment creditor;

(3) a like certificate signed and acknowledged by the attorney of the creditor, unless that attorney's authority as attorney has previously been revoked and an entry of the revocation made upon the register; the authority of an attorney to satisfy a judgment ceases at the end of six years from its entry;

(4) an order of the court, made on motion, requiring the execution of a certificate of satisfaction, or directing satisfaction to be entered without it;

(5) where a judgment is docketed on transcript, a copy of either of the foregoing documents, certified by the court administrator in which the judgment was originally entered and in which the originals were filed.

A satisfaction made in the name of a partnership is valid if executed by a member of it while the partnership continues. The judgment creditor, or the creditor's attorney while the attorney's authority continues, may also satisfy a judgment of record by a brief entry on the register, signed by the creditor or the creditor's attorney and dated and witnessed by the court administrator, who shall note the satisfaction on the margin of the docket. Except as provided in subdivision 2, when a judgment is satisfied otherwise than by return of execution, the judgment creditor or the creditor's attorney shall file a certificate of it with the court administrator within ten days after the satisfaction or within 30 days of payment by check or other noncertified funds.

Subd. 2. [CHILD SUPPORT OR MAINTENANCE JUDGMENT.] In the case of a judgment

for child support or spousal maintenance, an execution or certificate of satisfaction need not be filed with the court until the judgment is satisfied in full.

Sec. 14. Minnesota Statutes 1994, section 609.375, subdivision 1, is amended to read:

Subdivision 1. Whoever is legally obligated to provide care and support to a spouse ~~who is in necessitous circumstances~~, or child, whether or not its custody has been granted to another, and knowingly omits and fails without lawful excuse to do so is guilty of a misdemeanor, and upon conviction may be sentenced to imprisonment for not more than 90 days or to payment of a fine of not more than \$700, or both.

Sec. 15. [SUSPENSION OF PUBLICATIONS.]

Notwithstanding Minnesota Statutes, section 518.575, the commissioner of human services may not publish names of delinquent child support obligors until January 1, 1997; however, a county may publish names in accordance with Minnesota Statutes, section 518.575, provided the publication is cost-neutral to the state.

Sec. 16. [REPEALER.]

Minnesota Statutes 1994, section 518.64, subdivision 6, is repealed.

Sec. 17. [EFFECTIVE DATE.]

Sections 1 to 4, 6 to 9, 12, and 13 (256.978, subdivision 1; 518.575; 518.611, subdivision 1; 518.611, subdivision 2; 518.611, subdivision 8a; 518.613, subdivision 1; 518.613, subdivision 2; 518.614, subdivision 1; 518C.310; and 548.15) are effective July 1, 1995. Section 15 is effective the day following final enactment.

ARTICLE 4

RECOGNITION OF PARENTAGE

Section 1. Minnesota Statutes 1994, section 256.87, subdivision 5, is amended to read:

Subd. 5. [CHILD NOT RECEIVING ASSISTANCE.] A person or entity having physical custody of a dependent child not receiving assistance under sections 256.031 to 256.0361, or 256.72 to 256.87 has a cause of action for child support against the child's absent parents. Upon a motion served on the absent parent, the court shall order child support payments from the absent parent under chapter 518. The absent parent's liability may include up to the two years immediately preceding the commencement of the action. This subdivision applies only if the person or entity has physical custody with the consent of a custodial parent or approval of the court.

Sec. 2. Minnesota Statutes 1994, section 257.34, subdivision 1, is amended to read:

Subdivision 1. [ACKNOWLEDGMENT BY PARENTS.] The mother and father of a child born to a mother who was not married to the child's father when the child was conceived nor when the child was born may, in a writing signed by both of them before a notary public, declare and acknowledge under oath that they are the biological parents of the child. The declaration may provide that any such child born to the mother at any time before ~~or up to ten months after~~ the date of execution of the declaration is the biological child of the signatories. Execution of the declaration shall:

(a) have the same consequences as an acknowledgment by the signatories of parentage of the child for the purposes of sections 62A.041 and 62C.14, subdivision 5a;

(b) be conclusive evidence that the signatories are parents of the child for the purposes of sections 176.111, 197.75, and 197.752;

(c) create a presumption that the signatory is the biological father of the child for the purposes of sections 257.51 to 257.74;

(d) when timely filed with the division of vital statistics of the Minnesota department of health

as provided in section 259.51, qualify as an affidavit stating the intention of the signatories to retain parental rights as provided in section 259.51 if it contains the information required by section 259.51 or rules promulgated thereunder;

(e) have the same consequences as a writing declaring paternity of the child for the purposes of section 524.2-109; and

(f) be conclusive evidence that the signatories are parents of the child for the purposes of chapter 573.

Sec. 3. Minnesota Statutes 1994, section 257.34, is amended by adding a subdivision to read:

Subd. 4. [EXPIRATION OF AUTHORITY FOR DECLARATIONS.] An acknowledgment of parentage under this section may not be entered into on or after August 1, 1995. The mother and father of a child born to a mother who was not married to the child's father when the child was conceived nor when the child was born may execute a recognition of parentage under section 257.75.

Sec. 4. Minnesota Statutes 1994, section 257.55, subdivision 1, is amended to read:

Subdivision 1. [PRESUMPTION.] A man is presumed to be the biological father of a child if:

(a) He and the child's biological mother are or have been married to each other and the child is born during the marriage, or within 280 days after the marriage is terminated by death, annulment, declaration of invalidity, dissolution, or divorce, or after a decree of legal separation is entered by a court;

(b) Before the child's birth, he and the child's biological mother have attempted to marry each other by a marriage solemnized in apparent compliance with law, although the attempted marriage is or could be declared void, voidable, or otherwise invalid, and,

(1) if the attempted marriage could be declared invalid only by a court, the child is born during the attempted marriage, or within 280 days after its termination by death, annulment, declaration of invalidity, dissolution or divorce; or

(2) if the attempted marriage is invalid without a court order, the child is born within 280 days after the termination of cohabitation;

(c) After the child's birth, he and the child's biological mother have married, or attempted to marry, each other by a marriage solemnized in apparent compliance with law, although the attempted marriage is or could be declared void, voidable, or otherwise invalid, and,

(1) he has acknowledged his paternity of the child in writing filed with the state registrar of vital statistics;

(2) with his consent, he is named as the child's father on the child's birth certificate; or

(3) he is obligated to support the child under a written voluntary promise or by court order;

(d) While the child is under the age of majority, he receives the child into his home and openly holds out the child as his biological child;

(e) He and the child's biological mother acknowledge his paternity of the child in a writing signed by both of them under section 257.34 and filed with the state registrar of vital statistics. If another man is presumed under this paragraph to be the child's father, acknowledgment may be effected only with the written consent of the presumed father or after the presumption has been rebutted;

(f) Evidence of statistical probability of paternity based on blood testing establishes the likelihood that he is the father of the child, calculated with a prior probability of no more than 0.5 (50 percent), is 99 percent or greater;

(g) He and the child's biological mother have executed a recognition of parentage in accordance with section 257.75 and another man is presumed to be the father under this subdivision; or

(h) He and the child's biological mother have executed a recognition of parentage in accordance with section 257.75 and another man and the child's mother have executed a recognition of parentage in accordance with section 257.75; or

(i) He and the child's biological mother executed a recognition of parentage in accordance with section 257.75 when either or both of the signatories were less than 18 years of age.

Sec. 5. Minnesota Statutes 1994, section 257.57, subdivision 2, is amended to read:

Subd. 2. The child, the mother, or personal representative of the child, the public authority chargeable by law with the support of the child, the personal representative or a parent of the mother if the mother has died or is a minor, a man alleged or alleging himself to be the father, or the personal representative or a parent of the alleged father if the alleged father has died or is a minor may bring an action:

(1) at any time for the purpose of declaring the existence of the father and child relationship presumed under section 257.55, subdivision 1, paragraph (d), (e), (f), (g), or (h), or the nonexistence of the father and child relationship presumed under clause (d) of that subdivision;

(2) for the purpose of declaring the nonexistence of the father and child relationship presumed under section 257.55, subdivision 1, paragraph (e) or (g), only if the action is brought within three years after the date of the execution of the declaration or recognition of parentage; or

(3) for the purpose of declaring the nonexistence of the father and child relationship presumed under section 257.55, subdivision 1, paragraph (f), only if the action is brought within three years after the party bringing the action, or the party's attorney of record, has been provided the blood test results; or

(4) for the purpose of declaring the nonexistence of the father and child relationship presumed under section 257.75, subdivision 9, only if the action is brought by the minor signatory within six months after the minor signatory reaches the age of 18. In the case of a recognition of parentage executed by two minor signatories, the action to declare the nonexistence of the father and child relationship must be brought within six months after the youngest signatory reaches the age of 18.

Sec. 6. Minnesota Statutes 1994, section 257.60, is amended to read:

257.60 [PARTIES.]

The child may be made a party to the action. If the child is a minor and is made a party, a general guardian or a guardian ad litem shall be appointed by the court to represent the child. The child's mother or father may not represent the child as guardian or otherwise. The biological mother, each man presumed to be the father under section 257.55, and each man alleged to be the biological father, shall be made parties or, if not subject to the jurisdiction of the court, shall be given notice of the action in a manner prescribed by the court and shall be given an opportunity to be heard. The public agency responsible for support enforcement is joined as a party in each case in which rights are assigned under section 256.74, subdivision 5, and in each case in which the public agency is providing services pursuant to an application for child support services. A person who may bring an action under section 257.57 may be made a party to the action. The court may align the parties. The child shall be made a party whenever:

(1) the child is a minor and the case involves a compromise under section 257.64, subdivision 1, or a lump sum payment under section 257.66, subdivision 4, in which case the commissioner of human services shall also be made a party subject to department of human services rules relating to paternity suit settlements; or

(2) the child is a minor and the action is to declare the nonexistence of the father and child relationship; or

(3) an action to declare the existence of the father and child relationship is brought by a man presumed to be the father under section 257.55, or a man who alleges to be the father, and the mother of the child denies the existence of the father and child relationship.

Sec. 7. [257.651] [DEFAULT ORDER OF PARENTAGE.]

In an action to determine the existence of the father and child relationship under sections 257.51 to 257.74, if the alleged father fails to appear at a hearing after service duly made and proved, the court shall enter a default judgment or order of paternity.

Sec. 8. Minnesota Statutes 1994, section 257.67, subdivision 1, is amended to read:

Subdivision 1. If existence of the parent and child relationship is declared, or parentage or a duty of support has been acknowledged or adjudicated under sections 257.51 to 257.74 or under prior law, the obligation of the noncustodial parent may be enforced in the same or other proceedings by the custodial parent, the child, the public authority that has furnished or may furnish the reasonable expenses of pregnancy, confinement, education, support, or funeral, or by any other person, including a private agency, to the extent that person has furnished or is furnishing these expenses. Full faith and credit shall be given to a determination of paternity made by another state, whether established through voluntary acknowledgment or through administrative or judicial processes.

Sec. 9. Minnesota Statutes 1994, section 257.75, subdivision 3, is amended to read:

Subd. 3. [EFFECT OF RECOGNITION.] Subject to subdivision 2 and section 257.55, subdivision 1, paragraph (g) or (h), the recognition has the force and effect of a judgment or order determining the existence of the parent and child relationship under section 257.66. If the conditions in section 257.55, subdivision 1, paragraph (g) or (h), exist, the recognition creates only a presumption of paternity for purposes of sections 257.51 to 257.74. Until an order is entered granting custody to another, the mother has sole custody. The recognition is:

(1) a basis for bringing an action to award custody or visitation rights to either parent, establishing a child support obligation which may include up to the two years immediately preceding the commencement of the action, ordering a contribution by a parent under section 256.87, or ordering a contribution to the reasonable expenses of the mother's pregnancy and confinement, as provided under section 257.66, subdivision 3, or ordering reimbursement for the costs of blood or genetic testing, as provided under section 257.69, subdivision 2;

(2) determinative for all other purposes related to the existence of the parent and child relationship; and

(3) entitled to full faith and credit in other jurisdictions.

Sec. 10. Minnesota Statutes 1994, section 257.75, is amended by adding a subdivision to read:

Subd. 9. [EXECUTION BY A MINOR PARENT.] A recognition of parentage executed and filed in accordance with this section by a minor parent creates a presumption of paternity for the purposes of sections 257.51 to 257.74.

Sec. 11. [518.255] [PROVISION OF LEGAL SERVICES BY THE PUBLIC AUTHORITY.]

The provision of services under the child support enforcement program that includes services by an attorney or an attorney's representative employed by, under contract to, or representing the public authority does not create an attorney-client relationship with any party other than the public authority. Attorneys employed by or under contract with the public authority have an affirmative duty to inform applicants and recipients of services in writing under the child support enforcement program that no attorney-client relationship exists between the attorney and the applicant or recipient. The written notice must inform the individual applicant or recipient of services that no attorney-client relationship exists between the attorney and the applicant or recipient, the rights of the individual as a subject of data under section 13.04, subdivision 2, and that the individual has a right to have an attorney represent the individual. This section applies to all legal services provided by the child support enforcement program.

ARTICLE 5

CHILD SUPPORT PROCEDURES

Section 1. Minnesota Statutes 1994, section 518.5511, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] (a) An administrative process is established to obtain, modify, and

enforce child and medical support orders and parentage orders and modify maintenance if combined with a child support proceeding. All laws governing these actions apply insofar as they are not inconsistent with the provisions of this section and section 518.5512. Wherever other laws are inconsistent with this section and section 518.5512, the provisions in this section and section 518.5512 shall apply.

(b) All proceedings for obtaining, modifying, or enforcing child and medical support orders and modifying maintenance orders if combined with a child support proceeding, are required to be conducted in the administrative process when the public authority is a party or provides services to a party or parties to the proceedings. At county option, the administrative process may include contempt motions or actions to establish parentage. Nothing contained herein shall prevent a party, upon timely notice to the public authority, from commencing an action or bringing a motion for the establishment, modification, or enforcement of child support or modification of maintenance orders if combined with a child support proceeding in district court, if additional issues involving domestic abuse, establishment or modification of custody or visitation, property issues, or other issues outside the jurisdiction of the administrative process, are part of the motion or action, or from proceeding with a motion or action brought by another party containing one or more of these issues if it is pending in district court.

(c) A party may make a written request to the public authority to initiate an uncontested administrative proceeding. If the public authority denies the request, the public authority shall issue a summary order notice which denies the request for relief, states the reasons for the denial, and notifies the party of the right to commence an action for relief. If the party commences an action or serves and files a motion within 30 days after the public authority's denial and the party's action results in a modification of a child support order, the modification may be retroactive to the date the written request was received by the public authority.

(d) After August 1, 1994, all counties shall participate in the administrative process established in this section in accordance with a statewide implementation plan to be set forth by the commissioner of human services. No county shall be required to participate in the administrative process until after the county has been trained. The implementation plan shall include provisions for training the counties by region no later than July 1, 1995.

(e) For the purpose of the administrative process, all powers, duties, and responsibilities conferred on judges of district court to obtain and enforce child and medical support and parentage and maintenance obligations, subject to the limitations of this section are conferred on administrative law judges, including the power to issue subpoenas, orders to show cause, and bench warrants for failure to appear.

The administrative law judge has the authority to approve parentage orders that contain uncontested custody and visitation provisions.

Sec. 2. Minnesota Statutes 1994, section 518.5511, subdivision 2, is amended to read:

Subd. 2. [UNCONTESTED ADMINISTRATIVE PROCEEDING.] (a) A party may petition the chief administrative law judge, the chief district court judge, or the chief family court referee to proceed immediately to a contested hearing upon good cause shown.

(b) The public authority shall give the parties written notice requesting the submission of information necessary for the public authority to prepare a proposed ~~child support~~ order. The written notice shall be sent by first class mail to the parties' last known addresses. The written notice shall describe the information requested, state the purpose of the request, state the date by which the information must be postmarked or received (which shall be at least 30 days from the date of the mailing of the written notice), state that if the information is not postmarked or received by that date, the public authority will prepare a proposed order on the basis of the information available, and identify the type of information which will be considered.

(c) Following the submission of information or following the date when the information was due, the public authority shall, on the basis of all information available, complete and sign a proposed ~~child support~~ order and notice. In preparing the proposed ~~child support~~ order, the public authority will establish child support in the highest amount permitted under section 518.551, subdivision 5. The proposed order shall include written findings in accordance with section

518.551, subdivision 5, clauses (i) and (j). The notice shall state that the proposed ~~child support~~ order will be entered as a final and binding default order unless one of the parties requests a conference under subdivision 3 within 14 days following the date of service of the proposed ~~child support~~ order. The method for requesting the conference shall be stated in the notice. The notice and proposed ~~child support~~ order shall be served under the rules of civil procedure. For the purposes of the contested hearing, and notwithstanding any law or rule to the contrary, the service of the proposed order pursuant to this paragraph shall be deemed to have commenced a proceeding and the judge, including an administrative law judge or a referee, shall have jurisdiction over the contested hearing.

(d) If a conference under subdivision 3 is not requested by a party within 14 days after the date of service of the proposed ~~child support~~ order, the public authority may ~~enter~~ submit the proposed order as the default order. The default order becomes ~~effective 30 days after the date of service of the notice in paragraph (c)~~ enforceable upon signature by an administrative law judge or district court judge or referee. The public authority may also prepare and serve a new notice and proposed ~~child support~~ order if new information is subsequently obtained. The default ~~child support~~ order shall be a final order, and shall be served under the rules of civil procedure.

(e) The public authority shall file in the district court copies of all notices served on the parties, proof of service, and all orders.

Sec. 3. Minnesota Statutes 1994, section 518.5511, subdivision 3, is amended to read:

Subd. 3. [ADMINISTRATIVE CONFERENCE.] (a) If a party requests a conference within 14 days of the date of service of the proposed order, the public authority shall schedule a conference, and shall serve written notice of the date, time, and place of the conference on the parties.

(b) The purpose of the conference is to review all available information and seek an agreement to enter a consent ~~child support~~ order. The notice shall state the purpose of the conference, and that the proposed ~~child support~~ order will be entered as a final and binding default order if the requesting party fails to appear at the conference. The notice shall be served on the parties by first class mail at their last known addresses, and the method of service shall be documented in the public authority file.

(c) A party alleging domestic abuse by the other party shall not be required to participate in a conference. In such a case, the public authority shall meet separately with the parties in order to determine whether an agreement can be reached.

(d) If the party requesting the conference does not appear and fails to provide a written excuse (with supporting documentation if relevant) to the public authority within seven days after the date of the conference which constitutes good cause, the public authority may enter a default ~~child support~~ order through the uncontested administrative process. The public authority shall not enter the default order until at least seven days after the date of the conference.

For purposes of this section, misrepresentation, excusable neglect, or circumstances beyond the control of the person who requested the conference which prevented the person's appearance at the conference constitutes good cause for failure to appear. If the public authority finds good cause, the conference shall be rescheduled by the public authority and the public authority shall send notice as required under this subdivision.

(e) If the parties appear at the conference, the public authority shall seek agreement of the parties to the entry of a consent ~~child support~~ order which establishes child support in accordance with applicable law. The public authority shall advise the parties that if a consent order is not entered, the matter will be scheduled for a hearing before an administrative law judge, or a district court judge or referee, and that the public authority will seek the establishment of child support at the hearing in accordance with the highest amount permitted under section 518.551, subdivision 5. If an agreement to enter the consent order is not reached at the conference, the public authority shall schedule the matter ~~before an administrative law judge, district court judge, or referee~~ for a contested hearing.

(f) If an agreement is reached by the parties at the conference, a consent ~~child support~~ order shall be prepared by the public authority, and shall be signed by the parties. All consent and

default orders shall be signed by the nonattorney employee of the public authority and shall be submitted to an administrative law judge or the district court for countersignature approval and signature. The order is effective enforceable upon the signature by the administrative law judge or the district court and is retroactive to the date of signature by the nonattorney employee of the public authority. The consent order shall be served on the parties under the rules of civil procedure.

Sec. 4. Minnesota Statutes 1994, section 518.5511, subdivision 4, is amended to read:

Subd. 4. [CONTESTED ADMINISTRATIVE PROCEEDING.] (a) The commissioner of human services is authorized to designate counties to use the contested administrative hearing process based upon federal guidelines for county performance. The contested administrative hearing process may also be initiated upon request of a county board. The administrative hearing process shall be implemented in counties designated by the commissioner. All counties shall participate in the contested administrative process established in this section as designated in a statewide implementation plan to be set forth by the commissioner of human services. No county may be required to participate in the contested administrative process until after the county has been trained. The contested administrative process must be in operation in all counties except Hennepin by July 1, 1996.

A Hennepin county pilot program shall be jointly planned, implemented, and evaluated by the department of human services, the office of administrative hearings, the fourth judicial district court, and Hennepin county and be in operation by July 1, 1996. The pilot program shall provide that one-half of the case load use the contested administrative process. The pilot program shall include an evaluation which shall be conducted after one year of program operation. A preliminary evaluation report shall be submitted by the commissioner to the legislature by March 1, 1997. A final evaluation report shall be submitted by the commissioner to the legislature by January 15, 1998. The pilot program shall continue pending final decision by the legislature, or until the commissioner determines that Hennepin county will not participate in the contested administrative process.

In counties designated by the commissioner, contested hearings required under this section shall be scheduled before administrative law judges, and shall be conducted in accordance with the provisions under this section. In counties not designated by the commissioner, contested hearings shall be conducted in district court in accordance with the rules of civil procedure and the rules of family court.

(b) An administrative law judge may conduct hearings and approve a stipulation reached on a contempt motion brought by the public authority. Any stipulation that involves a finding of contempt and a jail sentence, whether stayed or imposed, shall require the review and signature of a district court judge.

(c) For the purpose of this process, all powers, duties, and responsibilities conferred on judges of the district court to obtain and enforce child and medical support and maintenance obligations, subject to the limitation set forth herein, are conferred on the administrative law judge conducting the proceedings, including the power to issue subpoenas, to issue orders to show cause, and to issue bench warrants for failure to appear. A party, witness, or attorney may appear or testify by telephone, audiovisual means, or other electronic means, at the discretion of the administrative law judge.

(d) Before implementing the process in a county, the chief administrative law judge, the commissioner of human services, the director of the county human services agency, the county attorney, the county court administrator, and the county sheriff shall jointly establish procedures, and the county shall provide hearing facilities for implementing this process in the county. A contested administrative hearing shall be conducted in a courtroom, if one is available, or a conference or meeting room with at least two exits and of sufficient size to permit adequate physical separation of the parties. The court administrator shall provide administrative support for the contested hearing. Security personnel shall either be present during the administrative hearings, or be available to respond to a request for emergency assistance.

(e) The contested administrative hearings shall be conducted under the rules of the office of administrative hearings, Minnesota Rules, parts 1400.5275, 1400.5500, 1400.6000 to 1400.6400,

1400.6600 to 1400.7000, 1400.7100 to 1400.7500, 1400.7700, and 1400.7800, and 1400.8100, as adopted by the chief administrative law judge.

For matters not initiated under section 518.5511, subdivision 2, documents from the moving party shall be served and filed at least 14 days prior to the hearing and the opposing party shall serve and file documents raising new issues at least ten days prior to the hearing. In all contested administrative proceedings, the administrative law judge may limit the extent and timing of discovery. Except as provided under this section, other aspects of the case, including, but not limited to, pleadings, discovery, and motions, shall be conducted under the rules of family court, the rules of civil procedure, and chapter 518.

(f) Pursuant to a contested administrative hearing, the administrative law judge shall make findings of fact, conclusions, and a final decision and issue an order. Orders issued by an administrative law judge may be enforceable by the contempt powers of the district courts.

(g) At the time the matter is scheduled for a contested hearing, the public authority shall file in the district court copies of all relevant documents sent to or received from the parties, in addition to the documents filed under subdivision 2, paragraph (e). For matters scheduled for a contested hearing which were not initiated under section 518.5511, subdivision 2, the public authority shall obtain any income information available to the public authority through the department of economic security and serve this information on all parties and file the information with the court at least five days prior to the hearing.

(h) The decision and order of the administrative law judge is appealable to the court of appeals in the same manner as a decision of the district court.

Sec. 5. Minnesota Statutes 1994, section 518.5511, subdivision 5, is amended to read:

Subd. 5. [NONATTORNEY AUTHORITY.] Nonattorney employees of the public authority responsible for child support may prepare, sign, serve, and file complaints, motions, notices, summary orders, notices, proposed orders, default orders, and consent orders for obtaining, modifying, or enforcing child and medical support orders, orders establishing paternity, and related documents, and orders to modify maintenance if combined with a child support order. The nonattorney may also conduct prehearing conferences, and participate in proceedings before an administrative law judge. This activity shall not be considered to be the unauthorized practice of law. Nonattorney employees may not represent the interests of any party other than the public authority, and may not give legal advice to any party.

Sec. 6. Minnesota Statutes 1994, section 518.5511, subdivision 7, is amended to read:

Subd. 7. [PUBLIC AUTHORITY LEGAL ADVISOR.] At all stages of the administrative process prior to the contested hearing, the county attorney, or other attorney under contract, shall act as the legal advisor for the public authority, but shall not play an active role in the review of information and, the preparation of default and consent orders, and the contested hearings unless the nonattorney employee of the public authority requests the appearance of the county attorney.

Sec. 7. Minnesota Statutes 1994, section 518.5511, subdivision 9, is amended to read:

Subd. 9. [TRAINING AND RESTRUCTURING.] (a) The commissioner of human services, in consultation with the office of administrative hearings, shall be responsible for the supervision of the administrative process. The commissioner of human services shall provide training to child support officers and other employees of the public authority persons involved in the administrative process. The commissioner of human services shall prepare simple and easy to understand forms for all notices and orders prescribed in this subdivision section, and the public authority shall use them.

(b) The office of administrative hearings shall be responsible for training and monitoring the performance of administrative law judges, maintaining records of proceedings, providing transcripts upon request, and maintaining the integrity of the district court file.

Sec. 8. [518.5512] [ADMINISTRATIVE PROCEDURES FOR CHILD AND MEDICAL SUPPORT ORDERS AND PARENTAGE ORDERS.]

Subdivision 1. [GENERAL.] The provisions of this section apply to actions conducted in the administrative process pursuant to section 518.5511.

Subd. 2. [PATERNITY.] (a) A nonattorney employee of the public authority may request an administrative law judge or the district court to order the child, mother, or alleged father to submit to blood or genetic tests. The order is effective when signed by an administrative law judge or the district court. Failure to comply with the order for blood or genetic tests may result in a default determination of parentage.

(b) If parentage is contested at the administrative hearing, the administrative law judge may order temporary child support under section 257.62, subdivision 5, and shall refer the case to the district court.

(c) The district court may appoint counsel for an indigent alleged father only after the return of the blood or genetic test results from the testing laboratory.

Subd. 3. [COST-OF-LIVING ADJUSTMENT.] The notice of application for adjustment shall be treated as a proposed order under section 518.5511, subdivision 2, paragraph (c). The public authority shall stay the adjustment of support upon receipt of a request for an administrative conference. An obligor requesting an administrative conference shall provide all relevant information that establishes an insufficient increase in income to justify the adjustment of the support obligation. If the obligor fails to submit any evidence at the administrative conference, the cost-of-living adjustment will immediately go into effect."

Delete the title and insert:

"A bill for an act relating to family law; providing for enforcement of child support obligations; expanding enforcement remedies for child support; authorizing programs; providing for resolution of custody and visitation disputes; creating a central child support payment center; modifying child support data collection and publication; imposing penalties; adding provisions relating to recognition of parentage; adding provisions for administrative proceedings; appropriating money; amending Minnesota Statutes 1994, sections 13.46, subdivision 2; 168A.05, subdivisions 2, 3, 7, and by adding a subdivision; 168A.16; 168A.20, by adding a subdivision; 168A.21; 168A.29, subdivision 1; 214.101, subdivisions 1 and 4; 256.87, subdivision 5; 256.978, subdivision 1; 257.34, subdivision 1, and by adding a subdivision; 257.55, subdivision 1; 257.57, subdivision 2; 257.60; 257.67, subdivision 1; 257.75, subdivision 3, and by adding a subdivision; 518.171, subdivision 2a; 518.24; 518.551, subdivision 12, and by adding subdivisions; 518.5511, subdivisions 1, 2, 3, 4, 5, 7, and 9; 518.575; 518.611, subdivisions 1, 2, 5, and 8a; 518.613, subdivisions 1 and 2; 518.614, subdivision 1; 518.64, subdivision 4, and by adding a subdivision; 518C.310; 548.15; and 609.375, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 171; 256; 257; and 518; repealing Minnesota Statutes 1994, sections 214.101, subdivisions 2 and 3; 518.561; 518.611, subdivision 8; and 518.64, subdivision 6."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 462: A bill for an act relating to the environment; implementing the transfer of solid waste management duties of the metropolitan council to the office of environmental assistance; providing for the management of waste; providing penalties; amending Minnesota Statutes 1992, section 115A.33, as reenacted; Minnesota Statutes 1994, sections 115.071, subdivision 1; 115A.055; 115A.07, subdivision 3; 115A.072, subdivisions 1, 3, and 4; 115A.12; 115A.14, subdivision 4; 115A.15, subdivision 9; 115A.191, subdivisions 1 and 2; 115A.32; 115A.411; 115A.42; 115A.45; 115A.46, subdivisions 1 and 5; 115A.47, by adding a subdivision; 115A.55, by adding a subdivision; 115A.5501, subdivisions 2, 3, and 4; 115A.5502; 115A.551, subdivisions 2a, 4, 5, 6, and 7; 115A.554; 115A.557, subdivisions 3 and 4; 115A.558; 115A.63, subdivision 3; 115A.84, subdivision 3; 115A.86, subdivision 2; 115A.919, subdivision 3; 115A.921, subdivision 1; 115A.923, subdivision 1; 115A.9302, subdivisions 1 and 2; 115A.951, subdivision 4; 115A.965, subdivision 1; 115A.97, subdivisions 5 and 6; 115A.981, subdivision 3; 116.07,

subdivision 4j; 116.072; 400.16; 400.161; 473.149, subdivisions 1, 2d, 2e, 3, 4, and 6; 473.151; 473.516, subdivision 2; 473.801, subdivision 1, and by adding subdivisions; 473.8011; 473.803, subdivisions 1, 1c, 2, 2a, 3, 4, and 5; 473.804; 473.811, subdivisions 1, 4a, 5, 5c, 7, and 8; 473.813, subdivision 2; 473.823, subdivisions 3, 5, and 6; 473.843, subdivision 1; 473.844, subdivisions 1a and 4; 473.8441, subdivisions 2, 4, and 5; 473.845, subdivision 4; 473.846; and 473.848; Laws 1994, chapter 628, article 3, section 209; proposing coding for new law in Minnesota Statutes, chapter 480; repealing Minnesota Statutes 1994, sections 115A.81, subdivision 3; 115A.90, subdivision 3; 116.94; 383D.71, subdivision 2; 473.149, subdivisions 2, 2a, 2c, 2f, and 5; 473.181, subdivision 4; and 473.803, subdivisions 1b and 1e.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1
POLICY

Section 1. Minnesota Statutes 1994, section 16B.122, subdivision 3, is amended to read:

Subd. 3. [PUBLIC ENTITY PURCHASING.] (a) Notwithstanding section 365.37, 375.21, 412.311, 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. When a project by a public entity involves the replacement of carpeting, the public entity may require all persons who wish to bid on the project to designate a carpet recycling company in their bids.

Sec. 2. [16B.124] [CONSIDERATION OF ENVIRONMENTAL IMPACTS OF METAL RECYCLING FACILITIES.]

(a) A public entity shall include consideration of environmental impacts in selecting a recycling facility for the recycling of scrap metal.

(b) For the purposes of this section:

(1) "public entity" has the meaning given in section 16B.122, subdivision 1; and

(2) "recycling facility" has the meaning given in section 115A.03, subdivision 25c.

Sec. 3. Minnesota Statutes 1994, section 115.071, subdivision 1, is amended to read:

Subdivision 1. [REMEDIES AVAILABLE.] The provisions of sections 103F.701 to 103F.761, this chapter and chapters 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 or terms or conditions thereof, including conditions established under section 473.823, subdivision 3, 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. 4. [115A.0715] [CONSOLIDATED GRANT AND LOAN PROGRAMS.]

The director may consolidate and jointly administer the following grant and loan programs: public education under section 115A.072, technical and research assistance under section

115A.152, waste reduction under section 115A.154, waste processing and collection facilities and services under section 115A.156, market development under section 115A.48, waste separation projects under section 115A.53, solid waste reduction under section 115A.55, used oil under section 115A.9162, litter under section 115A.991, pollution prevention assistance under section 115D.04, and pollution prevention under section 115D.05.

Sec. 5. Minnesota Statutes 1994, section 115A.072, subdivision 3, is amended to read:

Subd. 3. [EDUCATION GRANTS.] (a) The director shall provide grants to persons for the purpose of developing and distributing waste education information.

~~(b) The director shall provide grants and technical assistance to formal and informal education facilities to develop and implement a model program to incorporate waste reduction, recycling, litter prevention, and proper management of problem materials into educational operations.~~

(e) The director shall provide grants or awards and technical assistance to formal and informal education facilities to develop or implement ongoing programs for waste reduction, recycling, litter prevention, and proper management of problem materials programs.

Sec. 6. Minnesota Statutes 1994, section 115A.072, subdivision 4, is amended to read:

Subd. 4. [EDUCATION, PROMOTION, AND PROCUREMENT.] The director shall include: (1) waste reduction and reuse, including packaging reduction and reuse; and (2) the hazards of open burning, as defined in section 88.01, of mixed municipal solid waste, especially the hazards of dioxin emissions to children, as an element ~~elements~~ of the director's program of public education on waste management required under this section. The waste reduction and reuse education program must include dissemination of information and may include an award program for model waste reduction and reuse efforts. Waste reduction and reuse educational efforts must also include provision of information about and promotion of the model procurement program developed by the commissioner of administration under section 115A.15, subdivision 7, or any other model procurement program that results in significant waste reduction and reuse.

Sec. 7. Minnesota Statutes 1992, section 115A.33, as reenacted by sections 50 and 51, is amended to read:

115A.33 [ELIGIBILITY; REQUEST FOR REVIEW.]

The following persons shall be eligible to request supplementary review by the board pursuant to sections 115A.32 to 115A.39: (a) a generator of sewage sludge within the state who has been issued permits by the agency for a facility to dispose of sewage sludge or solid waste resulting from sewage treatment; (b) a political subdivision which has been issued permits by the agency, or a political subdivision acting on behalf of a person who has been issued permits by the agency, for a solid waste facility which is no larger than 250 acres, not including any proposed buffer area, and located outside the metropolitan area; (c) a generator of hazardous waste within the state who has been issued permits by the agency for a hazardous waste facility to be owned and operated by the generator, on property owned by the generator, and to be used by the generator for managing the hazardous wastes produced by the generator only; (d) a person who has been issued permits by the agency for a commercial hazardous waste processing facility at a site included in the board's inventory of preferred sites for such facilities adopted pursuant to section 115A.09; (e) a person who has been issued permits by the agency for a disposal facility for the nonhazardous sludge, ash, or other solid waste generated by a permitted hazardous waste processing facility operated by the person. ~~The metropolitan waste control commission shall not be eligible to request review under clause (a) for a sewage sludge disposal facility. The metropolitan waste control commission shall not be eligible to request review under clause (a) for a solid waste facility with a proposed permitted life of longer than four years.~~ The board may require completion of a plan conforming to the requirements of section 115A.46, before granting review under clause (b). A request for supplementary review shall show that the required permits for the facility have been issued by the agency and that a political subdivision has refused to approve the establishment or operation of the facility.

Sec. 8. Minnesota Statutes 1994, section 115A.411, is amended to read:

115A.411 [SOLID WASTE MANAGEMENT POLICY; CONSOLIDATED REPORT.]

Subdivision 1. [AUTHORITY; PURPOSE.] The director with assistance from the commissioner shall prepare and adopt a report on solid waste management policy ~~excluding the metropolitan area~~. The report must be submitted by the director to the legislative commission on waste management by July 1 of each ~~even-numbered~~ odd-numbered year and ~~may~~ shall include reports required under sections 115A.55, subdivision 4, paragraph (b); 115A.551, subdivision 4, and; 115A.557, subdivision 4; 473.149, subdivision 6; 473.846; and 473.848, subdivision 4.

Subd. 2. [CONTENTS.] (a) The report must also include:

(1) a summary of the current status of solid waste management, including the amount of solid waste generated, the manner in which it is collected, processed, and disposed, the extent of separation, recycling, reuse, and recovery of solid waste, and the facilities available or under development to manage the waste;

~~(2) a summary of current state solid waste management policies, goals, and objectives, including their statutory, administrative, and regulatory basis and the state agencies and political subdivisions responsible for implementation;~~

~~(3)~~ (2) an evaluation of the extent and effectiveness of implementation and an assessment of progress in accomplishing state policies, goals, and objectives, including those listed in paragraph (b);

~~(4) estimates of the generation of solid waste anticipated for the future, the manner in which the waste is likely to be managed, and the programs and facilities that will be available and needed for proper waste management;~~

~~(5)~~ (3) identification of issues requiring further research, study, and action, the appropriate scope of the research, study, or action, the state agency or political subdivision that should implement the research, study, or action, and a schedule for completion of the activity; and

~~(6)~~ (4) recommendations for establishing or modifying state solid waste management policies, authorities, and programs.

(b) Beginning in 1997, and every sixth year thereafter, the report shall be expanded to include the metropolitan area solid waste policy plan required in section 473.149, subdivision 1, and strategies for the office to advance the goals of this chapter, to manage waste as a resource, to further reduce the need for expenditures on resource recovery and disposal facilities, and to further reduce long-term environmental and financial liabilities. The expanded report must include strategies for:

(1) achieving the maximum feasible reduction in waste generation;

(2) encouraging manufacturers to design products that eliminate or reduce the adverse environmental impacts of resource extraction, manufacturing, use, and waste processing and disposal;

(3) educating businesses, public entities, and other consumers about the need to consider the potential environmental and financial impacts of purchasing products that may create a liability or that may be expensive to recycle or manage as waste, due to the presence of toxic or hazardous components;

(4) eliminating or reducing toxic or hazardous components in compost from municipal solid waste composting facilities, in ash from municipal solid waste incinerators, and in leachate and air emissions from municipal solid waste landfills, in order to reduce the potential liability of waste generators, facility owners and operators, and taxpayers;

(5) encouraging the source separation of materials to the extent practicable, so that the materials are most appropriately managed and to ensure that resources that can be reused or recycled are not disposed of or destroyed; and

(6) maximizing the efficiency of the waste management system by managing waste and

recyclables close to the point of generation, taking into account the characteristics of the resources to be recovered from the waste and the type and capacity of local facilities.

Sec. 9. Minnesota Statutes 1994, section 115A.46, subdivision 5, is amended to read:

Subd. 5. [JURISDICTION OF PLAN.] (a) After a county plan has been submitted for approval under subdivision 1, a ~~political subdivision~~ public entity, as defined in section 16B.122, subdivision 1, within the county may not enter into a binding agreement governing a solid waste management activity that is inconsistent with the county plan without the consent of the county.

(b) After a county plan has been approved under subdivision 1, the plan governs all solid waste management in the county and a ~~political subdivision~~ public entity, as defined in section 16B.122, subdivision 1, within the county may not develop or implement a solid waste management activity, other than an activity to reduce waste generation or reuse waste materials, that is inconsistent with the county plan that the county is actively implementing without the consent of the county.

Sec. 10. [115A.471] [PUBLIC ENTITIES; MANAGEMENT OF SOLID WASTE.]

(a) In order to minimize long-term liabilities and costs to Minnesota taxpayers, a public entity may not arrange for management of solid waste, or enter into a contract under which another person arranges for management of solid waste for the public entity, at a facility that uses a primary waste management method that is environmentally inferior to the primary waste management method chosen by the county in which the waste is generated.

(b) For the purpose of this subdivision, "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 other general or special purpose unit of government in the state.

Sec. 11. Minnesota Statutes 1994, section 115A.55, is amended by adding a subdivision to read:

Subd. 4. [STATEWIDE SOURCE REDUCTION GOAL.] (a) It is a goal of the state that there be a minimum ten percent per capita reduction in the amount of mixed municipal solid waste generated in the state by December 31, 2000, based on a reasonable estimate of the amount of mixed municipal solid waste that was generated in calendar year 1993.

(b) As part of the 1997 report required under section 115A.411, the director shall submit to the legislative commission on waste management a proposed strategy for meeting the goal in paragraph (a). The strategy must include a discussion of the different reduction potentials to be found in various sectors and may include recommended interim goals. The director shall report progress on meeting the goal in paragraph (a), as well as recommendations and revisions to the proposed strategy, as part of the 1999 report required under section 115A.411.

Sec. 12. Minnesota Statutes 1994, section 115A.5501, subdivision 4, is amended to read:

Subd. 4. [REPORT.] The director shall apply the statewide percentage determined under subdivision 2 to the aggregate amount of solid waste determined under subdivision 3 to determine the amount of packaging in the waste stream. By July 1, 1996, the director shall submit to the legislative commission on waste management an analysis of the extent to which the waste packaging reduction goal in subdivision 1 has been met. In determining whether the goal has been met, the margin of error must be applied in favor of meeting the goal. The director shall use the statistical mean for the data collected in determining whether the goal has been met and shall include in the analysis a discussion of the margin of error and statistical reliability for the data collected.

Sec. 13. Minnesota Statutes 1994, section 115A.5502, is amended to read:

115A.5502 [PACKAGING PRACTICES; PREFERENCES; GOALS.]

Packaging forms a substantial portion of solid waste and contributes to environmental

degradation and the costs of managing solid waste. It is imperative to reduce the amount and toxicity of packaging that must be managed as solid waste. In order to achieve significant reduction of packaging in solid waste and to assist packagers and others to meet the packaging reduction goal in section 115A.5501, the goal of the state is that items be distributed without any packaging where feasible and, only when necessary to protect health and safety or product integrity, with the minimal amount of packaging possible. The following categories of packaging are listed in order of preference for use by all persons who find it necessary to package items for distribution or use in the state:

(1) minimal packaging that contains no intentionally introduced toxic materials and that is designed to be and actually is reused for its original purpose at least five times;

(2) minimal packaging that contains no intentionally introduced toxic materials and consists of a significant percentage of postconsumer material;

(3) minimal packaging that contains no intentionally introduced toxic materials, that is recyclable, and is regularly collected through recycling collection programs available to at least 75 percent of the residents of the state;

~~(3) (4) minimal packaging that does not comply with clauses clause (1) and, (2), or (3) because it is required under federal or state law and for which there does not exist a commercially feasible alternative that does comply with clauses clause (1) and, (2), or (3);~~

(4) (5) packaging that contains no intentionally introduced toxic materials but does not comply with clauses (1) to ~~(3) (4)~~; and

(5) (6) all other packaging.

Sec. 14. Minnesota Statutes 1994, section 115A.551, subdivision 2a, is amended to read:

Subd. 2a. [SUPPLEMENTARY RECYCLING GOALS.] (a) 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~~ 35 percent by weight of total solid waste generation;

(2) for a metropolitan county, ~~45~~ 50 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.~~

(b) 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.

(c) No more than five percentage points may be applied toward achievement of the recycling goals in this subdivision for management of yard waste. The five percentage points must be applied as provided in this paragraph. The director shall apply three percentage points for a county in which residents, by January 1, 1996, are provided with:

(1) an ongoing comprehensive education program under which they are informed about how to manage yard waste and are notified of the prohibition in section 115A.931; and

(2) the opportunity to drop off yard waste at specified sites or participate in curbside yard waste collection.

The director shall apply up to an additional two percentage points toward achievement of the recycling goals in this subdivision for additional activities approved by the director that are likely to reduce the amount of yard waste generated and to increase the on-site composting of yard waste.

Sec. 15. Minnesota Statutes 1994, section 115A.551, subdivision 4, is amended to read:

Subd. 4. [INTERIM MONITORING.] ~~The director, 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. The director shall report to the legislative commission on waste management on the progress of the counties by July 1 of each odd-numbered 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 director ~~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 progress report may shall 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. 16. Minnesota Statutes 1994, section 115A.551, subdivision 6, is amended to read:

Subd. 6. [COUNTY SOLID WASTE PLANS.] (a) Each county shall include in its solid waste management plan described in section 115A.46, or its solid waste master plan described in section 473.803, a plan recycling implementation strategy for implementing meeting the recycling goal established in subdivision 2 2a along with mechanisms for providing financial incentives to solid waste generators to reduce the amount of waste generated and to separate recyclable materials from the waste stream. The recycling plan must include detailed recycling implementation information to form the basis for the strategy required in subdivision 7.

~~(b) Each county required to submit its plan to the director under section 115A.46 shall amend its plan to comply with this subdivision within one year after October 4, 1989.~~

Sec. 17. Minnesota Statutes 1994, section 115A.551, subdivision 7, is amended to read:

Subd. 7. [RECYCLING IMPLEMENTATION STRATEGY.] ~~Within one year of approval of the portion of the plan required in subdivision 6,~~ Each nonmetropolitan county shall submit to the director for approval a local the recycling implementation strategy required in subdivision 6. The local recycling implementation strategy must be submitted by October 31, 1995, and must:

- (1) be consistent with the approved county solid waste management plan;
- (2) identify the materials that are being and will be recycled in the county to meet the goals under this section and the parties responsible and methods for recycling the material; and
- (3) define the need for funds to ensure continuation of local recycling, methods of raising and allocating such funds, and permanent sources and levels of local funding for recycling provide a budget to ensure adequate funding for needed county and local programs and demonstrate an ongoing commitment to spending the money on recycling programs; and
- (4) include a schedule for implementing recycling activities needed to meet the goals in subdivision 2a.

Sec. 18. Minnesota Statutes 1994, section 115A.554, is amended to read:

115A.554 [AUTHORITY OF SANITARY DISTRICTS.]

A sanitary district has the authorities and duties of counties within the district's boundary for purposes of sections 115A.46, subdivision 4; 115A.48; 115A.551; 115A.552; 115A.553; 115A.919; 115A.929; 115A.93; 115A.96, subdivision 6; 115A.961; 115A.991; 116.072; 375.18, subdivision 14; 400.08, except subdivision 4, paragraph (b); 400.16; and 400.161.

Sec. 19. Minnesota Statutes 1994, section 115A.557, subdivision 3, is amended to read:

Subd. 3. [ELIGIBILITY TO RECEIVE MONEY.] (a) To be eligible to receive money distributed by the director under this section, a county shall within one year of October 4, 1989:

- (1) create a separate account in its general fund to credit the money; and
- (2) set up accounting procedures to ensure that money in the separate account is spent only for the purposes in subdivision 2.

(b) In each following year, each county shall also:

(1) have in place an approved solid waste management plan or master plan including a recycling implementation strategy under section 115A.551, subdivision 7, ~~or 473.803, subdivision 1e,~~ and a household hazardous waste management plan under section 115A.96, subdivision 6, by the dates specified in those provisions;

(2) submit a report by April 1 of each year to the director detailing how the money was spent and the resulting gains achieved in solid waste management practices during the previous calendar year; and

(3) provide evidence to the director that local revenue equal to 25 percent of the money sought for distribution under this section will be spent for the purposes in subdivision 2.

(c) The director shall withhold all or part of the funds to be distributed to a county under this section if the county fails to comply with this subdivision and subdivision 2.

Sec. 20. Minnesota Statutes 1994, section 115A.557, subdivision 4, is amended to read:

Subd. 4. [REPORT.] By July 1 of each odd-numbered year, the director shall report on how the money was spent and the resulting statewide improvements in solid waste management to the house of representatives and senate appropriations and finance committees and the legislative commission on waste management. ~~In even-numbered years~~ The report may shall be included in the ~~solid waste management policy~~ report required under section 115A.411.

Sec. 21. Minnesota Statutes 1994, section 115A.919, subdivision 3, is amended to read:

Subd. 3. [EXEMPTIONS.] (a) Waste residue from recycling facilities at which recyclable materials are separated or processed for the purpose of recycling, or from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse shall be exempt from any fee imposed by a county under this section if there is at least an 85 percent volume weight reduction in the solid waste processed. Before any fee is reduced, the verification procedures of section 473.843, subdivision 1, paragraph (c), must be followed and submitted to the appropriate county, except that for facilities operating outside of the metropolitan area the commissioner shall prescribe procedures for verifying the required 85 percent volume weight reduction.

(b) A facility permitted for the disposal of construction debris is exempt from 25 percent of a fee imposed under subdivision 1 if the facility has implemented a recycling program approved by the county and 25 percent if the facility contains a liner and leachate collection system approved by the agency.

Sec. 22. Minnesota Statutes 1994, section 115A.921, subdivision 1, is amended to read:

Subdivision 1. [MIXED MUNICIPAL SOLID WASTE.] A city or town may impose a fee, not to exceed \$1 per cubic yard of waste, or its equivalent, on operators of facilities for the disposal of mixed municipal solid waste located within the city or town. The revenue from the fees must be credited to the city or town general fund. Revenue produced by 25 cents of the fee must be used only for purposes of landfill abatement or for purposes of mitigating and compensating for the local risks, costs, and other adverse effects of facilities. Revenue produced by the balance of the fee may be used for any general fund purpose.

Waste residue from recycling facilities at which recyclable materials are separated or processed for the purpose of recycling, or from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse shall be exempt from the fee imposed by a city or town under this section if there is at least an 85 percent volume weight reduction in the solid waste processed.

Before any fee is reduced, the verification procedures of section 473.843, subdivision 1, paragraph (c), must be followed and submitted to the appropriate city or town, except that for facilities operating outside of the metropolitan area the commissioner shall prescribe procedures for verifying the required 85 percent ~~volume~~ weight reduction.

Sec. 23. Minnesota Statutes 1994, section 115A.923, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT OF FEE.] (a) The operator of a mixed municipal solid waste disposal facility outside of the metropolitan area shall charge a fee on solid waste accepted and disposed of at the facility as follows:

(1) a facility that weighs the waste that it accepts must charge a fee of \$2 per cubic yard based on equivalent cubic yards of waste accepted at the entrance of the facility;

(2) a facility that does not weigh the waste but that measures the volume of the waste that it accepts must charge a fee of \$2 per cubic yard of waste accepted at the entrance of the facility; and

(3) waste residue from recycling facilities at which recyclable materials are separated or processed for the purpose of recycling, or from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse is exempt from the fee imposed by this subdivision if there is at least an 85 percent ~~volume~~ weight reduction in the solid waste processed.

(b) To qualify for exemption under paragraph (a), clause (3), waste residue must be brought to a disposal facility separately. The commissioner shall prescribe procedures for determining the amount of waste residue qualifying for exemption.

Sec. 24. Minnesota Statutes 1994, section 115A.9302, subdivision 1, is amended to read:

Subdivision 1. [DISCLOSURE REQUIRED.] By January 1, 1994, and at least annually thereafter between January 1 and March 31, 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 approximate percentage of waste deposited at each of the two primary facility at which the collector most often deposits waste facilities used for the type of waste collected from the generator in the county in which the generator generates the waste and any alternative facilities regularly used by the collector for the type of waste collected from the generator in the county in which the generator generates the waste. The disclosure must state:

(1) that the waste generator may be responsible for any financial liability that results from contamination at a facility where the generator's waste has been deposited;

(2) that Minnesota considers its state rules for waste disposal facilities located in Minnesota to be more protective than those of other states or those currently required by the federal government;

(3) whether each of the primary or alternative disposal facilities identified by the collector meets at the time of the disclosure, or meets on April 9, 1996, for notices issued in 1996: (i) standards for new disposal facilities as described in Code of Federal Regulations, title 40, parts 257 and 258; and (ii) state environmental and financial standards for the facility; and

(4) whether any of the facilities identified by the collector is currently on a state or federal list of facilities that require cleanup due to hazardous substance contamination, and must refer to such lists, where applicable, as state or federal "superfund" lists.

Sec. 25. Minnesota Statutes 1994, section 115A.9302, subdivision 2, is amended to read:

Subd. 2. [FORM OF DISCLOSURE.] (a) A collector shall make the disclosure to the waste generator in writing at least once per year ~~or~~ between January 1 and March 31 and on any written contract for collection services for that year. If the license issued by the county to the collector for collection within the county does not require the collector to submit a copy of the disclosure to the county, the collector shall submit a copy to the commissioner by March 31 of each year.

(b) A collector must provide the required disclosure orally in a succinct form to a waste generator at the time the generator inquires about beginning regular collection service and must provide written disclosure to the generator within 30 days from the date of request. This oral disclosure is not required if the city or county within which the waste is generated selects the collector that may provide collection services to the generator.

(c) If a collector provides one-time or occasional service to a waste generator, the collector must provide the required disclosure orally in a succinct form at the time the service is requested. The collector shall then provide written disclosure to the generator within 30 days from the date of request.

(d) 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.

(e) The agency must develop a standard disclosure form containing the information that is required in this section. Collectors must use the form developed by the agency or a form that is substantially equivalent. In addition, the agency must develop instructions to collectors for the oral notification required in paragraphs (b) and (c).

Sec. 26. [115A.9512] [CORRUGATED PAPER PRODUCTS.]

Subdivision 1. [DEFINITION.] For the purposes of this section, "corrugated paper product" means a box, container, liner, sheet, or other product made from corrugated paper.

Subd. 2. [PROHIBITION.] A person may not place a corrugated paper product suitable for recycling:

- (1) in mixed municipal solid waste;
- (2) in a disposal facility; or
- (3) in a resource recovery facility, except a recycling facility.

Subd. 3. [EXCEPTION.] Subdivision 2 does not apply to a person whose residence or place of business is located in a county that lacks a convenient site for pickup or collection of corrugated paper products.

Sec. 27. Minnesota Statutes 1994, section 115A.96, subdivision 2, is amended to read:

Subd. 2. [MANAGEMENT PROGRAM.] ~~(a)~~ The agency shall establish a statewide program to manage household hazardous wastes. The program must include:

- (1) the establishment and operation of collection sites; and
- (2) the provision of information, education, and technical assistance regarding proper management of household hazardous wastes.

~~(b) The agency shall report on its progress on establishing permanent collection sites to the legislative commission on waste management by November 1, 1991.~~

Sec. 28. Minnesota Statutes 1994, 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 1996, "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. 29. Minnesota Statutes 1994, section 115A.9651, subdivision 3, is amended to read:

Subd. 3. [APPLICATION; ENFORCEMENT.] (a) This section does not apply to:

(1) art supplies; or

(2) wood preservatives that contain hexavalent chromium.

(b) 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. 30. Minnesota Statutes 1994, section 116.07, subdivision 4j, is amended to read:

Subd. 4j. [PERMITS; SOLID WASTE FACILITIES.] (a) The agency may not issue a permit for new or additional capacity for a mixed municipal solid waste resource recovery or disposal facility as defined in section 115A.03 unless each county using or projected in the permit to use the facility has in place a solid waste management plan approved under section 115A.46 or 473.803 and amended as required by section 115A.96, subdivision 6. The agency shall issue the permit only if the capacity of the facility is consistent with the needs for resource recovery or disposal capacity identified in the approved plan or plans. Consistency must be determined by the ~~metropolitan council for counties in the metropolitan area and by the agency for counties outside the metropolitan area~~ office of environmental assistance. Plans approved before January 1, 1990, need not be revised if the capacity sought in the permit is consistent with the approved plan or plans.

(b) The agency shall require as part of the permit application for a waste incineration facility identification of preliminary plans for ash management and ash leachate treatment or ash utilization. The permit issued by the agency must include requirements for ash management and ash leachate treatment.

(c) Within 30 days of receipt by the agency of a permit application for a solid waste facility, the commissioner shall notify the applicant in writing whether the application is complete and if not, what items are needed to make it complete, and shall give an estimate of the time it will take to process the application. Within 180 days of receipt of a completed application, the agency shall approve, disapprove, or delay decision on the application, with reasons for the delay, in writing.

Sec. 31. Minnesota Statutes 1994, section 116.072, is amended to read:

116.072 [ADMINISTRATIVE PENALTIES.]

Subdivision 1. [AUTHORITY TO ISSUE PENALTY ORDERS.] (a) The commissioner may issue an order requiring violations to be corrected and administratively assessing monetary penalties for violations of this chapter and chapters 115, 115A, 115D, and 115E, any rules adopted under those chapters, and any standards, limitations, or conditions established in an agency permit, including conditions established under section 473.823, subdivision 3; and for failure to respond to a request for information under section 115B.17, subdivision 3. The order must be issued as provided in this section.

(b) A county board may adopt an ordinance containing procedures for the issuance of administrative penalty orders beginning August 1, 1996. Before adopting ordinances, counties shall work cooperatively with the agency to develop an implementation plan for the orders that substantially conforms to a model ordinance developed by the counties and the agency. After adopting the ordinance, the county board may issue orders requiring violations to be corrected and

administratively assessing monetary penalties for violations of county ordinances adopted under section 400.16, 400.161, or 473.811 or chapter 115A that regulate solid and hazardous waste and any standards, limitations, or conditions established in a county license issued pursuant to these ordinances. For violations of ordinances relating to hazardous waste, a county's penalty authority is described in subdivisions 2 to 5. For violations of ordinances relating to solid waste, a county's penalty authority is described in subdivision 5a. Subdivisions 6 to 11 apply to violations of ordinances relating to both solid and hazardous waste.

(c) Monetary penalties collected by a county must be used to manage solid and hazardous waste. A county board's authority is limited to violations described in paragraph (b). Its authority to issue orders under this section expires August 1, 1999.

Subd. 2. [AMOUNT OF PENALTY; CONSIDERATIONS.] (a) The commissioner or county board may issue an order assessing a penalty up to \$10,000 for all violations identified during an inspection or other compliance review.

(b) In determining the amount of a penalty the commissioner or county board may consider:

- (1) the willfulness of the violation;
- (2) the gravity of the violation, including damage to humans, animals, air, water, land, or other natural resources of the state;
- (3) the history of past violations;
- (4) the number of violations;
- (5) the economic benefit gained by the person by allowing or committing the violation; and
- (6) other factors as justice may require, if the commissioner or county board specifically identifies the additional factors in the commissioner's or county board's order.

(c) For a violation after an initial violation, the commissioner or county board shall, in determining the amount of a penalty, consider the factors in paragraph (b) and the:

- (1) similarity of the most recent previous violation and the violation to be penalized;
- (2) time elapsed since the last violation;
- (3) number of previous violations; and
- (4) response of the person to the most recent previous violation identified.

Subd. 3. [CONTENTS OF ORDER.] An order assessing an administrative penalty under this section shall include:

- (1) a concise statement of the facts alleged to constitute a violation;
- (2) a reference to the section of the statute, rule, ordinance, variance, order, stipulation agreement, or term or condition of a permit or license that has been violated;
- (3) a statement of the amount of the administrative penalty to be imposed and the factors upon which the penalty is based; and
- (4) a statement of the person's right to review of the order.

Subd. 4. [CORRECTIVE ORDER.] (a) The commissioner or county board may issue an order assessing a penalty and requiring the violations cited in the order to be corrected within 30 calendar days from the date the order is received.

(b) The person to whom the order was issued shall provide information to the commissioner or county board before the 31st day after the order was received demonstrating that the violation has been corrected or that appropriate steps toward correcting the violation have been taken. The commissioner or county board shall determine whether the violation has been corrected and notify the person subject to the order of the commissioner's or county board's determination.

Subd. 5. [PENALTY.] (a) Except as provided in paragraph (b), if the commissioner or county board determines that the violation has been corrected or appropriate steps have been taken to correct the action, the penalty must be forgiven. Unless the person requests review of the order under subdivision 6 or 7 before the penalty is due, the penalty in the order is due and payable:

(1) on the 31st day after the order was received, if the person subject to the order fails to provide information to the commissioner or county board showing that the violation has been corrected or that appropriate steps have been taken toward correcting the violation; or

(2) on the 20th day after the person receives the commissioner's or county board's determination under subdivision 4, paragraph (b), if the person subject to the order has provided information to the commissioner or county board that the commissioner or county board determines is not sufficient to show the violation has been corrected or that appropriate steps have been taken toward correcting the violation.

(b) For a repeated or serious violation, the commissioner or county board may issue an order with a penalty that will not be forgiven after the corrective action is taken. The penalty is due by 31 days after the order was received unless review of the order under subdivision 6, 7, or 8 has been sought.

(c) Interest at the rate established in section 549.09 begins to accrue on penalties under this subdivision on the 31st day after the order with the penalty was received.

Subd. 5a. [COUNTY PENALTY AUTHORITY FOR SOLID WASTE VIOLATIONS.] (a) A county board's authority to issue a corrective order and assess a penalty for all violations relating to solid waste that are identified during an inspection or other compliance review is as described in this subdivision. The model ordinance described in subdivision 1, paragraph (b), must include provisions for letters or warnings that may be issued following the inspection and before proceeding under paragraph (b).

(b) For all violations described in paragraph (a), a county attorney or county department with responsibility for environmental enforcement may first issue a notice of violation that complies with the requirements of subdivision 4, except that no penalty may be assessed unless, in the opinion of the county board, the gravity of the violation and its potential for damage to, or actual damage to, public health or the environment is such that a penalty under paragraph (c) or (d) is warranted. In that case the county attorney or department may proceed directly to paragraph (c) or (d).

(c) If the violations are not corrected, if appropriate steps have not been taken to correct them, or if the county board has determined that the gravity of the violations are such that action under this paragraph is warranted, a county board may issue a corrective order as described in subdivision 4, except that the penalty may not exceed \$2,000.

(d) If the violations are still not corrected, if appropriate steps have not been taken to correct them, or if the county board has determined that the gravity of the violations are such that action under this paragraph is warranted, a county board may issue a corrective order as described in subdivision 4, except that the penalty may not exceed \$5,000.

(e) In determining the amount of the penalty in paragraph (c) or (d), the county board shall be governed by subdivision 2, paragraphs (b) and (c). The penalty assessed under paragraph (c) or (d) shall be due and payable, forgiven, or assessed without forgiveness as described in subdivision 5.

Subd. 6. [EXPEDITED ADMINISTRATIVE HEARING.] (a) Within 30 days after receiving an order or within 20 days after receiving notice that the commissioner or county board has determined that a violation has not been corrected or appropriate steps have not been taken, the person subject to an order under this section may request an expedited hearing, utilizing the procedures of Minnesota Rules, parts 1400.8510 to 1400.8612, to review the commissioner's or county board's action. The hearing request must specifically state the reasons for seeking review of the order. The person to whom the order is directed and the commissioner or county board are the parties to the expedited hearing. The commissioner or county board must notify the person to whom the order is directed of the time and place of the hearing at least 20 days before the hearing. The expedited hearing must be held within 30 days after a request for hearing has been filed with the commissioner or county board unless the parties agree to a later date.

(b) All written arguments must be submitted within ten days following the close of the hearing. The hearing shall be conducted under Minnesota Rules, parts 1400.8510 to 1400.8612, as modified by this subdivision. The office of administrative hearings may, in consultation with the agency, adopt rules specifically applicable to cases under this section.

(c) The administrative law judge shall issue a report making recommendations about the commissioner's or county board's action to the commissioner or county board within 30 days following the close of the record. The administrative law judge may not recommend a change in the amount of the proposed penalty unless the administrative law judge determines that, based on the factors in subdivision 2, the amount of the penalty is unreasonable.

(d) If the administrative law judge makes a finding that the hearing was requested solely for purposes of delay or that the hearing request was frivolous, the commissioner or county board may add to the amount of the penalty the costs charged to the agency by the office of administrative hearings for the hearing.

(e) If a hearing has been held, the commissioner or county board may not issue a final order until at least five days after receipt of the report of the administrative law judge. The person to whom an order is issued may, within those five days, comment to the commissioner or county board on the recommendations and the commissioner or county board will consider the comments. The final order may be appealed in the manner provided in sections 14.63 to 14.69.

(f) If a hearing has been held and a final order issued by the commissioner or county board, the penalty shall be paid by 30 days after the date the final order is received unless review of the final order is requested under sections 14.63 to 14.69. If review is not requested or the order is reviewed and upheld, the amount due is the penalty, together with interest accruing from 31 days after the original order was received at the rate established in section 549.09.

Subd. 7. [DISTRICT COURT HEARING.] (a) Within 30 days after the receipt of an order from the commissioner or a county board or within 20 days of receipt of notice that the commissioner or a county board has determined that a violation has not been corrected or appropriate steps have not been taken, the person subject to an order under this section may file a petition in district court for review of the order in lieu of requesting an administrative hearing under subdivision 6. The petition shall be filed with the court administrator with proof of service on the commissioner or county board. The petition shall be captioned in the name of the person making the petition as petitioner and the ~~director~~ commissioner or county board as respondent. The petition shall state with specificity the grounds upon which the petitioner seeks rescission of the order, including the facts upon which each claim is based.

(b) At trial, the commissioner or county board must establish by a preponderance of the evidence that a violation subject to this section occurred, the petitioner is responsible for the violation, a penalty immediately assessed as provided for under subdivision 5, paragraph (b) or (c), is justified by the violation, and the factors listed in subdivision 2 were considered when the penalty amount was determined and the penalty amount is justified by those factors.

Subd. 8. [MEDIATION.] In addition to review under subdivision 6 or 7, the commissioner or county board is authorized to enter into mediation concerning an order issued under this section if the commissioner or county board and the person to whom the order is issued both agree to mediation.

Subd. 9. [ENFORCEMENT.] (a) The attorney general ~~may proceed~~ on behalf of the state, or the county attorney on behalf of the county, may proceed to enforce penalties that are due and payable under this section in any manner provided by law for the collection of debts.

(b) The attorney general or county attorney may petition the district court to file the administrative order as an order of the court. At any court hearing, the only issues parties may contest are procedural and notice issues. Once entered, the administrative order may be enforced in the same manner as a final judgment of the district court.

(c) If a person fails to pay the penalty, the attorney general or county attorney may bring a civil action in district court seeking payment of the penalties, injunctive, or other appropriate relief including monetary damages, attorney fees, costs, and interest.

Subd. 10. [REVOCATION AND SUSPENSION OF PERMIT.] If a person fails to pay a penalty owed under this section, the agency or county board has grounds to revoke or refuse to reissue or renew a permit or license issued by the agency or county board.

Subd. 11. [CUMULATIVE REMEDY.] The authority of the agency or county board to issue a corrective order assessing penalties is in addition to other remedies available under statutory or common law, except that the state or county board may not seek civil penalties under any other provision of law for the violations covered by the administrative penalty order. The payment of a penalty does not preclude the use of other enforcement provisions, under which penalties are not assessed, in connection with the violation for which the penalty was assessed.

Subd. 12. [REPORT; ADMINISTRATIVE PENALTY ORDER.] (a) All counties that have adopted ordinances allowing them to issue administrative penalty orders shall report to the legislative auditor by September 1, 1998, on administrative penalty activity through August 1, 1998. The reports must include at least the following information: the nature and number of orders and penalties issued or forgiven, the nature and outcome of appeals taken, how much revenue was collected from penalties and how it was spent, and any other information a county board finds relevant.

(b) The legislative audit commission is requested to direct the legislative auditor to evaluate the data and report to the legislative commission on waste management by January 1, 1999, on at least the following matters: the degree to which penalties were suitable to the gravity of the violation, compliance with the implementation plan, and any other information the auditor finds relevant. In preparing the report, the auditor shall solicit information from counties and the regulated community and shall make recommendations as to whether the administrative penalty authority should be continued, discontinued, or continued with modifications and make any other recommendations the auditor wishes to propose as a result of its study.

Sec. 32. Minnesota Statutes 1994, section 116.66, subdivision 2, is amended to read:

Subd. 2. [FACILITY EVALUATIONS; ENVIRONMENTAL ASSESSMENT.] (a) The commissioner of the pollution control agency shall conduct facility evaluations to evaluate ongoing waste management practices and shall provide technical assistance for corrective action at motor vehicle salvage facilities.

(b) The commissioner shall may conduct environmental assessments at a representative group of motor vehicle salvage facilities to determine the extent and magnitude of any contamination and environmental impacts, develop criteria, and determine appropriate cleanup methods, and set priorities for cleanup actions at motor vehicle salvage facility sites, under the criteria in Minnesota Rules, chapter 7044.

Sec. 33. Minnesota Statutes 1994, section 116.66, subdivision 4, is amended to read:

Subd. 4. [REPEALER.] This section is repealed on ~~the day that the repeal of section 115A.908 is effective~~ June 30, 1999.

Sec. 34. Minnesota Statutes 1994, section 116.92, subdivision 4, is amended to read:

Subd. 4. [REMOVAL FROM SERVICE; PRODUCTS CONTAINING MERCURY.] (a) When an item listed in subdivision 3 is removed from service the mercury in the item must be reused, recycled, or otherwise managed to ensure compliance with section 115A.932.

(b) A person who is in the business of replacing or repairing an item listed in subdivision 3 in households shall ensure, or deliver the item to a facility that will ensure, that the mercury contained in an item that is replaced or repaired is reused or recycled or otherwise managed in compliance with section 115A.932.

(c) A person may not crush a motor vehicle unless the person has first made a good faith effort to remove all of the mercury switches in the motor vehicle. A person who removes a mercury switch from a motor vehicle shall turn it over to the commissioner without cost.

Sec. 35. [116.67] [COST-SHARING PROGRAM; CLEANUP OF CERTAIN MOTOR VEHICLE SALVAGE FACILITIES.]

The pollution control agency may enter into cost-sharing agreements with owners and operators of motor vehicle salvage facilities for the cleanup of motor vehicle salvage facility sites, based on the findings of the environmental assessment of motor vehicle salvage facilities conducted under Minnesota Statutes 1994, section 116.66, subdivision 2. An agreement under this section must provide that the agency will be responsible for paying 90 percent of the costs of removal and remedial actions at the site, and the owner or operator of the motor vehicle salvage facility must pay the remaining ten percent of the costs. For the purposes of this section, the terms "removal" and "remedial actions" have the meanings given in section 115B.02, subdivisions 16 and 17.

Sec. 36. Minnesota Statutes 1994, section 400.16, is amended to read:

400.16 [SOLID WASTE AND SEWAGE SLUDGE DISPOSAL MANAGEMENT REGULATIONS.]

The county may by ordinance establish and revise rules, regulations, and standards for solid waste and sewage sludge management and land pollution, relating to (a) the location, sanitary operation, and maintenance of solid waste facilities and sewage sludge disposal facilities by the county and any municipality or other public agency and by private operators; (b) the collection, processing, and disposal of solid waste and sewage sludge; (c) the amount and type of equipment required in relation to the amount and type of material received at any solid waste facility or sewage sludge disposal facility; (d) the control of salvage operations, water or air or land pollution, and rodents at such facilities; (e) the termination or abandonment of the facilities or activities; and (f) other matters relating to the facilities as may be determined necessary for the public health, welfare, and safety. The county may issue permits or licenses for solid waste facilities and may require that the facilities be registered with an appropriate county office. The county shall adopt the ordinances for mixed municipal solid waste management. The county shall make provision for issuing permits or licenses for mixed municipal solid waste facilities and shall require that the facilities be registered with an appropriate county office. No permit or license shall be issued for a mixed municipal solid waste facility unless the applicant has demonstrated to the satisfaction of the county board the availability of revenues necessary to operate the facility in accordance with applicable state and local laws, ordinances, and rules. No permit shall be issued for a solid waste facility used primarily for resource recovery or a transfer station serving such a facility, if the facility or station is owned or operated by a public agency or if the acquisition or betterment of the facility or station is secured by public funds or obligations issued by a public agency, unless the county finds and determines that adequate markets exist for the products recovered and that any displacement of existing resource recovery facilities and transfer stations serving such facilities that may result from the establishment of the new facility is required in order to achieve the waste management objectives of the county. The county ordinance shall require appropriate procedures for termination or abandonment of any mixed municipal solid waste facilities or services, which shall include provision for long term monitoring for possible land pollution, and for the payment by the owners or operators thereof, or both, of any costs incurred by the county in completing the procedures. The county may require the procedures and payments with respect to any facilities or services regulated pursuant to this section. In the event the operators or owners fail to complete the procedures in accordance with the ordinance, the county may recover the costs of completion in a civil action in any court of competent jurisdiction or, in the discretion of the board, the costs may be certified to the county auditor as a special tax against the land to be collected as other taxes are collected. The ordinance may be enforced by injunction, action to compel performance, or other appropriate action in the district court, or administrative penalty order authorized under section 116.072. Any ordinance enacted under this section shall embody minimum standards and requirements established by rule of the agency.

Sec. 37. Minnesota Statutes 1994, section 400.161, is amended to read:

400.161 [HAZARDOUS WASTE REGULATIONS.]

(a) The county may by ordinance establish and revise rules, regulations, and standards relating to (1) identification of hazardous waste, (2) the labeling and classification of hazardous waste, (3) the collection, transportation, processing, disposal, and storage of hazardous waste, and (4) other matters as may be determined necessary for the public health, welfare and safety. The county may issue permits or licenses for hazardous waste generation and may require the generators be registered with a county office. The ordinance may require appropriate procedures for the payment

by the generator of any costs incurred by the county in completing such procedures. If the generator fails to complete such procedures, the county may recover the costs of completion in a civil action in any court of competent jurisdiction or, in the discretion of the board, the costs may be certified to the county auditor as a special tax against the land as other taxes are collected. The ordinance may be enforced by injunction, action to compel performance, or other action in district court, or administrative penalty order authorized under section 116.072. County hazardous waste ordinances shall embody and be consistent with agency hazardous waste rules. Counties shall submit adopted ordinances to the agency for review. In the event that agency rules are modified, each county shall modify its ordinances accordingly and shall submit the modification to the agency for review within 120 days. Issuing, denying, modifying, imposing conditions upon, or revoking permits or licenses and county hazardous waste regulations and ordinances shall be subject to review, denial, suspension, modification, and reversal by the pollution control agency. The pollution control agency shall after written notification have 15 days in the case of hazardous waste permits and licenses and 30 days in the case of hazardous waste ordinances to review, deny, suspend, modify, or reverse the action of the county. After this period, the action of the county board shall be final subject to appeal to the district court as provided in section 115.05.

(b) A county may not impose a fee under this section on material that is reused at the facility where the material is generated in a manner that the facility owner or operator can demonstrate does not increase the toxicity of, or the level of hazardous substances or pollutants or contaminants in, products that leave the facility.

Sec. 38. Minnesota Statutes 1994, section 473.149, subdivision 1, is amended to read:

Subdivision 1. [POLICY PLAN; GENERAL REQUIREMENTS.] ~~The metropolitan council shall prepare and by resolution adopt as part of its development guide a director of the office of environmental assistance may revise the metropolitan long range policy plan for solid waste management in the metropolitan area. When adopted, and revised by the metropolitan council prior to the transfer of powers and duties in Laws 1994, chapter 639, article 5, section 2. The plan shall be followed in the metropolitan area. Until the director revises it, the plan adopted and revised by the council on September 26, 1991, remains in effect. The plan shall address the state policies and purposes expressed in section 115A.02. In revising the plan the director shall substantially conform to all policy statements, purposes, goals, standards, maps and plans in development guide sections and plans adopted by the council, provided that no land shall be thereby excluded from consideration as a solid waste facility site except land determined by the agency to be intrinsically unsuitable for such use follow the procedures in subdivision 3. The plan shall include goals and policies for solid waste management, including recycling consistent with section 115A.551, and household hazardous waste management consistent with section 115A.96, subdivision 6, in the metropolitan area and, to the extent appropriate, statements and information similar to that required under section 473.146, subdivision 1.~~

The plan shall include criteria and standards for solid waste facilities and solid waste facility sites respecting the following matters: general location; capacity; operation; processing techniques; environmental impact; effect on existing, planned, or proposed collection services and waste facilities; and economic viability. The plan shall, to the extent practicable and consistent with the achievement of other public policies and purposes, encourage ownership and operation of solid waste facilities by private industry. For solid waste facilities owned or operated by public agencies or supported primarily by public funds or obligations issued by a public agency, the plan shall include additional criteria and standards to protect comparable private and public facilities already existing in the area from displacement unless the displacement is required in order to achieve the waste management objectives identified in the plan. In ~~developing~~ revising the plan, the ~~council~~ director shall consider the orderly and economic development, public and private, of the metropolitan area; the preservation and best and most economical use of land and water resources in the metropolitan area; the protection and enhancement of environmental quality; the conservation and reuse of resources and energy; the preservation and promotion of conditions conducive to efficient, competitive, and adaptable systems of waste management; and the orderly resolution of questions concerning changes in systems of waste management. Criteria and standards for solid waste facilities shall be consistent with rules adopted by the pollution control agency pursuant to chapter 116 and shall be at least as stringent as the guidelines, regulations, and standards of the federal Environmental Protection Agency.

Sec. 39. Minnesota Statutes 1994, section 473.149, subdivision 2d, is amended to read:

Subd. 2d. [LAND DISPOSAL ABATEMENT PLAN.] (a) ~~After considering any county land disposal abatement proposals and waste stream analysis that have been submitted under section 473.803, subdivision 1b,~~ The council director shall ~~amend its~~ include in the policy plan to include specific and quantifiable metropolitan objectives for abating to the greatest feasible and prudent extent the need for and practice of land disposal of mixed municipal solid waste and of specific components of the solid waste stream, including residuals and ash, either by type of waste or class of generator.

(b) The objectives must be stated in ~~annual increments through the year 1990 and thereafter in five year~~ six-year increments for a period of at least 20 years from the date of adoption of policy plan revisions. The plan must include a reduced estimate of the capacity, based on the council's abatement objectives, needed for the disposal of various types of waste in each ~~five year~~ six-year increment ~~and the general area of the region where the capacity should be developed.~~

(c) The plan must include objectives for waste reduction and measurable objectives for local abatement of solid waste through resource recovery, recycling, and source separation programs for each metropolitan county stated in ~~annual increments through the year 1990 and in five year~~ six-year increments for a period of at least 20 years from the date of adoption of policy plan revisions.

(d) The standards must be based upon and implement the council's metropolitan abatement objectives. The council's plan must include standards and procedures to be used by the council director in determining whether a metropolitan county has implemented the council's metropolitan land disposal abatement plan and has achieved the objectives for local abatement.

Sec. 40. Minnesota Statutes 1994, section 473.149, subdivision 2e, is amended to read:

Subd. 2e. [SOLID WASTE DISPOSAL FACILITIES DEVELOPMENT SCHEDULE CAPACITY NEEDS.] (a) ~~After requesting and considering recommendations from the counties, cities, and towns, the council director as part of its the~~ policy plan shall determine ~~the number of sites and the capacity of sites needed within to serve~~ the metropolitan area for disposal of solid waste disposal facilities.

(b) ~~The council shall adopt a schedule of disposal capacity to be developed within the metropolitan area, including residuals and ash, in five year~~ six-year increments for a period of at least 20 years from adoption of ~~development schedule~~ policy plan revisions. In making the schedule may not allow capacity in excess of determination, the director must take into account the council's reduced estimate of the disposal capacity needed because of the council's land disposal abatement plan.

(c) ~~The council shall make the implementation of elements of the schedule contingent on actions of each county in adopting and implementing abatement plans pursuant to section 473.803, subdivision 1b. The council may review the development schedule every year and revise the development schedule based on the progress made in the implementation of the council's abatement plans and achievement of metropolitan and local abatement objectives. The council shall review and revise, by resolution following public hearing, the development schedule based on significant changes in the landfill capacity of the metropolitan area. The schedule must include procedures and criteria for making revisions.~~

(d) ~~The schedule~~ director's determination must include standards and procedures for council certification of need pursuant to section 473.823. ~~The schedule must also include a closure schedule and plans for postclosure management and disposition of facilities, including facilities in existence before the adoption of the development schedule.~~

Sec. 41. Minnesota Statutes 1994, section 473.149, subdivision 3, is amended to read:

Subd. 3. [PREPARATION AND; ADOPTION; AND REVISION.] (a) The solid waste policy plan shall be prepared, adopted, and ~~amended~~ revised as necessary in accordance with paragraphs (c) to (e), after consultation with the metropolitan counties and the pollution control agency. Any comprehensive plan adopted by the council shall remain in force and effect while new or amended plans are being prepared and adopted by the council. No

(b) Revisions to the policy plan are exempt from the rulemaking provisions of chapter 14.

(c) Before beginning preparation of revisions to the policy plan, the director shall publish a predrafting notice in the State Register that includes a statement of the subjects expected to be covered by the revisions, including a summary of the important problems and issues. The notice must solicit comments from the public and state that the comments must be received by the director within 45 days of publication of the notice. The director shall consider the comments in preparing the revisions.

(d) After publication of the predrafting notice and before adopting revisions to the policy plan, the director shall publish a notice in the State Register that:

(1) contains a summary of the proposed revisions;

(2) invites public comment;

(3) lists locations where the proposed revised policy plan can be reviewed and states that copies of the proposed revised policy plan can also be obtained from the office;

(4) states a location for a public meeting on the revisions at a time no earlier than 30 days from the date of publication; and

(5) advises the public that they have 30 days from the date of the public meeting in clause (4) to submit comments on the revisions to the director.

(e) At the meeting described in paragraph (d), clause (4), the public shall be given an opportunity to present their views on the policy plan revisions. The director shall incorporate any amendments to the proposed revisions that, in the director's view, will help to carry out the requirements of subdivisions 1, 2d, and 2e. At or before the time that policy plan revisions are finally adopted, the director shall issue a report that addresses issues raised in the public comments. The report shall be made available to the public and mailed to interested persons who have submitted their names and addresses to the director.

(f) The criteria and standards adopted in the policy plan for review of solid waste facility permits pursuant to section 473.823, subdivision 3; for issuance of certificates of need pursuant to section 473.823, subdivision 6; and for review of solid waste contracts pursuant to section 473.813 may be appealed to the court of appeals within 30 days after final adoption of the policy plan. The court may declare the challenged portion of the policy plan invalid if it violates constitutional provisions, is in excess of statutory authority of the director, or was adopted without compliance with the procedures in this subdivision. The review shall be on the record created during the adoption of the policy plan, except that additional evidence may be included in the record if the court finds that the additional evidence is material and there were good reasons for failure to present it in the proceedings described in paragraphs (c) to (e).

(g) The metropolitan council or a metropolitan county, local government unit, commission, or person shall not acquire, construct, improve or operate any solid waste facility in the metropolitan area except in accordance with the council's plan and section 473.823, provided that no solid waste facility in use when a plan is adopted shall be discontinued solely because it is not located in an area designated in the plan as acceptable for the location of such facilities.

Sec. 42. Minnesota Statutes 1994, section 473.149, subdivision 6, is amended to read:

Subd. 6. [REPORT TO LEGISLATURE.] The council director shall report on abatement to the legislative commission on waste management by July 1 of each odd-numbered 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~~ be included in the report required by ~~sections 115A.551, subdivision 4; 473.846; and 473.848, subdivision 4~~ section 115A.411. If in any year the council director reports that the objectives of the council's abatement plan have not been met, the council director 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. 43. Minnesota Statutes 1994, section 473.803, subdivision 1c, is amended to read:

Subd. 1c. [COUNTY ABATEMENT PLAN.] Each county shall revise its master plan to include a land disposal abatement element to implement the ~~council's metropolitan~~ land disposal abatement plan adopted under section 473.149, subdivision 2d, and shall submit the revised master plan to the ~~council~~ director for review under subdivision 2 within nine months after the adoption of the ~~council's metropolitan~~ abatement plan. The county plan must implement the local abatement objectives for the county and cities within the county as stated in the ~~council's metropolitan~~ abatement plan. The county abatement plan must include specific and quantifiable county objectives, based on the ~~council's objectives in the metropolitan~~ abatement plan, for abating to the greatest feasible and prudent extent the need for and practice of land disposal of mixed municipal solid waste and of specific components of the solid waste stream generated in the county, stated in ~~annual increments through the date specified in section 473.848 and in two five-year~~ six-year increments thereafter for a period of at least 20 years from the date of metropolitan policy plan revisions. The plan must include measurable performance standards for local abatement of solid waste through resource recovery and waste reduction and separation programs and activities for the county as a whole and for statutory or home rule charter cities of the first, second, and third class, respectively, in the county, stated in ~~annual increments through the date specified in section 473.848 and in two five-year~~ six-year increments thereafter for a period of at least 20 years from the date of metropolitan policy plan revisions. The performance standards must implement the metropolitan and county abatement objectives. The plan must include standards and procedures to be used by the county in determining annually under subdivision 3 whether a city within the county has implemented the plan and has satisfied the performance standards for local abatement. The master plan revision required by this subdivision must be prepared in consultation with the advisory committee established pursuant to subdivision 4.

Sec. 44. Minnesota Statutes 1994, section 473.803, subdivision 2, is amended to read:

Subd. 2. [COUNCIL DIRECTOR REVIEW.] The ~~council~~ director shall review each master plan or revision thereof to determine whether it is consistent with the ~~council's metropolitan~~ policy plan. If it is not consistent, the ~~council~~ director shall disapprove and return the plan with its comments to the county for revision and resubmittal. The county shall have 90 days to revise and resubmit the plan for ~~council~~ the director's approval. Any county solid waste plan or report approved by the council prior to ~~April 9, 1976~~ July 1, 1994, shall remain in effect until a new master plan is submitted to and approved by the ~~council~~ director in accordance with this section.

The ~~council~~ director shall review the household hazardous waste management portion of each county's plan in cooperation with the agency.

Sec. 45. Minnesota Statutes 1994, section 473.803, subdivision 4, is amended to read:

Subd. 4. [ADVISORY COMMITTEE.] ~~By July 1, 1984,~~ Each county shall establish a solid waste management advisory committee to aid in the preparation of the county master plan, any revisions thereof, and such additional matters as the county deems appropriate. The committee must consist of citizen representatives, representatives from towns and cities within the county, and representatives from private waste management firms. The committee must include residents of towns or cities within the county containing solid waste disposal facilities. Members of the ~~council's solid waste advisory committee established under section 473.149, subdivision 4,~~ who reside in the county are ex officio members of the county advisory committee. ~~A representative of the metropolitan council~~ The director or the director's appointee is an ex officio member of the committee.

Sec. 46. Minnesota Statutes 1994, section 473.811, subdivision 5c, is amended to read:

Subd. 5c. [COUNTY ENFORCEMENT.] Each metropolitan county shall be responsible for

insuring that waste facilities, solid waste collection operations licensed or regulated by the county and hazardous waste generation and collection operations are brought into conformance with, or terminated and abandoned in accordance with, applicable county ordinances; rules and requirements of the state; and the policy plan ~~of the council~~. Counties may provide by ordinance that operators or owners or both of such facilities or operations shall be responsible to the county for satisfactorily performing the procedures required. If operators or owners or both fail to perform, the county may recover the costs incurred by the county in completing the procedures in a civil action in any court of competent jurisdiction or, in the discretion of the board, the costs may be certified to the county auditor as a special tax against the land. The ordinances may be enforced by action in district court or administrative penalty order authorized under section 116.072. The county may prescribe a criminal penalty for the violation of any ordinance enacted under this section not exceeding the maximum which may be specified for a misdemeanor.

Sec. 47. Minnesota Statutes 1994, section 473.843, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT OF FEE; APPLICATION.] The operator of a mixed municipal solid waste disposal facility in the metropolitan area shall pay a fee on solid waste accepted and disposed at the facility as follows:

(a) A facility that weighs the waste that it accepts must pay a fee of \$6.66 per ton of waste accepted at the entrance of the facility.

(b) A facility that does not weigh the waste but that measures the volume of the waste that it accepts must pay a fee of \$2 per cubic yard of waste accepted at the entrance of the facility. This fee and the tipping fee must be calculated on the same basis.

(c) Waste residue, from recycling facilities at which recyclable materials are separated or processed for the purposes of recycling, or from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy, or otherwise separating and preparing solid waste for reuse, is exempt from the fee imposed by this subdivision if there is at least an 85 percent volume weight reduction in the solid waste processed. To qualify for exemption under this clause, waste residue must be brought to a disposal facility separately. The commissioner of revenue, with the advice and assistance of the ~~council~~ director and the agency, shall prescribe procedures for determining the amount of waste residue qualifying for exemption.

Sec. 48. Minnesota Statutes 1994, section 473.846, is amended to read:

473.846 [REPORT TO LEGISLATURE.]

The agency and ~~metropolitan council~~ the director shall submit to the senate finance committee, the house ways and means committee, and the legislative commission on waste management separate reports describing the activities for which money from the landfill abatement account and contingency action trust fund has been spent. The agency shall report by November 1 of each year on expenditures during its previous fiscal year. The ~~council~~ director shall report on expenditures during the previous calendar year and must incorporate its report in the report required by section ~~473.149~~ 115A.411, due July 1 of each odd-numbered year. The ~~council~~ director shall make recommendations to the legislative commission on waste management on the future management and use of the metropolitan landfill abatement account.

Sec. 49. [480.0515] [PAPERS TO BE SUBMITTED ON RECYCLED PAPER.]

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

(b) "Attorney" means an attorney at law admitted to practice law in this state.

(c) "Document" means a document that is required or permitted to be filed with a court concerning an action that is to be commenced or is pending before the court.

Subd. 2. [REQUIREMENT.] (a) Except as provided in subdivision 3, a document submitted by an attorney to a court of this state, and all papers appended to the document, must be submitted on paper containing not less than ten percent postconsumer material, as defined in section 115A.03, subdivision 24b.

(b) A court may not refuse a document solely because the document was not submitted on recycled paper.

Subd. 3. [EXCEPTIONS.] (a) Subdivision 1 does not apply to:

(1) a photograph;

(2) an original document that was prepared or printed before January 1, 1996;

(3) a document that was not created at the direction or under the control of the submitting attorney;

(4) a facsimile copy otherwise permitted to be filed with the court in lieu of the original document, provided that if the original is also required to be filed, it must be submitted in compliance with this section; or

(5) nonrecycled paper and preprinted forms acquired or printed before January 1, 1996.

(b) This section does not apply if recycled paper is not readily available.

Sec. 50. Laws 1994, chapter 628, article 3, section 209, is amended to read:

Sec. 209. [REPEALER.]

(a) Minnesota Statutes 1992, sections 115A.03, subdivision 20; ~~115A.33~~; 174.22, subdivision 4; 473.121, subdivisions 15 and 21; 473.122; 473.146, subdivisions 2, 2a, 2b, and 2c; 473.153; 473.161; 473.163; 473.181, subdivision 3; 473.325, subdivision 5; 473.384, subdivision 9; 473.388, subdivision 6; 473.404, as amended by Laws 1993, chapter 119, section 1; 473.405, subdivisions 2, 6, 7, 8, 11, 13, and 14; 473.417; 473.435; 473.436, subdivision 7; 473.445, subdivisions 1 and 3; 473.501, subdivision 2; 473.503; 473.504, subdivisions 1, 2, 3, 7, and 8; 473.511, subdivision 5; 473.517, subdivision 8; 473.543, subdivision 5; and 473.553, subdivision 4a, are repealed.

(b) Minnesota Statutes 1992, sections 473.121, subdivision 14a; 473.141, as amended by Laws 1993, chapter 314, sections 3 and 4; 473.373, as amended by Laws 1993, chapter 314, section 5; 473.375, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 10, 16, 17, and 18; 473.377; 473.38; Minnesota Statutes 1993 Supplement, section 473.3996, are repealed.

Sec. 51. [REENACTMENT.]

Notwithstanding Minnesota Statutes, section 645.36, Minnesota Statutes 1992, section 115A.33, as repealed by Laws 1994, chapter 628, article 3, section 209, is reenacted.

Sec. 52. [APPLICATION.]

Sections 38 to 48 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 53. [INSTRUCTION TO REVISOR.]

The revisor shall recodify Minnesota Statutes, sections 115A.47, subdivision 2, paragraphs (b), (d), and (g), and 115A.931, paragraph (b), as definitions in Minnesota Statutes, section 115A.03, recasting the language as necessary to conform to the other definitions in that section.

Sec. 54. [REPEALER.]

(a) Minnesota Statutes 1994, sections 116.94; 473.149, subdivisions 2, 2a, 2c, and 2f; and 473.803, subdivision 1b, are repealed.

(b) Minnesota Statutes 1994, section 473.803, subdivision 1e, is repealed.

Sec. 55. [EFFECTIVE DATE.]

Sections 3, 6, 38, 39, 40, 41, 43, 44, 45, 53, and 54, paragraph (a), are effective on the day following final enactment.

Sections 9 and 10 are effective on June 15, 1995.

Sections 26 and 49 are effective January 1, 1996.

ARTICLE 2
TECHNICAL

Section 1. Minnesota Statutes 1994, section 115A.055, is amended to read:

115A.055 [OFFICE OF ENVIRONMENTAL ASSISTANCE.]

Subdivision 1. [ORGANIZATION OF OFFICE.] The office of environmental assistance is an agency in the executive branch headed by a director appointed by the commissioner of the pollution control agency, with the advice and consent of the senate, to serve in the unclassified service. The director may appoint two assistant directors in the unclassified service and may appoint other employees, as needed, in the classified service. The office is a department of the state only for purposes of section 16B.37, subdivision 2.

Subd. 2. [TRANSFER OF ADDITIONAL POWERS AND DUTIES.] After July 1, 1994, the solid and hazardous waste management powers and duties of the office and director transferred to them from the metropolitan council by Laws 1994, chapter 639, article 5, section 2, are governed by sections 473.149, 473.151, and 473.801 to 473.849.

Sec. 2. Minnesota Statutes 1994, section 115A.07, subdivision 3, is amended to read:

Subd. 3. [UNIFORM WASTE STATISTICS; RULES.] The director, after consulting with the commissioner, ~~the metropolitan council~~, local government units, and other interested persons, may adopt rules to establish uniform methods for collecting and reporting waste reduction, generation, collection, transportation, storage, recycling, processing, and disposal statistics necessary for proper waste management and for reporting required by law. Prior to publishing proposed rules, the director shall submit draft rules to the legislative commission on waste management for review and comment. Rules adopted under this subdivision apply to all persons and units of government in the state for the purpose of collecting and reporting waste-related statistics requested under or required by law.

Sec. 3. Minnesota Statutes 1994, section 115A.072, subdivision 1, is amended to read:

Subdivision 1. [WASTE EDUCATION COALITION.] (a) The director shall provide for the development and implementation of a program of general public education on waste management in cooperation and coordination with the pollution control agency, ~~metropolitan council~~, department of education, department of agriculture, environmental quality board, environmental education board, educational institutions, other public agencies with responsibility for waste management or public education, and three other persons who represent private industry and who have knowledge of or expertise in recycling and solid waste management issues. The objectives of the program are to: develop increased public awareness of and interest in environmentally sound waste management methods; encourage better informed decisions on waste management issues by business, industry, local governments, and the public; and disseminate practical information about ways in which households and other institutions and organizations can improve the management of waste.

(b) The director shall appoint an advisory task force, to be called the waste education coalition, of up to 18 members to advise the director in carrying out the director's responsibilities under this section and whose membership represents the agencies and entities listed in this subdivision. The task force expires on June 30, 1997.

Sec. 4. Minnesota Statutes 1994, section 115A.12, is amended to read:

115A.12 [ADVISORY COUNCILS.]

(a) The director shall establish a solid waste management advisory council, a hazardous waste management planning council, and a market development coordinating council, that are broadly representative of the geographic areas and interests of the state.

(b) The solid waste council shall have not less than nine nor more than 21 members. The membership of the solid waste council shall consist of one-third citizen representatives, one-third representatives from local government units, and one-third representatives from private solid waste management firms. The solid waste council shall contain at least three members experienced in the private recycling industry and at least one member experienced in each of the following areas: state and municipal finance; solid waste collection, processing, and disposal; and solid waste reduction and resource recovery.

(c) The hazardous waste council shall have not less than nine nor more than 18 members. The membership of the hazardous waste advisory council shall consist of one-third citizen representatives, one-third representatives from local government units, and one-third representatives of hazardous waste generators and private hazardous waste management firms.

(d) The market development coordinating council shall have not less than nine nor more than 18 members and shall consist of one representative from the department of trade and economic development, the department of administration, the pollution control agency, Minnesota Technology, Inc., ~~the metropolitan council~~, and the legislative commission on waste management. The other members shall represent local government units, private recycling markets, and private recycling collectors. The market development coordinating council expires June 30, 1997.

(e) The chairs of the advisory councils shall be appointed by the director. The director shall provide administrative and staff services for the advisory councils. The advisory councils shall have such duties as are assigned by law or the director. The solid waste advisory council shall make recommendations to the office on its solid waste management activities. The hazardous waste advisory council shall make recommendations to the office on its activities under sections 115A.08, 115A.09, 115A.10, 115A.11, 115A.20, 115A.21, and 115A.24. Members of the advisory councils shall serve without compensation but shall be reimbursed for their reasonable expenses as determined by the director. The solid waste management advisory council and the hazardous waste management planning council expire June 30, 1997.

Sec. 5. Minnesota Statutes 1994, section 115A.14, subdivision 4, is amended to read:

Subd. 4. [POWERS AND DUTIES.] (a) The commission shall oversee the activities of the office, and agency, ~~and metropolitan council~~ relating to solid and hazardous waste management, and direct such changes or additions in the work plan of the office, and agency, ~~and council~~ relating to solid and hazardous waste management as the commission deems fit.

(b) The commission shall make recommendations to the standing legislative committees on finance and appropriations for appropriations from the environmental response, compensation, and compliance account in the environmental fund under section 115B.20, subdivision 5.

(c) The commission may conduct public hearings and otherwise secure data and expressions of opinion. The commission shall make such recommendations as it deems proper to assist the legislature in formulating legislation. Any data or information compiled by the commission shall be made available to any standing or interim committee of the legislature upon request of the chair of the respective committee.

Sec. 6. Minnesota Statutes 1994, section 115A.15, subdivision 9, is amended to read:

Subd. 9. [RECYCLING GOAL.] By December 31, 1993, the commissioner shall recycle at least 40 percent by weight of the solid waste generated by state offices and other state operations located in the metropolitan area. By March 1 of each year the commissioner shall report to the office ~~and the metropolitan council~~ the estimated recycling rates by county for state offices and other state operations in the metropolitan area for the previous calendar year. The office shall incorporate these figures into the reports submitted by the counties under section 115A.557, subdivision 3, to determine each county's progress toward the goal in section 115A.551, subdivision 2.

Each state agency in the metropolitan area shall work to meet the recycling goal individually. If the goal is not met by an agency, the commissioner shall notify that agency that the goal has not been met and the reasons the goal has not been met and shall provide information to the employees in the agency regarding recycling opportunities and expectations.

Sec. 7. Minnesota Statutes 1994, section 115A.191, subdivision 1, is amended to read:

Subdivision 1. [OFFICE TO SEEK CONTRACTS.] The office of ~~waste management~~ and any eligible county board may enter a contract as provided in this section expressing their voluntary and mutually satisfactory agreement concerning the location and development of a stabilization and containment facility. The director shall negotiate contracts with eligible counties and shall present drafts of the negotiated contracts to the office for its approval. The director shall actively solicit, encourage, and assist counties, together with developers, landowners, the local business community, and other interested parties, in developing resolutions of interest. The county shall provide affected political subdivisions and other interested persons with an opportunity to suggest contract terms.

Sec. 8. Minnesota Statutes 1994, section 115A.191, subdivision 2, is amended to read:

Subd. 2. [RESOLUTION OF INTEREST IN NEGOTIATING; ELIGIBILITY.] A county is eligible to negotiate a contract under this section if the county board files with the office of ~~waste management~~ and the office accepts a resolution adopted by the county board that expresses the county board's interest in negotiations and its willingness to accept the preliminary evaluation of one or more study areas in the county for consideration as a location of a stabilization and containment facility. The county board resolution expressing interest in negotiations must provide for county cooperation with the office, as necessary to facilitate the evaluation of study areas in the county, and for the appointment of a member of the county board or an officer or employee of the county as official liaison with the office with respect to the matters provided in the resolution and future negotiations with the office. A county board by resolution may withdraw a resolution of interest, and the office of ~~waste management~~ may withdraw its acceptance of such a resolution, at any time before the parties execute a contract under this section. A county that is eligible to negotiate a contract shall receive the benefits as provided in section 477A.012.

Sec. 9. Minnesota Statutes 1994, section 115A.32, is amended to read:

115A.32 [RULES.]

The board shall promulgate rules pursuant to chapter 14 to govern its activities under sections 115A.32 to 115A.39. For the purposes of sections 115A.32 to 115A.39, "board" means the environmental quality board established in section 116C.03. In all of its activities and deliberations under sections 115A.32 to 115A.39, the board shall consult with the director of the office of ~~waste management~~.

Sec. 10. Minnesota Statutes 1994, section 115A.42, is amended to read:

115A.42 [ESTABLISHMENT AND ADMINISTRATION.]

There is established a program to encourage and improve regional and local solid waste management planning activities and efforts and to further the state policies and purposes expressed in section 115A.02. The program under sections 115A.42 to 115A.46 is administered by the ~~office~~ director pursuant to rules promulgated under chapter 14, except in the metropolitan area where the program is administered by the ~~metropolitan council pursuant to chapter 473~~ director pursuant to section 473.149. The ~~office and the metropolitan council~~ director shall ensure conformance with federal requirements and programs established pursuant to the Resource Conservation and Recovery Act of 1976 and amendments thereto.

Sec. 11. Minnesota Statutes 1994, section 115A.45, is amended to read:

115A.45 [TECHNICAL ASSISTANCE.]

The director and ~~metropolitan council~~ shall provide for technical assistance to encourage and improve solid waste management and to assist political subdivisions in preparing the plans described in section 115A.46. The director and ~~metropolitan council~~ shall provide model plans for regional and local solid waste management. The director and ~~metropolitan council~~ may contract for the delivery of technical assistance by a regional development commission, any state or federal agency, private consultants, or other persons. The director shall prepare and publish an inventory of sources of technical assistance for solid waste planning, including studies, publications, agencies, and persons available.

Sec. 12. Minnesota Statutes 1994, section 115A.46, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] (a) Plans shall address the state policies and purposes expressed in section 115A.02 and may not be inconsistent with state law.

(b) Plans for the location, establishment, operation, maintenance, and postclosure use of facilities and facility sites, for ordinances, and for licensing, permit, and enforcement activities shall be consistent with the rules adopted by the agency pursuant to chapter 116.

(c) Plans shall address:

(1) the resolution of conflicting, duplicative, or overlapping local management efforts;

(2) the establishment of joint powers management programs or waste management districts where appropriate; and

(3) other matters as the rules of the office may require consistent with the purposes of sections 115A.42 to 115A.46.

(d) Political subdivisions preparing plans under sections 115A.42 to 115A.46 shall consult with persons presently providing solid waste collection, processing, and disposal services.

(e) Plans must be submitted to the director, ~~or the metropolitan council pursuant to section 473.803,~~ for approval. When a county board is ready to have a final plan approved, the county board shall submit a resolution requesting review and approval by the director ~~or the metropolitan council.~~ After receiving the resolution, the director ~~or the metropolitan council~~ shall notify the county within 45 days whether the plan as submitted is complete and, if not complete, the specific items that need to be submitted to make the plan complete. Within 90 days after a complete plan has been submitted, the director ~~or the metropolitan council~~ shall approve or disapprove the plan. If the plan is disapproved, reasons for the disapproval must be provided.

(f) After initial approval, each plan must be updated and submitted for approval every five years. The plan must be revised as necessary so that it is not inconsistent with state law.

Sec. 13. Minnesota Statutes 1994, section 115A.5501, subdivision 2, is amended to read:

Subd. 2. [MEASUREMENT; PROCEDURES.] To measure the overall percentage of packaging in the statewide solid waste stream, the director ~~and the chair of the metropolitan council,~~ in consultation with the commissioner, shall ~~each~~ conduct an annual solid waste composition ~~study~~ studies in the nonmetropolitan and metropolitan areas ~~respectively~~ or shall develop an alternative method that is as statistically reliable as a waste composition study to measure the percentage of packaging in the waste stream.

~~The chair of the council shall submit the results from the metropolitan area to the director by May 1 of each year.~~ The director shall average the nonmetropolitan and metropolitan results and submit the statewide percentage, along with a statistically reliable margin of error, to the legislative commission on waste management by July 1 of each year. The 1994 report must include a discussion of the reliability of data gathered under this subdivision and the methodology used to determine a statistically reliable margin of error.

Sec. 14. Minnesota Statutes 1994, section 115A.5501, subdivision 3, is amended to read:

Subd. 3. [FACILITY COOPERATION AND REPORTS.] The owner or operator of a facility shall allow access upon reasonable notice to authorized office, ~~or 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, 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. 15. Minnesota Statutes 1994, section 115A.551, subdivision 5, is amended to read:

Subd. 5. [FAILURE TO MEET GOAL.] (a) A county failing to meet the interim goals in subdivision 3 shall, as a minimum:

(1) notify county residents of the failure to achieve the goal and why the goal was not achieved; and

(2) provide county residents with information on recycling programs offered by the county.

(b) If, based on the recycling monitoring described in subdivision 4, the director ~~or the metropolitan council~~ finds that a county will be unable to meet the recycling goals established in subdivisions 2 and 2a, the director ~~or council~~ shall, after consideration of the reasons for the county's inability to meet the goals, recommend legislation for consideration by the legislative commission on waste management to establish mandatory recycling standards and to authorize the director ~~or council~~ to mandate appropriate solid waste management techniques designed to meet the standards in those counties that are unable to meet the goals.

Sec. 16. Minnesota Statutes 1994, section 115A.558, is amended to read:

115A.558 [SAFETY GUIDE.]

The pollution control agency, in cooperation with the office ~~of waste management and the metropolitan council~~, shall prepare and distribute to all interested persons a guide for operation of a recycling or yard waste composting facility to protect the environment and public health.

Sec. 17. Minnesota Statutes 1994, section 115A.63, subdivision 3, is amended to read:

Subd. 3. [RESTRICTIONS.] No waste district shall be established within the boundaries of the Western Lake Superior Sanitary District established under chapter 458D. No waste district shall be established wholly within one county. The director shall not establish a waste district within or extending into the metropolitan area, nor define or alter the powers or boundaries of a district, ~~without the approval of the metropolitan council. The council shall not approve a district unless~~ the articles of incorporation of the district require that the district will have the same procedural and substantive responsibilities, duties, and relationship to the metropolitan agencies as a metropolitan county. The director shall require the completion of a comprehensive solid waste management plan conforming to the requirements of section 115A.46, by petitioners seeking to establish a district.

Sec. 18. Minnesota Statutes 1994, section 115A.84, subdivision 3, is amended to read:

Subd. 3. [PLAN APPROVAL.] (a) A district or county planning a designation ~~for waste generated wholly within the metropolitan area defined in section 473.121 shall submit its designation plan to the metropolitan council for review and approval or disapproval. Other districts or counties shall submit the designation plan to the director for review and approval or disapproval.~~

(b) The ~~reviewing authority~~ director shall complete ~~its~~ the review and make ~~its~~ a decision within 120 days following submission of the plan for review. The ~~reviewing authority~~ director shall approve the designation plan if the plan satisfies the requirements of subdivision 2 and, in the case of designation to disposal facilities, if the ~~reviewing authority~~ director finds that the plan has demonstrated that the designation is necessary and is consistent with section 115A.02. The ~~reviewing authority~~ director may attach conditions to ~~its~~ the approval that relate to matters required in a designation ordinance under section 115A.86, subdivision 1, paragraph (a), clauses (1) to (4), and paragraph (b). Amendments to plans must be submitted for review in accordance with this subdivision.

Sec. 19. Minnesota Statutes 1994, section 115A.86, subdivision 2, is amended to read:

Subd. 2. [APPROVAL.] A district or county ~~whose designation applies wholly within the metropolitan area defined in section 473.121 shall submit the designation ordinance, together with any negotiated contracts assuring the delivery of solid waste, to the metropolitan council for review and approval or disapproval. Other districts or counties shall submit the designation ordinance, together with any negotiated contracts assuring the delivery of solid waste, to the director for review and approval or disapproval. The director shall complete the review and make a decision within 90 days following submission of the designation for review. The director shall approve the designation if the director determines that the designation procedure specified in section 115A.85 was followed and that the designation is based on a plan approved under section 115A.84. The director may attach conditions to the approval.~~

Sec. 20. Minnesota Statutes 1994, section 115A.951, subdivision 4, is amended to read:

Subd. 4. [COLLECTION OF USED DIRECTORIES.] Each publisher or distributor of telephone directories shall:

- (1) provide for the collection and delivery to a recycler of waste telephone directories;
- (2) inform recipients of directories of the collection system; and
- (3) submit a report to the office of waste management by August 1 of each year that specifies the percentage of distributed directories collected as waste directories by distribution area and the locations where the waste directories were delivered for recycling and that verifies that the directories have been recycled.

Sec. 21. Minnesota Statutes 1994, section 115A.97, subdivision 5, is amended to read:

Subd. 5. [PLANS; REPORT.] A county solid waste plan, or revision of a plan, that includes incineration of mixed municipal solid waste must clearly state how the county plans to meet the goals in subdivision 1 of reducing the toxicity and quantity of incinerator ash and of reducing the quantity of processing residuals that require disposal. The director, in cooperation with the agency, and the counties, ~~and the metropolitan council,~~ may develop guidelines for counties to use to identify ways to meet the goals in subdivision 1.

~~The director, in cooperation with the agency, the counties, and the metropolitan council, shall develop and propose statewide goals and timetables for the reduction of the noncombustible fraction of mixed municipal solid waste prior to incineration or processing into refuse derived fuel and for the reduction of the toxicity of the incinerator ash. By January 1, 1990, the director shall report to the legislative commission on waste management on the proposal goals and timetables with recommendations for their implementation.~~

Sec. 22. Minnesota Statutes 1994, section 115A.97, subdivision 6, is amended to read:

Subd. 6. [PERMITS; AGENCY REPORT.] An application for a permit to build or operate a mixed municipal solid waste incinerator, including an application for permit renewal, must clearly state how the applicant will achieve the goals in subdivision 1 of reducing the toxicity and quantity of incinerator ash and of reducing the quantity of processing residuals that require disposal. The agency, in cooperation with the director, and the counties, ~~and the metropolitan council,~~ may develop guidelines for applicants to use to identify ways to meet the goals in subdivision 1.

If, by January 1, 1990, the rules required by subdivision 3 are not in at least final draft form, the agency shall report to the legislative commission on waste management on the status of current incinerator ash management programs with recommendations for specific legislation to meet the goals of subdivision 1.

Sec. 23. Minnesota Statutes 1994, section 115A.981, subdivision 3, is amended to read:

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 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.

(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 facilities; and other interested persons;

(2) consider and analyze information received under subdivision 2 and information available under section 115A.929; 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) 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. 24. Minnesota Statutes 1994, section 473.149, subdivision 4, is amended to read:

Subd. 4. [ADVISORY COMMITTEE.] The ~~council~~ director shall establish an advisory committee to aid in the preparation of the policy plan, the performance of the ~~council's~~ director's responsibilities under subdivisions ~~2 to 2d~~ 2d and 2e, the review of county master plans and reports and applications for permits for waste facilities, under sections 473.151, and 473.801 to 473.823, ~~and 473.831~~, and other duties determined by the ~~council~~ director. The committee shall consist of one-third citizen representatives, one-third representatives from metropolitan counties and municipalities, and one-third representatives from private waste management firms. A representative from the pollution control agency, ~~one from the office of waste management established under section 115A.055~~, and one from the Minnesota health department shall serve as ex officio members of the committee.

Sec. 25. Minnesota Statutes 1994, section 473.151, is amended to read:

473.151 [DISCLOSURE.]

For the purpose of the rules, plans, and reports required or authorized by sections 473.149, 473.516, 473.801 to 473.823 and this section, each generator of hazardous waste and each owner or operator of a collection service or waste facility annually shall make the following information available to the agency, council, office of environmental assistance, and metropolitan counties: a schedule of rates and charges in effect or proposed for a collection service or the processing of waste delivered to a waste facility and a description, in aggregate amounts indicating the general character of the solid and hazardous waste collection and processing system, of the types and the quantity, by types, of waste generated, collected, or processed. The county, council, office, and agency shall act in accordance with the provisions of section 116.075, subdivision 2, with respect to information for which confidentiality is claimed.

Sec. 26. Minnesota Statutes 1994, section 473.516, subdivision 2, is amended to read:

Subd. 2. [GENERAL REQUIREMENTS.] With respect to its activities under this section, the council shall be subject to and comply with the applicable provisions of this chapter. Property acquired by the council under this section shall be subject to the provisions of section 473.545. Any site or facility owned or operated for or by the council shall conform to the policy plan adopted by the ~~council~~ under section 473.149. The council shall contract with private persons for the construction, maintenance, and operation of waste facilities, subject to the bidding requirements of section 473.523, where the facilities are adequate and available for use and competitive with other means of providing the same service.

Sec. 27. Minnesota Statutes 1994, section 473.801, subdivision 1, is amended to read:

Subdivision 1. [TERMS.] For the purposes of sections 473.801 to ~~473.845 and Laws 1985, chapter 274, section 45~~ 473.849, the terms defined in this section have the meanings given them.

Sec. 28. Minnesota Statutes 1994, section 473.801, is amended by adding a subdivision to read:

Subd. 5. [DIRECTOR.] "Director" means the director of the office of environmental assistance.

Sec. 29. Minnesota Statutes 1994, section 473.801, is amended by adding a subdivision to read:

Subd. 6. [OFFICE.] "Office" means the office of environmental assistance.

Sec. 30. Minnesota Statutes 1994, section 473.8011, is amended to read:

473.8011 [METROPOLITAN AGENCY RECYCLING GOAL.]

By December 31, 1993, the metropolitan council, each metropolitan agency as defined in section 473.121, and the metropolitan mosquito control district established in section 473.702 shall recycle at least 40 percent by weight of the solid waste generated by their offices or other operations. The ~~council~~ director shall provide information and technical assistance to the council, agencies, and the district to implement effective recycling programs.

By August 1 of each year, the council, each agency, and the district shall submit to the office of ~~waste management~~ a report for the previous fiscal year describing recycling rates, specified by the county in which the council, agency, or operation is located, and progress toward meeting the recycling goal. The office shall incorporate the recycling rates reported in the respective county's recycling rates for the previous fiscal year.

If the goal is not met, the council, agency, or district must include in its 1994 report reasons for not meeting the goal and a plan for meeting it in the future.

Sec. 31. Minnesota Statutes 1994, section 473.803, subdivision 1, is amended to read:

Subdivision 1. [COUNTY MASTER PLANS; GENERAL REQUIREMENTS.] Each metropolitan county, following adoption or revision of the ~~council's solid waste metropolitan~~ policy plan and in accordance with the dates specified therein, and after consultation with all affected local government units, shall prepare and submit to ~~the council for its~~ the director for approval, a county solid waste master plan to implement the policy plan. The master plan shall be revised and resubmitted at such times as the ~~council's metropolitan~~ policy plan may require. The master plan shall describe county solid waste activities, functions, and facilities; the existing system of solid waste generation, collection, and processing, and disposal within the county; proposed mechanisms for complying with the recycling requirements of section 115A.551, and the household hazardous waste management requirements of section 115A.96, subdivision 6; existing and proposed county and municipal ordinances and license and permit requirements relating to solid waste facilities and solid waste generation, collection, and processing, and disposal; existing or proposed municipal, county, or private solid waste facilities and collection services within the county together with schedules of existing rates and charges to users and statements as to the extent to which such facilities and services will or may be used to implement the policy plan; and any solid waste facility which the county owns or plans to acquire, construct, or improve together with statements as to the planned method, estimated cost and time of acquisition, proposed procedures for operation and maintenance of each facility; an estimate of the annual cost of operation and maintenance of each facility; an estimate of the annual gross revenues which will be received from the operation of each facility; and a proposal for the use of each facility after it is no longer needed or usable as a waste facility. The master plan shall, to the extent practicable and consistent with the achievement of other public policies and purposes, encourage ownership and operation of solid waste facilities by private industry. For solid waste facilities owned or operated by public agencies or supported primarily by public funds or obligations issued by a public agency, the master plan shall contain criteria and standards to protect comparable private and public facilities already existing in the area from displacement unless the displacement is required in order to achieve the waste management objectives identified in the plan.

Sec. 32. Minnesota Statutes 1994, section 473.803, subdivision 2a, is amended to read:

Subd. 2a. [WASTE ABATEMENT.] The ~~council~~ director may require any county that fails to meet the waste abatement objectives contained in the ~~council's~~ metropolitan policy plan to amend its master plan to address methods to achieve the objectives. The master plan amendment is subject to ~~council~~ review and approval as provided in subdivision 2 and must consider at least:

- (1) minimum recycling service levels for solid waste generators;
- (2) mandatory generator participation in recycling programs including separation of recyclable material from mixed municipal solid waste;
- (3) use of organized solid waste collection under section 115A.94; and
- (4) waste abatement participation incentives including provision of storage bins, weekly collection of recyclable material, expansion of the types of recyclable material for collection, collection of recyclable material on the same day as collection of solid waste, and financial incentives such as basing charges to generators for waste collection services on the volume of waste generated and discounting collection charges for generators who separate recyclable material for collection separate from their solid waste.

Sec. 33. Minnesota Statutes 1994, 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 to the ~~council~~ director for its approval a report containing information, as ~~the council may prescribe~~ prescribed in its the metropolitan 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~~ metropolitan 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. 34. Minnesota Statutes 1994, section 473.803, subdivision 5, is amended to read:

Subd. 5. [ROLE OF PRIVATE SECTOR; COUNTY OVERSIGHT.] A county may include in its solid waste management master plan and in its plan for county land disposal abatement a determination that the private sector will achieve, either in part or in whole, the goals and requirements of sections 473.149 and 473.803, as long as the county:

- (1) retains active oversight over the efforts of the private sector and monitors performance to ensure compliance with the law and the goals and standards ~~of in the council and the county as expressed in the metropolitan solid waste management policy plan~~ and the county master plan;
- (2) continues to meet its responsibilities under the law for ensuring proper waste management, including, at a minimum, enforcing waste management law, providing waste education, promoting waste reduction, and providing its residents the opportunity to recycle waste materials; and
- (3) continues to provide all required reports on the county's progress in meeting the waste management goals and standards of this chapter and chapter 115A.

Sec. 35. Minnesota Statutes 1994, section 473.804, is amended to read:

473.804 [HOUSEHOLD HAZARDOUS WASTE MANAGEMENT.]

By June 30, 1992, each metropolitan county shall develop and implement a permanent program to manage household hazardous waste. Each program must include at least quarterly collection of wastes. Each program must be consistent with the ~~council's~~ metropolitan policy plan and must be described as part of each county's solid waste master plan revision as required under section 473.803, subdivision 1.

Sec. 36. Minnesota Statutes 1994, section 473.811, subdivision 1, is amended to read:

Subdivision 1. [COUNTY ACQUISITION OF FACILITIES.] To accomplish the purpose specified in section 473.803, each metropolitan county may acquire by purchase, lease, gift or condemnation as provided by law, upon such terms and conditions as it shall determine, including contracts for deed and conditional sales contracts, solid waste facilities or properties or easements for solid waste facilities which are in accordance with rules adopted by the agency, the policy plan ~~adopted by the council~~ and the approved county master plan as approved by the council, and may improve or construct improvements on any property or facility so acquired. No metropolitan city, county or town shall own or operate a hazardous waste facility, except a facility to manage household hazardous waste. Each metropolitan county is authorized to levy a tax in anticipation of need for expenditure for the acquisition and betterment of solid waste facilities. If a tax is levied in anticipation of need, the purpose must be specified in a resolution of the county directing that the levy and the proceeds of the tax may be used only for that purpose. Until so used, the proceeds shall be retained in a separate fund or invested in the same manner as surplus in a sinking fund may be invested under section 475.66. The right of condemnation shall be exercised in accordance with chapter 117.

For the purposes of this section "solid waste facility" includes a facility to manage household hazardous waste.

Sec. 37. Minnesota Statutes 1994, section 473.811, subdivision 4a, is amended to read:

Subd. 4a. [ORDINANCES; GENERAL CONDITIONS; RESTRICTIONS; APPLICATION.] Ordinances of counties and local government units related to or affecting waste management shall embody plans, policies, rules, standards and requirements adopted by any state agency authorized to manage or plan for or regulate the management of waste and the waste management plans ~~adopted by the council~~ under section 473.149 and shall be consistent with approved county master plans approved by the council. Except as provided in this subdivision, a county may establish and operate or contract for the establishment or operation of a solid waste disposal facility without complying with local ordinances if the ~~council~~ director certifies need under section 473.823, subdivision 6. With the approval of the ~~council~~ director, local government units may impose and enforce reasonable conditions respecting the construction, operation, inspection, monitoring, and maintenance of the disposal facilities. No local government unit shall prevent the establishment or operation of any solid waste facility in accordance with the ~~council's~~ director's decision under section 473.823, subdivision 5, except that, with the approval of the ~~council~~ director, the local government unit may impose reasonable conditions respecting the construction, inspection, monitoring, and maintenance of a facility.

Sec. 38. Minnesota Statutes 1994, section 473.811, subdivision 5, is amended to read:

Subd. 5. [ORDINANCES; SOLID WASTE COLLECTION AND TRANSPORTATION.] (a) Each metropolitan county may adopt ordinances governing the collection of solid waste. A county may adopt, but may not be required to adopt, an ordinance that requires the separation from mixed municipal waste, by generators before collection, of materials that can readily be separated for use or reuse as substitutes for raw materials or for transformation into a usable soil amendment.

(b) Each local unit of government within the metropolitan area shall adopt an ordinance governing the collection of solid waste within its boundaries. If the county within which it is located has adopted a collection ordinance, the local unit shall adopt either the county ordinance by reference or a more strict ordinance. If the county within which it is located has adopted a separation ordinance, the ordinance applies in all local units within the county that have failed to meet the local abatement performance standards, as stated in the most recent annual county report.

(c) Ordinances of counties and local government units may establish reasonable conditions respecting but shall not prevent the transportation of solid waste by a licensed collector through and between counties and local units, except as required for the enforcement of any designation of a facility by a county under chapter 115A or for enforcement of the prohibition on disposal of unprocessed mixed municipal solid waste under sections 473.848 and 473.849.

(d) A licensed collector or a metropolitan county or local government unit may request review by the ~~council~~ director of an ordinance adopted under this subdivision. The ~~council~~ director shall

approve or disapprove the ordinance within 60 days of the submission of a request for review. The ordinance shall remain in effect unless it is disapproved.

(e) Ordinances of counties and local units of government:

(1) shall provide for the enforcement of any designation of facilities by the counties under chapter 115A;

(2) may require waste collectors and transporters to deliver unprocessed mixed municipal waste generated in the county to processing facilities; and

(3) may prohibit waste collectors and transporters from delivering unprocessed mixed municipal solid waste generated in the county to disposal facilities for final disposal.

(f) Nothing in this subdivision limits the authority of the local government unit to regulate and license collectors of solid waste or to require review or approval by the ~~council~~ director for ordinances regulating collection.

Sec. 39. Minnesota Statutes 1994, section 473.811, subdivision 7, is amended to read:

Subd. 7. [JOINT ACTION.] Any local governmental unit or metropolitan agency may act together with any county, city, or town within or without the metropolitan area, or with the pollution control agency or the office of ~~waste management~~ under the provisions of section 471.59 or any other appropriate law providing for joint or cooperative action between government units, to accomplish any purpose specified in sections 473.149, 473.151, 473.801 to 473.823, 473.834, 116.05 and 115A.06.

Any agreement regarding data processing services relating to the generation, management, identification, labeling, classification, storage, collection, treatment, transportation, processing or disposal of waste and entered into pursuant to section 471.59, or other law authorizing joint or cooperative action may provide that any party to the agreement may agree to defend, indemnify and hold harmless any other party to the agreement providing the services, including its employees, officers or volunteers, against any judgments, expenses, reasonable attorney's fees and amounts paid in settlement actually and reasonably incurred in connection with any third party claim or demand arising out of an alleged act or omission by a party to the agreement, its employees, officers or volunteers occurring in connection with any exchange, retention, storage or processing of data, information or records required by the agreement. Any liability incurred by a party to an agreement under this subdivision shall be subject to the limitations set forth in section 3.736 or 466.04.

Sec. 40. Minnesota Statutes 1994, section 473.811, subdivision 8, is amended to read:

Subd. 8. [COUNTY SALE OR LEASE.] Each metropolitan county may sell or lease any facilities or property or property rights previously used or acquired to accomplish the purposes specified by sections 473.149, 473.151, 473.801 to 473.823, and 473.834. Such property may be sold in the manner provided by section 469.065, or may be sold in the manner and on the terms and conditions determined by the county board. Each metropolitan county may convey to or permit the use of any such property by a local government unit, with or without compensation, without submitting the matter to the voters of the county. No real property or property rights acquired pursuant to this section, may be disposed of in any manner unless and until the county shall have submitted to the agency and the ~~metropolitan council~~ director for review and comment the terms on and the use for which the property will be disposed of. The agency and the ~~council~~ director shall review and comment on the proposed disposition within 60 days after each has received the data relating thereto from the county.

Sec. 41. Minnesota Statutes 1994, section 473.813, subdivision 2, is amended to read:

Subd. 2. Before a city, county, or town enters into any contract pursuant to subdivision 1 for a period of more than five years, the city, county, or town shall submit the proposed contract and a description of the proposed activities under the contract to the ~~council~~ director for review and approval. The ~~council~~ director shall approve the proposed contract if ~~it~~ the director determines that the contract is consistent with the ~~council's~~ metropolitan policy plan, permits issued under section 473.823, and county reports or approved master plans approved by the council. The ~~council~~

director may consolidate ~~its~~ the review of contracts submitted under this section with ~~its~~ the review of related permit applications submitted under section 473.823 and for this purpose may delay the review required by this section.

Sec. 42. Minnesota Statutes 1994, section 473.823, subdivision 3, is amended to read:

Subd. 3. [SOLID WASTE FACILITIES; REVIEW PROCEDURES.] (a) The agency shall request applicants for solid waste facility permits to submit all information deemed relevant by the ~~council to its~~ director for review, including without limitation information relating to the geographic areas and population served, the need, the effect on existing facilities and services, the effectiveness of proposed buffer areas to ensure, at a minimum, protection of surrounding land uses from adverse or incompatible impacts due to landfill operation and related activities, the anticipated public cost and benefit, the anticipated rates and charges, the manner of financing, the effect on metropolitan plans and development programs, the supply of waste, anticipated markets for any product, and alternative means of disposal or energy production.

(b) A permit may not be issued for the operation of a solid waste facility in the metropolitan area which is not in accordance with the metropolitan ~~council's~~ solid waste policy plan. The ~~metropolitan council~~ director shall determine whether a permit is in accordance with the policy plan. In making ~~its~~ this determination, the ~~council~~ director shall consider the areawide need and benefit of the applicant facility and the effectiveness of proposed buffer areas to adequately protect surrounding land uses in accordance with ~~its~~ the policy plan, and may consider, without limitation, the effect of the applicant facility on existing and planned solid waste facilities.

(c) If the ~~council~~ director determines that a permit is in accordance with ~~its~~ the policy plan, the ~~council~~ director shall approve the permit. If the ~~council~~ director determines that a permit is not in accordance with ~~its~~ the policy plan, ~~it~~ the director shall disapprove the permit. ~~The council's~~ Approval of permits may be subject to conditions the director determines are necessary to satisfy criteria and standards in its the policy plan, including conditions respecting the type, character, and quantities of waste to be processed at a solid waste facility used primarily for resource recovery and the geographic territory from which a resource recovery facility or transfer station serving such a facility may draw its waste.

(d) For the purpose of this review and approval ~~by the council~~, the agency shall send a copy of each permit application and any supporting information furnished by the applicant to the ~~metropolitan council~~ director within 15 days after receipt of the application and all other information requested from the applicant. Within 60 days after the application and supporting information are received by the ~~council~~ director, unless a time extension is authorized by the agency, the ~~council~~ director shall issue to the agency in writing ~~its~~ a determination whether the permit is disapproved, approved, or approved with conditions. If the ~~council~~ director does not issue ~~its~~ a determination to the agency within the 60-day period, unless a time extension is authorized by the agency, the permit shall be deemed to be in accordance with the ~~council's~~ policy plan.

(e) A permit may not be issued in the metropolitan area for a solid waste facility used primarily for resource recovery or a transfer station serving the facility, if the facility or station is owned or operated by a public agency or if the acquisition or betterment of the facility or station is secured by public funds or obligations issued by a public agency, unless the ~~council~~ director finds and determines that adequate markets exist for the products recovered and that establishment of the facility is consistent with the criteria and standards in the metropolitan and county plans respecting the protection of existing resource recovery facilities and transfer stations serving such facilities.

Sec. 43. Minnesota Statutes 1994, section 473.823, subdivision 5, is amended to read:

Subd. 5. [REVIEW OF WASTE PROCESSING FACILITIES.] (a) A metropolitan county may establish a waste processing facility within the county without complying with local ordinances, if the action is approved by the ~~council~~ director in accordance with the review process established by this subdivision. A county requesting review ~~by the council~~ shall show that:

- (1) the required permits for the proposed facility have been or will be issued by the agency;
- (2) the facility is consistent with the ~~council's~~ metropolitan policy plan and the approved county master plan; and

(3) a local government unit has refused to approve the establishment or operation of the facility, has failed to deny or approve establishment or operation of the facility within the time period required in section 115A.31, or has approved the application or request with conditions that are unreasonable or impossible for the county to meet.

(b) The ~~council~~ director shall ~~meet to~~ commence the review within 90 days of the submission of a request determined by the ~~council~~ director to satisfy the requirements for review under this subdivision. ~~At the meeting~~ Upon commencing the review the ~~chair~~ director shall ~~recommend and~~ the ~~council~~ establish a scope and procedure, including criteria, for ~~its~~ the review and final decision on the proposed facility. The procedure shall require the ~~council~~ director to make a final decision on the proposed facility within 120 days following the commencement of review. For facilities other than waste incineration and mixed municipal solid waste composting facilities, the ~~council~~ director shall ~~meet to~~ commence the review within 45 days of submission of the request and shall make a final decision within 75 days following commencement of review.

(c) The ~~council~~ director shall conduct at least one public hearing in the city or town within which the proposed facility would be located. Notice of the hearing shall be published in a newspaper or newspapers of general circulation in the area for two successive weeks ending at least 15 days before the date of the hearing. The notice shall describe the proposed facility, its location, the proposed permits, and the ~~council's~~ scope, procedure, and criteria for review. The notice shall identify a location or locations within the local government unit and county where the permit applications and the ~~council's~~ scope, procedure, and criteria for review are available for review and where copies may be obtained.

(d) In ~~its~~ the review and final decision on the proposed facility, the ~~council~~ director shall consider at least the following matters:

(1) the risk and effect of the proposed facility on local residents, units of government, and the local public health, safety, and welfare, and the degree to which the risk or effect may be alleviated;

(2) the consistency of the proposed facility with, and its effect on, existing and planned local land use and development; local laws, ordinances, and permits; and local public facilities and services;

(3) the adverse effects of the facility on agriculture and natural resources and opportunities to mitigate or eliminate such adverse effects by additional stipulations, conditions, and requirements respecting the design and operation of the proposed facility at the proposed site;

(4) the need for the proposed facility and the availability of alternative sites;

(5) the consistency of the proposed facility with the county master plan adopted pursuant to section 473.803 and the ~~council's~~ policy plan adopted pursuant to section 473.149; and

(6) transportation facilities and distance to points of waste generation.

(e) ~~In its final decision in the review,~~ The ~~council~~ director may either approve or disapprove the proposed facility at the proposed site. The ~~council's~~ approval shall embody all terms, conditions, and requirements of the permitting state agencies, provided that the ~~council~~ director may require more stringent permit terms, conditions, and requirements respecting the design, construction, operation, inspection, monitoring, and maintenance of the proposed facility at the proposed site.

Sec. 44. Minnesota Statutes 1994, section 473.823, subdivision 6, is amended to read:

Subd. 6. [~~COUNCIL; CERTIFICATION OF NEED.~~] No new mixed municipal solid waste disposal facility or capacity shall be permitted in the metropolitan area without a certificate of need issued by the ~~council~~ director indicating ~~the council's~~ a determination that the additional disposal capacity planned for the facility is needed in the metropolitan area. The ~~council~~ director shall amend ~~its~~ the policy plan, adopted pursuant to section 473.149, to include standards and procedures for certifying need that conform to the certification standards stated in this subdivision. The standards and procedures shall be based on the ~~council's~~ metropolitan disposal abatement plan adopted pursuant to section 473.149, subdivision 2d, the ~~council's~~ solid waste disposal facilities development schedule adopted under section 473.149, subdivision 2c, and the provisions

of any master plans of counties that have been approved ~~by the council~~ under section 473.803, subdivision 2, and that are consistent with the ~~council's~~ abatement plan and development schedule. The ~~council~~ director shall certify need only to the extent that there are no feasible and prudent alternatives to the disposal facility, including waste reduction, source separation and resource recovery which would minimize adverse impact upon natural resources. Alternatives that are speculative or conjectural shall not be deemed to be feasible and prudent. Economic considerations alone shall not justify the certification of need or the rejection of alternatives.

Sec. 45. Minnesota Statutes 1994, section 473.844, subdivision 1a, is amended to read:

Subd. 1a. [USE OF FUNDS.] (a) The money in the account may be spent only for the following purposes:

(1) assistance to any person for resource recovery projects funded under subdivision 4 or projects to develop and coordinate markets for reusable or recyclable waste materials, including related public education, planning, and technical assistance;

(2) grants to counties under section 473.8441;

(3) program administration ~~by the metropolitan council~~;

(4) public education on solid waste reduction and recycling;

(5) solid waste research; and

(6) grants to multicounty groups for regionwide planning for solid waste management system operations and use of management capacity.

(b) The ~~council~~ director shall allocate at least 50 percent of the annual revenue received by the account for grants to counties under section 473.8441.

Sec. 46. Minnesota Statutes 1994, section 473.844, subdivision 4, is amended to read:

Subd. 4. [RESOURCE RECOVERY GRANTS AND LOANS.] The grant and loan program under this subdivision is administered by the ~~metropolitan council~~ director. Grants and loans may be made to any person for resource recovery projects. The grants and loans may include the cost of planning, acquisition of land and equipment, and capital improvements. Grants and loans for planning may not exceed 50 percent of the planning costs. Grants and loans for acquisition of land and equipment and for capital improvements may not exceed 50 percent of the cost of the project. Grants and loans may be made for public education on the need for the resource recovery projects. A grant or loan for land, equipment, or capital improvements may not be made until the ~~metropolitan council~~ director has determined the total estimated capital cost of the project and ascertained that full financing of the project is assured. Grants and loans made to cities, counties, or solid waste management districts must be for projects that are in conformance with approved master plans. A grant or loan to a city or town must be reviewed and approved by the county for conformance with the county master plan. The ~~council~~ director shall require, where practical, cooperative purchase between cities, counties, and districts of capital equipment.

Sec. 47. Minnesota Statutes 1994, section 473.8441, subdivision 2, is amended to read:

Subd. 2. [PROGRAM.] The ~~council~~ director shall encourage the development of permanent local recycling programs throughout the metropolitan area. ~~By January 1, 1988, the council shall develop performance indicators for local recycling that will measure the availability and use of recycling throughout the metropolitan area.~~ The ~~council~~ director shall make grants to qualifying metropolitan counties as provided in this section.

Sec. 48. Minnesota Statutes 1994, section 473.8441, subdivision 4, is amended to read:

Subd. 4. [GRANT CONDITIONS.] The ~~council~~ director shall administer grants so that the following conditions are met:

(a) A county must apply for a grant in the manner determined by the ~~council~~ director. The application must describe the activities for which the grant will be used.

(b) The activities funded must be consistent with the ~~council's~~ metropolitan policy plan and the county master plan.

(c) A grant must be matched by equal county expenditures for the activities for which the grant is made.

(d) All grant funds must be used for new activities or to enhance or increase the effectiveness of existing activities in the county.

(e) Counties shall provide support to maintain effective municipal recycling where it is already established.

Sec. 49. Minnesota Statutes 1994, section 473.8441, subdivision 5, is amended to read:

Subd. 5. [GRANT ALLOCATION PROCEDURE.] (a) The ~~council~~ director 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 April 1 of each year, must submit ~~for council~~ to the director for 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. 50. Minnesota Statutes 1994, section 473.845, subdivision 4, is amended to read:

Subd. 4. [EXPENDITURE NOTIFICATION.] The commissioner shall notify the ~~chair~~ director of the office and the director of the legislative commission on waste management before making expenditures from the fund.

Sec. 51. Minnesota Statutes 1994, section 473.848, subdivision 2, is amended to read:

Subd. 2. [COUNTY CERTIFICATION; ~~COUNCIL OFFICE~~ APPROVAL.] (a) By April 1 of each year, each county shall submit an annual certification report to the ~~council~~ office detailing:

(1) the quantity of waste generated in the county that was not processed prior to transfer to a disposal facility during the 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~~ office 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~~ office 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~~ office does not approve two or more consecutive reports from any one county, the ~~council~~ office 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~~ office.

Sec. 52. Minnesota Statutes 1994, section 473.848, subdivision 4, is amended to read:

Subd. 4. [~~COUNCIL OFFICE~~ REPORT.] The ~~council~~ office shall include, as part of its report to the legislative commission on waste management required under section 473.149, an accounting

of the quantity of unprocessed waste transferred to disposal facilities, the reasons the waste was not processed, a strategy for reducing the amount of unprocessed waste, and progress made by counties to reduce the amount of unprocessed waste. The council office may adopt standards for determining when waste is unprocessable and procedures for expediting certification and reporting of unprocessed waste.

Sec. 53. [APPLICATION.]

Sections 29 to 52 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 54. [INSTRUCTION TO REVISOR.]

The revisor shall substitute the term "office of environmental assistance" for the term "office of waste management" in Minnesota Statutes, sections 15A.081, 41A.066, 43A.08, 115B.20, 116.07, 116.101, 116.99, and 477A.012.

Sec. 55. [REPEALER.]

Minnesota Statutes 1994, sections 115A.81, subdivision 3; 115A.90, subdivision 3; 383D.71, subdivision 2; 473.149, subdivision 5; and 473.181, subdivision 4, are repealed.

Sec. 56. [EFFECTIVE DATE.]

Sections 1 to 53 and 55 are effective on the day following final enactment."

Amend the title as follows:

Page 1, line 8, after "sections" insert "16B.122, subdivision 3;"

Page 1, line 13, delete everything before "115A.55"

Page 1, line 21, after "4;" insert "115A.96, subdivision 2;" and after "1;" insert "115A.9651, subdivision 3;"

Page 1, line 23, after "116.072;" insert "116.66, subdivisions 2 and 4; 116.92, subdivision 4;"

Page 1, line 31, after "473.848" insert ", subdivisions 2 and 4"

Page 1, line 34, delete "chapter" and insert "chapters 16B; 115A; 116; and"

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

S.F. No. 1570: A bill for an act relating to taxes; freezing property tax values, levies, and rates for taxes payable in 1996; limiting increases in property tax values, levies, and rates for taxes payable in 1997; appropriating money; repealing Minnesota Statutes 1994, sections 124.01; 124.05; 124.06; 124.07; 124.76; 124.82; 124.829; 124.83; 124.84; 124.85; 124.86; 124.90; 124.91; 124.912; 124.914; 124.916; 124.918; 124.95; 124.961; 124.962; 124.97; 124A.02, subdivisions 16, 23, and 24; 124A.03, subdivisions 1b, 1c, 1d, 1e, 1f, 1g, 1h, and 1i; 124A.0311; 124A.032; 124A.04; 124A.22, subdivisions 1, 2, 3, 4, 4a, 4b, 6, 6a, 8, and 9; 124A.23; 124A.24; 124A.26, subdivisions 1, 2, and 3; 124A.27; 124A.28; 124A.29, subdivision 2; 273.13; 273.1398; 473F.001; 473F.01; 473F.02; 473F.03; 473F.05; 473F.06; 473F.07; 473F.08; 473F.09; 473F.10; 473F.11; 473F.13; 477A.011; 477A.012; 477A.0121; 477A.0122; 477A.013; 477A.0132; 477A.014; 477A.015; 477A.016; 477A.017; 477A.03; 477A.11; 477A.12; 477A.13; 477A.14; and 477A.15; Laws 1991, chapter 265, article 7, section 35.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 31, delete "61" and insert "62"

Page 3, after line 4, insert:

"Sec. 2. [TRANSITIONAL LEVIES.]

Notwithstanding Minnesota Statutes, sections 122.247, subdivision 3, and 122.533, a school district's levy under those sections for taxes payable in 1996 shall be no greater than it was for the prior year."

Page 3, lines 9 and 33, delete "3 to 11" and insert "4 to 12"

Page 3, delete section 3

Page 3, line 24, delete "the 1996-1997 school year" and insert "taxes payable in 1996" and after "computed" insert "for taxes payable"

Page 4, after line 17, insert:

"Sec. 10. [CONTRACTED SERVICES LEVY.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 7, a school district's levy for taxes payable in 1996 under that subdivision shall be no greater than it was in the prior year. If the resulting levy is less than the school district would have been authorized to levy under that subdivision, the district will receive additional aid equal to the difference."

Page 5, line 3, delete "27" and insert "30"

Page 5, line 4, after the first "to" insert "(1)" and delete "issued" and insert "sold"

Page 5, line 5, delete "issued" and insert "sold" and delete "27" and insert "30" and after "1995" insert ", or (2) bonds for which the amount of the levy first becoming due in 1996 would not exceed the amount by which the school district's total levy for debt service on bonds for taxes payable in 1996 prior to issuance of those bonds is less than the municipality's total levy for debt service for bonds for taxes payable in 1995"

Page 5, line 30, delete "6a" and insert "6, 6a, or 6b"

Page 5, line 31, delete "off the community education formula"

Pages 5 and 6, delete section 18

Page 8, lines 15 and 22, delete "27" and insert "30"

Page 8, line 19, after "1996" insert "unless the district's capital expenditure levy for taxes payable in 1996, including the levy for the new obligation, would not exceed its levy for that purpose for taxes payable in 1995"

Page 8, line 21, before "Notwithstanding" insert "(a) Except as provided in paragraph (b),"

Page 8, line 24, after "1996" insert "unless the district's total levy for installment contracts and lease purchase agreements for taxes payable in 1996, including the levy for the new obligation, would not exceed its levy for that purpose for taxes payable in 1995"

Page 8, after line 24, insert:

"(b) The limitation in paragraph (a) does not apply to an installment contract entered into before July 1, 1995, if it:

(1) relates to a high school construction project that was approved by the commissioner of education under Minnesota Statutes, section 121.15, before July 1, 1994; and

(2) relates at least in part to bids awarded between September 8, 1994, and February 21, 1995. Payments due on installment contracts described in this paragraph during calendar year 1996 will be paid by the state. The amount of those payments will be repaid by the school district to the state in three equal annual installments beginning in 1997. No interest will be due on those payments if timely paid by June 15 of the year due."

Page 9, line 12, after "25," insert "and section 268.08"

Page 9, line 14, delete "this purpose" and insert "these purposes"

Page 10, line 24, delete "in a subsequent year" and insert "over a four-year period"

Page 11, line 3, after "1," insert "or Laws 1993, chapter 224, article 8, section 18,"

Page 11, line 4, delete "that subdivision" and insert "those provisions of law"

Page 12, line 11, after "1996" insert ", unless the referendum provides for continuation of a referendum levy that terminates beginning with taxes payable in 1996. If the terminated levy had been based on net tax capacity, the referendum relating to taxes payable in 1996 must be based on net tax capacity and the ballot shall state the estimated referendum tax rate based on net tax capacity for taxes levied in 1996, notwithstanding Minnesota Statutes, section 124A.03, subdivisions 2 and 2a. To the extent the referendum relates to taxes payable in 1997 and subsequent years, the levies for those years are subject to Minnesota Statutes, sections 124A.03, subdivision 2a, and 124A.0311, subdivision 3, and the ballot shall also state the estimated referendum tax rate as a percentage of market value for taxes levied in 1997"

Page 13, after line 17, insert:

"Sec. 58. [SCHOOL RESTRUCTURING LEVIES.]

Notwithstanding Minnesota Statutes, section 126.019, a school district's levy under that section for taxes payable in 1996 shall be no greater than it was in the prior year. To the extent the resulting levy is less than the district would have otherwise been authorized to levy under that section, the district shall receive additional aid equal to the difference."

Page 14, lines 13 and 14, delete "27" and insert "30"

Page 14, after line 15, insert:

"Sec. 63. [BENEFIT RATIO FOR RURAL SERVICE DISTRICTS.]

Notwithstanding Minnesota Statutes, section 272.67, subdivision 6, the benefit ratio used for apportioning levies to a rural service district for taxes payable in 1996 shall not be greater than that in effect for taxes payable in 1995."

Page 14, line 17, before "After" insert "Subdivision 1. [GENERALLY.] (a)" and delete "27" and insert "30"

Page 14, line 20, delete "issue" and insert "sell"

Page 14, line 29, after "to" insert "(1)" and delete "issued" and insert "sold"

Page 14, line 30, delete "issued" and insert "sold" and delete "27" and insert "30" and after "1995" insert "or (2) obligations for which the amount of the levy first becoming due in 1996 would not exceed the amount by which the municipality's total debt service levy for taxes payable in 1996 prior to issuance of those obligations is less than the municipality's total debt service levy for taxes payable in 1995. As used in clause (2), 'obligations' includes certificates of indebtedness, capital notes, or other debt instruments or installment purchase contracts or lease purchase agreements"

Page 14, after line 30, insert:

"(b) For purposes of this section, bonds will be deemed to have been sold before March 30, 1995, if an agreement has been entered into between the municipality and a purchaser for the sale of the bonds by that date. Debt service payments due on bonds described in this paragraph during calendar year 1996 will be paid by the state. The amount of those payments must be repaid by the municipality to the state in three equal annual installments beginning in 1997. No interest will be due on those payments if timely paid by June 15 of the year due.

Subd. 2. [EXCEPTION.] Notwithstanding subdivision 1, certificates of indebtedness, capital

notes, installment purchase contracts, lease purchase agreements or any other debt instruments and the debt service levies for the obligations shall, for purposes of this act, be treated as if sold prior to March 30, 1995, if:

(a) The municipality or other governmental authority has satisfied any one of the following conditions prior to March 30, 1995:

(1) it has adopted a resolution or ordinance authorizing the issuance of the obligations;

(2) it has declared official intent to issue the obligations under federal tax laws and regulations;

or

(3) it has entered into a binding agreement to design or construct a project or acquire property to be financed with the obligations; and

(b) The municipality makes a finding at the time of the sale of the bonds that no levy will be required for taxes payable in 1996 to pay the debt service on the obligations because sufficient funds are available from nonproperty tax sources to pay the debt service."

Page 15, line 6, after the period, insert "It is further provided that previously tax exempt property that loses its tax exempt status pursuant to Minnesota Statutes, section 272.02, subdivision 4, shall not have its assessment limited in any way under this subdivision."

Page 15, line 24, delete "and 4" and insert ", 4, and 5"

Page 15, line 34, delete "61" and insert "62"

Page 16, lines 2 and 3, delete "27" and insert "30"

Page 16, after line 7, insert:

"Subd. 5. [ANNEXATION EXCEPTION.] The tax and levy relating thereto on property annexed under Minnesota Statutes, chapter 414, may be increased pursuant to the provisions of that chapter notwithstanding subdivision 1. Furthermore, any tax rate increase on the affected property pursuant to the provisions of Minnesota Statutes, chapter 414, shall not be subject to the provisions of section 69."

Page 18, lines 28 and 29, delete "27" and insert "30"

Page 19, after line 36, insert:

"Sec. 70. [PENSION LIABILITIES.]

Notwithstanding any other law or charter provision to the contrary, no levy for taxes payable in 1996 for a local police and fire relief association for the purpose of amortizing an unfunded pension liability may exceed the levy for that purpose for taxes payable in 1995."

Page 20, line 7, delete "64" and insert "66"

Page 21, line 17, delete "71" and insert "74"

Page 22, lines 8, 9, and 13, delete "71" and insert "74"

Page 22, line 10, after "year" insert ", provided that"

Renumber the sections in sequence

And when so amended the bill do pass. Mr. Johnson, D.E. questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was re-referred

S.F. No. 1076: A bill for an act relating to energy; regulating wind energy conversion systems

siting; authorizing rulemaking; proposing coding for new law in Minnesota Statutes, chapter 116C.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Environment and Natural Resources. Report adopted.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was re-referred

S.F. No. 1103: A bill for an act relating to children's services; establishing the department of children, families, and learning; making related changes; proposing coding for new law as Minnesota Statutes, chapter 119A; repealing Minnesota Statutes 1994, sections 121.02, subdivisions 1, 2a, and 3; 121.03; and 121.04, subdivision 2.

Reports the same back with the recommendation that the bill be amended as follows:

Page 6, line 29, delete "following programs" and insert "Head Start program, including Project Cornerstone, under sections 268.912 to 268.916,"

Page 6, line 30, after "15.039" insert "on July 1, 1997" and delete "The"

Page 6, delete lines 31 to 36

Page 7, delete lines 1 to 21

Page 12, line 9, delete "two-part" and insert "three-part"

Page 12, line 11, delete "and"

Page 12, line 12, before the period, insert "; and

(3) collaboration with local nonprofit organizations, including churches and ecumenical organizations"

Page 13, line 21, delete "economic security,"

Page 13, line 30, after "1." insert "[LEGISLATIVE FINDINGS.] The legislature finds that the reorganization of state agencies, including the abolishment of agencies or their functions and the merger of agency functions to the extent possible, makes the best use of affected agency employees and improves the direct service capabilities of state employees to provide public services to citizens of the state and to customers of the agency. To assure that quality services are delivered to citizens of Minnesota, appointing authorities shall comply with this section."

Subd. 2."

Page 13, line 34, delete "2" and insert "3"

Page 14, line 30, delete "3" and insert "4"

Page 15, line 6, after the period, insert "Employees who are involved in the delivery of services to clients of an agency and whose duties are not principally administrative or managerial cannot be laid off because of a restructuring mandated by this act. The complement of employees transferred to the department of children, families, and learning whose principal duties are managerial or administrative must be reduced by 25 percent by January 1, 1997."

Page 15, line 7, delete "4" and insert "5"

And when so amended the bill do pass and be re-referred to the Committee on Health Care.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 347: A bill for an act relating to court records; permitting tenant screening services to report court record information concerning unlawful detainer filings; amending Minnesota Statutes 1994, section 504.30, subdivision 4.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 504.30, is amended by adding a subdivision to read:

Subd. 1a. [TENANT NOTIFICATION.] A landlord shall notify an individual applying to rent a residential unit from the landlord if the landlord will use a tenant screening service in determining whether to rent to the individual. The notice must provide the name and address of the service used.

Sec. 2. Minnesota Statutes 1994, section 504.30, subdivision 4, is amended to read:

Subd. 4. [COURT FILE INFORMATION.] (a) If a tenant screening service includes information from a court file on an individual in a tenant report, the outcome of the court proceeding must be accurately recorded in the tenant report when the outcome becomes available. If the tenant screening service reports a pending unlawful detainer action, the fact that the action is pending must be included in the tenant screening report. Whenever the court supplies information from a court file on an individual, in whatever form, the court shall include information on the outcome of the court proceeding when it becomes available. The court shall maintain and make available to persons requesting it, a summary list of completed unlawful detainer actions indicating how each was disposed. The summary list shall be updated at least monthly. Dispositions of proceedings must be added to the tenant screening service's report on an individual as soon as practicable after a summary listing of dispositions is made available by the court or the court has made information on the dispositions available by another means, whichever is available sooner. The tenant screening service is not liable under section 504.31 if the tenant screening service reports complete and accurate information as provided by the court.

(b) A tenant screening service shall may not provide make a tenant reports screening report containing information on an unlawful detainer actions in the second and fourth judicial districts, unless the tenant report accurately records the outcome of the proceeding or other disposition of the unlawful detainer action such as settlement, entry of a judgment, default, or dismissal of the action which antedates the report by more than four years."

Delete the title and insert:

"A bill for an act relating to landlords and tenants; regulating certain tenant screening practices; amending Minnesota Statutes 1994, section 504.30, subdivision 4, and by adding a subdivision."

And when so amended the bill be re-referred to the Committee on Judiciary without recommendation. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 1151, 435, 1052, 621, 342, 936, 1236, 1136, 1164, 1343, 1374 and 1520 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 536, 568, 612, 751, 1363, 1060, 564 and 567 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Solon moved that the name of Mr. Oliver be added as a co-author to S.F. No. 1404. The motion prevailed.

Ms. Anderson moved that the name of Mr. Limmer be added as a co-author to S.F. No. 1479. The motion prevailed.

Mr. Kelly moved that the name of Ms. Reichgott Junge be added as a co-author to S.F. No. 1601. The motion prevailed.

Mr. Neuville moved that the name of Mr. Kelly be added as a co-author to S.F. No. 1613. The motion prevailed.

Mr. Finn moved that the name of Mr. Moe, R.D. be added as a co-author to S.F. No. 1614. The motion prevailed.

Mr. Bertram introduced--

Senate Resolution No. 51: A Senate resolution commending Jim Connolly, Department Commander of the Veterans of Foreign Wars, on his service to his state and country.

Referred to the Committee on Rules and Administration.

Mr. Bertram introduced--

Senate Resolution No. 52: A Senate resolution honoring Ray Dezurik of St. Cloud, Minnesota, for service to state and country.

Referred to the Committee on Rules and Administration.

Mr. Johnson, D.E. introduced--

Senate Resolution No. 53: A Senate resolution congratulating the New London-Spicer athletes that were presented 1995 First Bank All-Tournament awards.

Referred to the Committee on Rules and Administration.

Mr. Moe, R.D., for the Committee on Rules and Administration, introduced--

Senate Resolution No. 54: A Senate resolution adopting permanent rules of the Senate.

BE IT RESOLVED, by the Senate of the State of Minnesota:

The Permanent Rules of the Senate for the 79th Legislature shall read as follows:

PERMANENT RULES OF THE SENATE

PARLIAMENTARY REFERENCE

1. The rules of parliamentary practice comprised in Mason's Manual of Legislative Procedure shall govern the Senate in all cases in which they are applicable, and in which they are not inconsistent with these rules and orders of the Senate and the joint rules and orders of the Senate and House of Representatives.

HOUR OF CONVENING

2. The Senate shall convene on days of meeting at 8:30 a.m. unless the Senate directs otherwise.

PRESIDENT

3. The President shall take the chair at the hour to which the Senate adjourned. The President shall immediately call the members to order and, on the appearance of a quorum, shall proceed with the regular order of business. The President shall preserve order and decorum, may speak on points of order in preference to members, and shall also decide all questions of order, subject to an appeal to the Senate by a member. An appeal is decided by a majority vote of those present and voting. Upon an appeal from the decision of the President, the question is, "Shall the decision of the President be the judgment of the Senate?"

SUBSTITUTES FOR THE PRESIDENT

4. The President may call a member to preside. In the absence of the President the Chair of the Committee on Rules and Administration, or the Chair's designee, shall preside over the Senate. In the absence of the President and the Chair, a member may be selected by the Senate to perform the duties of the President. Substitutions do not extend beyond adjournment.

ABSENCE OF MEMBERS

5. No member or officer of the Senate shall be absent from a session of the Senate unless excused by the Senate.

DECORUM DURING BUSINESS

6. When the President puts a question, or addresses the Senate, no one shall walk out of or cross the Chamber. When a member is speaking, no one shall pass between the member speaking and the President. No member, or other person, shall proceed to or remain by the Secretary's desk while the yeas and nays are being called or counted. No member may speak without using a microphone.

ORDER OF BUSINESS

7. The order of business is as follows:

1. Petitions, letters, remonstrances.
2. Executive and official communications.
3. Messages from the House of Representatives.
4. First reading of House bills.
5. Reports of committees.
 - (a) From standing committees.
 - (b) From select committees.
6. Second reading of Senate bills.
7. Second reading of House bills.
8. Motions and Resolutions.
9. Calendar.
10. Consent Calendar.
11. General Orders.
12. Introduction and first reading of Senate bills.
13. Announcements of Senate interest.

Under the order of business of Motions and Resolutions the Senate may by a majority vote of the whole Senate temporarily revert or proceed to any other order of business.

CALENDAR

8. The Secretary shall make a Calendar of all bills, resolutions and other matters coming before the Senate for final action. The Secretary shall place them on the Calendar in the order in which they have been acted upon in Committee of the Whole. The Calendar shall be printed and placed upon the members' desks at least one calendar day before the matters on it are considered.

CONSENT CALENDAR

9. If a committee determines that a bill it recommends to pass is of a routine nature or otherwise of a nature which likely will not be opposed, it may in its report recommend that the bill be placed on the Consent Calendar. If the report is adopted, the bill shall be printed and placed on the Consent Calendar after its second reading. On the question of adoption of the report the question of accepting the recommendation that the bill be placed on the Consent Calendar may be divided from the question of adopting the report in other respects.

A majority of the whole Senate, or the Chair of the Committee on Rules and Administration, may order a bill on General Orders to be placed on the Consent Calendar.

The Consent Calendar consists of bills placed on it. Senate bills shall be positioned ahead of House bills. The Consent Calendar shall be printed and placed on the members' desks at least one calendar day before the matters on it are considered.

If a member objects to consideration of a bill on the Consent Calendar at any time during its consideration in the Senate before the question on final passage is put, and that objection is supported by at least two other members, the bill shall be referred to the Committee of the Whole, and shall be placed at the bottom of General Orders subject to Rule 11, except that it need not lie over one calendar day before consideration in the Committee of the Whole.

SPECIAL ORDER

10. The Chair of the Committee on Rules and Administration may designate a special order for a bill that has been given its second reading.

A special order shall provide that the bill be considered immediately, at a time certain, or after specific other business is completed.

During consideration of a special order, Rule 20 is suspended. As nearly as applicable, debate on the bill and all proceedings including amendments and substitutions shall be that of the Committee of the Whole.

On any question a member may call for the yeas and nays which shall be entered in the Journal.

Unless it is otherwise disposed of, after consideration a bill on Special Orders of the Senate shall immediately proceed to its third reading and final passage.

A bill may not be made a special order if the chief author has declined on three previous occasions to take the bill up after it was designated a special order.

GENERAL ORDERS

11. The Secretary shall make a list of all bills, resolutions, reports of committees, and other proceedings of the Senate, which are referred to the Committee of the Whole, and which are not made the order of the day, for a particular day, and number them. The lists are called the "General Orders". They shall be taken up in the order in which they are numbered unless otherwise ordered by a majority of the committee.

General Orders, together with all bills included on it required to be printed under the rules or

orders of the Senate, shall be printed and placed upon the members' desks at least one calendar day before being considered in Committee of the Whole.

MOTIONS

12. When a motion is made it shall be stated by the President. If it is in writing it shall be handed to the Secretary and read to the members.

13. A motion or amendment shall be written if the President or a member requests. In that case it must identify the member or committee offering it.

14. After a motion is stated by the President, or read by the Secretary, it is in possession of the Senate, but may be withdrawn by the author at any time before decision or amendment.

PRECEDENCE OF MOTIONS

15. When a question is under debate no motion shall be received, except:

1. To adjourn.
2. To recess.
3. To reconsider.
4. To lay on the table.
5. For the previous question.

(Motions numbered 1, 2, 4 and 5 above shall be decided without debate.)

6. To refer.
7. To postpone to a day certain.
8. To amend.
9. To postpone indefinitely.

These several motions have precedence in the foregoing order; but when a motion for the previous question has been seconded, or the main question ordered, a motion to lay on the table is not in order.

A motion to postpone to a day certain, to refer, to postpone indefinitely, or to amend, having been decided, shall not again be put on the same day, nor at the same stage of the bill or proposition.

MOTION TO ADJOURN

16. A motion to adjourn is always in order, and also a motion to adjourn to a time certain. The latter motion is debatable solely as to the time. When either motion is rejected it shall not be renewed until further business has been transacted.

AMENDMENTS TO RULES AND SUSPENSION OF RULES

17. Every proposition to amend a rule of the Senate shall be referred to the Committee on Rules and Administration. The proposition shall not be acted upon until the report of the committee is received by the Senate. A rule shall not be suspended except by at least two-thirds vote of the whole Senate. A motion to suspend the rules for the purpose of advancing a bill shall be made only under the order of business, "Motions and Resolutions".

ORDER IN DEBATE

18. When a member is about to speak in debate, or deliver a matter to the Senate, the member shall rise and respectfully address "Mr. (or Madam) President". The member shall not proceed to speak further until recognized by the President. The member shall speak only to the question under debate and avoid personality. In discussing a resolution, each member is limited to ten minutes.

19. When a member is called to order, the member shall be silent until it is determined whether or not the member is in order. If a member is called to order for words spoken in debate, the words excepted to shall be taken down in writing by the Secretary immediately.

20. No member shall speak more than twice on the same question on the same day without leave of the Senate.

COMMITTEES NOT TO BE ABSENT

21. Committees shall not be absent from the Senate without permission of the Senate. The names of the members excused shall be printed in the Journal.

MEMBERS TO VOTE UNLESS EXCUSED

22. Every member who is in the Senate Chamber during a roll call shall vote upon the request of another member unless, for special reasons, excused by the Senate.

A motion by a member to be excused from voting shall be made before the question is put. A member wishing to be excused from voting may make a brief statement of the reason for making the request and the question on the motion shall be taken without further debate.

When members have had an opportunity to vote and fail to do so, a majority of all the members of the Senate may, by motion, direct the President to close the roll. The vote on a motion to close the roll shall be taken without debate and no member is required to vote on the motion.

CALL OF THE SENATE

23. A member may impose a call of the Senate requiring the attendance of all members before any further proceedings occur except a motion to adjourn. Upon the imposition of a call, a record of those present shall be obtained upon the request of any member, and the Sergeant at Arms instructed to bring in the absent members. When the Senate has been placed under call, a member may demand that the doors be closed and no member permitted to leave the Chamber until the matter or question, if any, under consideration at the time of the call is disposed of, or until the call is lifted by a majority vote of all the members of the Senate, or until the Senate adjourns. A majority vote of all the members of the Senate may excuse from attendance members not answering the call.

A call cannot be made after voting has commenced.

QUESTIONS--HOW STATED AND DECIDED

24. Questions shall be distinctly put. The President shall declare all votes but if a member rises to question a vote, the President shall order a division.

ONLY MEMBERS PRESENT TO VOTE

25. Upon a division and count of the Senate on a question, only members present in the Senate Chamber shall be counted. No member may vote on a question except at the member's own seat in the Chamber.

ANY MEMBER MAY DEMAND YEAS AND NAYS

26. At any time prior to the start of voting on a question, a member may call for the yeas and nays which shall be entered in the Journal. A call for the yeas and nays cannot be interrupted except as provided in Rule 22.

AUTHORIZED ELECTRICAL VOTING DEVICE

27. Unless otherwise ordered, a vote, except upon elections, may be taken by means of the electrical voting system which is under the control of the President.

CERTIFICATE FOR MONEY

28. No certificate authorizing the payment of money appropriated by the Legislature shall be issued by the Secretary by virtue of a motion or resolution, unless the motion or resolution is voted for by a majority of all members of the Senate upon a call of the yeas and nays.

THE PREVIOUS QUESTION

29. Unless the motion for the previous question is made specifically applicable to a subsidiary motion, the previous question shall be in this form:

"Shall the main question now be put?" It shall only be admitted when demanded by a majority of the members present, and its effect is to put an end to all debate, and bring the Senate to a direct vote upon amendments reported by a committee, if any, then upon all pending amendments in their order and then upon the main question.

On a motion for the previous question a call of the Senate is in order before the President submits the question to the Senate.

On a previous question there is no debate. All incidental questions of order, arising after a motion is made for the previous question, and pending the motion, shall be decided, whether on appeal or otherwise, without debate.

DIVISION OF QUESTION

30. A member may call for a division of the question when the question will admit of it. A motion to strike out and insert is indivisible. A motion to strike out being lost does not preclude an amendment nor a motion to strike out and insert.

RECONSIDERATION

31. When a motion or question has been once put and carried in the affirmative or negative, it is in order for a member who voted with the prevailing side to move for reconsideration on the same day on which the vote was taken or within the next two calendar days or, if later, the first day the Senate meets after the vote was taken. The motion takes precedence over all other questions except a motion to adjourn or recess. When a motion to adjourn is adopted prior to the disposition of the motion for reconsideration, a motion for reconsideration shall lie over until the next succeeding day the Senate meets except as provided in this rule. When notice of intention to move reconsideration of the final action of the Senate on a question is given by a member, the Secretary shall retain the subject of the notice until after the expiration of the time during which the motion can be made.

During the six calendar days before the first Tuesday following the third Saturday in May of

any year a notice of intention to move for reconsideration is not in order, but a motion to reconsider may be made and have priority over all other business except a motion to adjourn. A motion for reconsideration having been once voted on shall not be put again nor reconsidered.

INTRODUCTION OF BILLS

32. Bills, memorials, concurrent or joint resolutions may be introduced by a member or by order of the Senate on a report of a committee. An original and three copies are required for introduction. The number of authors shall not exceed five. A member or a committee desiring to introduce a bill, memorial or concurrent or joint resolution shall place it in the hands of the Secretary, and the Secretary shall promptly deliver all the bills, memorials or concurrent or joint resolutions to the President who shall present them to the Senate.

The name of the author or authors shall be prefixed to each bill, memorial or resolution and the name of a committee introducing a bill, memorial or resolution shall be endorsed on it.

A bill prepared by a department or agency of state government shall be introduced and given its first reading three weeks before the first committee deadline in odd numbered years and two weeks before the first committee deadline in even numbered years.

RECESS BILL INTRODUCTIONS

33. During the period between the last day of the session in any odd-numbered year and the first day of the session in the following year, a bill filed with the Secretary for introduction shall be given a file number and may be unofficially referred by the President, with the approval of the Chair of the Committee on Rules and Administration, to an appropriate standing committee of the Senate. All bills filed for introduction during this period shall be presented to the Senate when it reconvenes and shall be referred to the standing committees previously indicated by the President, subject to objection under Rule 35.

REPORTING OF BILLS

34. Every bill, memorial, order, resolution or vote requiring the approval of the Governor shall be reported to the Senate on three different days previous to its passage. The first report, called the first reading, is made when it has been received for introduction; the second report, called the second reading, is made when it has been considered by all the necessary standing committees and is ready for debate; the third report, called the third reading, is made when it is ready for final passage.

REFERRING OF BILLS

35. All bills shall be referred by the President without motion to the proper standing committee unless otherwise referred by the Senate. A bill introduced by a committee need not be referred to a standing committee unless a question arises but rather shall lie over one day before being given its second reading. When a question arises concerning the proper reference of a bill during the order of business of first reading on the day of introduction or at the time of report on it by a standing committee to which the bill was previously referred, the bill shall be referred without debate to the Committee on Rules and Administration to report the proper reference, and upon adoption of the report of the Committee on Rules and Administration, it shall be referred accordingly.

All bills appropriating money, or obligating the state to pay or expend money, or establishing a policy which to be effective will require expenditure of money, when referred to and reported by any other than the Committee on Finance, shall, before passage, be referred to the Committee on Finance.

All bills delegating ~~emergency~~ rulemaking to a department or agency of state government and all bills exempting a department or agency of state government from rulemaking, when referred to

and reported by any other than the Committee on Governmental Operations and Veterans, shall, before passage, be referred to the Committee on Governmental Operations and Veterans.

All bills creating a new commission, council, task force, board, or other body to which a member of the legislature will be appointed shall, before passage, be referred both to the Committee on Governmental Operations and Veterans and to the Committee on Rules and Administration.

All bills authorizing or increasing a sentence of imprisonment to a state correctional institution shall be referred before passage to the Committee on Crime Prevention.

Upon request of the chair of a finance division of a policy committee, the chair of the policy committee shall refer a bill in that committee to the division.

36. No bill or resolution shall be referred to committee or amended until it has been given its first reading. No bill or resolution shall be objected to on its introduction.

AMENDMENTS TO BE GERMANE

37. An amendment proposed to the Senate or to the Committee of the Whole that is not germane is out of order. A non-germane amendment includes one that relates to a substantially different subject, or is intended to accomplish a substantially different purpose than that of the original bill to which it is proposed. An amendment to insert a constitutional amendment is not germane to a bill that does not already include a constitutional amendment. Whether an amendment is germane is a question to be decided by the President, who may put the question to the body if the President chooses.

A motion to remove an amendment placed on a House bill under Rule 49 is out of order if removal of the amendment would make a portion of the House bill not germane to the Senate companion for which it was substituted.

AMENDMENTS TO BILLS

38. In drawing an amendment to a bill or resolution reference shall be made therein, first to the number of the bill, then to the page, and then to the line or lines from which matter is to be stricken or in which new matter is to be inserted.

AMENDMENTS TO TITLE

39. The title to a bill may be amended at any time during its pendency in the Senate.

RECALL FROM COMMITTEE

40. With the concurrence of the first author of the bill, before the deadline for committee action on the bill a majority of the Senate and after the deadline for committee action on the bill 60 percent of the Senate may recall a bill from any committee and re-refer it to any other committee or place it on General Orders. With the concurrence of the first author of the bill, a majority of the Senate may at any time take a bill from the table and place it on General Orders.

By a report of the Committee on Rules and Administration adopted by the Senate, the Committee on Rules and Administration, on request of the first author, may remove a bill from committee and re-refer it to any other committee or place it on General Orders.

DISTRIBUTION AND PRINTING OF BILLS

41. To the extent practical the Secretary shall provide a copy of any bill to the public and may charge a reasonable fee.

Unless otherwise ordered by the Senate, all Senate bills which have been reported upon favorably or without recommendation by a committee shall be printed prior to consideration by the Senate or the Committee of the Whole. A House bill amended by the Senate must be unofficially engrossed and printed when placed on General Orders. A bill may be printed by order of the Secretary when amended after second reading. A bill shall be printed when ordered by a majority vote of the Senate. Action by the Senate on a bill which has not been printed is a waiver of the printing requirement.

COMMITTEE OF THE WHOLE

42. All bills, memorials, orders, resolutions and votes requiring the approval of the Governor shall, after a second reading, be considered in Committee of the Whole before they are finally acted upon by the Senate, except as provided for in Rules 9 and 10.

43. The President may call a member to the Chair when the Senate resolves itself into the Committee of the Whole. The rules observed in the Senate govern, as far as practicable, the proceedings of the Committee of the Whole, and the Chair of the Committee of the Whole has the powers of the President, as appropriate. However, a member may speak more than twice on the same subject and a call for the previous question cannot be made. The yeas and nays shall be taken only upon the request of three members, and when taken shall be recorded in the Journal along with the amendment; provided, however, that a member may, with the approval of the Chair of the Committee on Rules and Administration, submit a description of the amendment for printing. In those cases the Secretary shall retain in the minutes of the Committee of the Whole the full text of the amendment.

44. The recommendations of the Committee of the Whole shall be reported to the Senate. If a recommendation contains a proposed amendment of a bill, that amendment shall be noted on a separate piece of paper but when reported need not be read by the President unless required by one or more of the members. The question is on the adoption or rejection of the report, and no other question shall be admitted. The question may be divided to permit separate Senate action on the report as to any bill. On adoption of the report of the Committee of the Whole all bills recommended to pass shall be placed upon the Calendar.

AMENDMENT ON THIRD READING

45. No amendment is in order on third reading without the unanimous consent of the Senate unless it fills a blank, amends the title as provided by Rule 39, is proposed to the chief author of the bill by the Revisor of Statutes to correct technical defects found by the Revisor while engrossing earlier amendments to the bill, or is proposed to a bill on the Consent Calendar before the bill is given its third reading.

In filling blanks, the largest sum, the longest time and the greatest distance shall be first taken.

MOTION TO REFER

46. A bill or resolution may be referred to committee at any time prior to its passage, and if an amendment is reported on the referral to any other than the Committee of the Whole, it shall again be read the second time, considered in Committee of the Whole, read the third time and placed on final passage. If the referral is to the Committee of the Whole it shall be placed at the head of General Orders, except when the referral is under Rule 9.

FINAL PASSAGE

47. The final question upon a bill or other matter requiring action by both Houses after its first and second reading, and after the consideration in Committee of the Whole, is upon its final passage.

TRANSMITTING OF BILLS TO THE HOUSE

48. Except as provided in Rule 31, immediately after the passage of a bill or other matter in which the concurrence of the House of Representatives is requested, the Secretary shall transmit it to the House. On the concurrence of a bill or other matter of the House by the Senate, or on the concurrence or disagreement in a vote of the House, the Secretary shall notify the House.

COMPARISON AND SUBSTITUTION OF BILLS

49. Unless there is a motion by the Chair of the Committee on Rules and Administration or objection under Rule 35, a House bill, after its first reading, shall be referred as follows:

(a) If there is no Senate companion bill, the House bill shall be referred to the appropriate standing committee;

(b) If there is a Senate companion bill, the House bill shall be referred to the standing committee possessing the Senate companion;

(c) If the Senate companion bill has been reported to the Senate, the House bill shall be referred to the Committee on Rules and Administration, which shall report whether the House bill is identical to the Senate companion bill. If the bills are identical, the report shall recommend that the House bill be given its second reading and substituted for the Senate companion bill and the Senate companion bill be indefinitely postponed. If the House bill is not identical to the Senate companion bill, the report of the committee shall so state and recommend an amendment to the House bill that when adopted will render the House bill identical to the Senate bill. Upon adoption of a committee report containing the proposed amendment, the House bill as amended shall be given its second reading and substituted for the Senate companion bill and the Senate companion bill shall be indefinitely postponed.

Reports of the Committee on Rules and Administration pursuant to this rule shall be prepared and submitted on behalf of the committee by the Secretary.

A House bill placed on the Calendar by substitution shall not be given its third reading on the same day as the substitution.

ENGROSSING AND ENROLLING OF BILLS

50. All engrossing and enrolling of bills shall be done at the direction and under authority of the Senate.

Every bill, memorial, order or resolution originating in the Senate shall be carefully engrossed before being transmitted to the House of Representatives for concurrence.

All bills shall be carefully enrolled under the supervision of the Committee on Rules and Administration, which may report to the Senate at any time on the enrollment of bills.

DISPOSITION OF BILLS ON ADJOURNMENT

51. Adjournment of the regular session in an odd-numbered year to a date certain in the following year shall be equivalent to daily adjournment, except that a bill on the Calendar, Consent Calendar, or General Orders shall be returned to the standing committee other than the Committee on Rules and Administration from which it was last reported to the Senate, unless otherwise provided for by motion prior to adjournment. Bills returned to committee pursuant to this rule shall, upon request of the author, be given priority for consideration by the committee ahead of all other bills in the order in which they appeared on the Calendar, Consent Calendar, or General Orders.

PETITIONS AND OTHER COMMUNICATIONS

52. In presenting a petition, memorial, remonstrance or other communication addressed to the Senate, a member shall only state the general purpose of it.

Every petition, memorial, remonstrance, resolution, bill and report of committee, shall have an appropriate title, and the name of the member presenting it written on it.

RESOLUTIONS

53. Memorial resolutions addressed to the President or the Congress of the United States, or a house or member of Congress, or a department or officer of the United States, or a state or foreign government, joint resolutions, and resolutions requiring the signature of the Governor shall follow the same procedure as bills before being adopted. A resolution may not be changed to a bill, and a bill may not be changed to a resolution.

Upon a member giving notice of intention to debate a resolution not required to follow the same procedure as bills and not offered by the Committee on Rules and Administration, the resolution shall lie over one calendar day without debate or other action. Upon the request of a member, the resolution shall be referred to the proper committee. Whenever a question arises concerning the proper reference the procedure provided by Rule 35 applies.

CONFIRMATIONS

54. Every gubernatorial appointment requiring the advice and consent of the Senate shall be referred by the President to the appropriate committee. If a question arises as to the proper committee, the appointment shall be referred without debate to the Committee on Rules and Administration for a report making the proper reference.

The final question on the appointment is, "Will the Senate, having given its advice, now consent to this appointment?" The question shall not be put the same day the appointment is received or on the day it is reported by committee unless by unanimous consent.

SIGNING OF ACTS, RESOLUTIONS

55. In addition to the duties under Rule 3, the President shall sign all acts, memorials, addresses and resolutions. All writs, warrants and subpoenas issued by the Senate shall be signed by the President and attested by the Secretary. Upon a finding by the Committee on Rules and Administration that the President refuses or is unable to sign any of the documents described in this rule, the Chair of the Committee on Rules and Administration, or some other member selected by the committee shall assume the duties of the President under this rule until the President is able to sign the documents described or until the Senate elects a new President, whichever occurs first.

APPOINTMENT OF COMMITTEES

56. A member may not serve as the chair of a standing committee or a division of a standing committee, or a committee or division with substantially the same jurisdiction, for more than two consecutive Senate terms. This limit does not apply to the Committee on Rules and Administration. This limit applies to time served as a chair in the eightieth legislature and thereafter.

The majority and minority shall each be represented on all standing committees of the Senate substantially in proportion to their numbers in the Senate. The majority group shall assign the number of positions the minority group will hold on each committee. The minority group shall be given adequate notice about its positions prior to the commencement of the session. Both the

majority and minority groups shall appoint their own members to fill the number of positions each group will hold on each committee. The minority group shall transmit notice of its assignments to the majority group within ten calendar days after receipt of the notice of positions available. The minority group may designate a ranking member for each committee. Nothing prohibits a member of the minority group from serving as chair or vice chair of a committee, subcommittee, division, or commission. If the minority group for any reason fails to make its appointments pursuant to this rule, the majority group may make all the committee assignments.

The majority and minority committee assignments are subject to the uniform criteria governing committee assignments applicable to both the majority and minority. The uniform criteria shall be promulgated by the majority group and transmitted to the minority group together with notification of committee positions available to the minority.

Committee assignments as made by the majority and minority groups shall be followed by the Senate in the resolution establishing representation on all Senate standing committees.

After the organization of the Senate and after consultation and advice from the minority leader, the Chair of the Committee on Rules and Administration may add members to or delete members from the standing committees. All conference committees of the Senate and members of commissions to be appointed by the Senate authorized by rule, statute, resolution or otherwise, shall be appointed by the Subcommittee on Committees of the Committee on Rules and Administration, unless otherwise provided, subject to confirmation by the Senate. In the appointment of members of conference committees between the two houses, the Subcommittee on Committees of the Committee on Rules and Administration of the Senate shall appoint those who are in accord with the position of the Senate, and whenever practical, give preference to authors of bills in dispute and to members of standing committees in which the bills were considered.

STANDING COMMITTEES

57. The standing committees of the Senate are as follows:

Agriculture and Rural Development

Commerce and Consumer Protection

Crime Prevention

Education

Environment and Natural Resources

Ethics and Campaign Reform

Family Services

Finance

Gaming Regulation

Governmental Operations and Veterans

Health Care

Jobs, Energy and Community Development

Judiciary

Metropolitan and Local Government

Rules and Administration

Taxes and Tax Laws

Transportation and Public Transit

The Committee on Rules and Administration may constitute a standing Subcommittee on Committees, the report of which within its jurisdiction has the effect of a report of the main Committee on Rules and Administration. The subcommittee shall consist of five members, one of whom shall be a member of the minority group.

Each standing committee of the Senate, including a subcommittee of the committee, is authorized at any time to sit and act, to investigate and take testimony on any matter within its jurisdiction, to report hearings held by it, and to make expenditures as authorized from time to time by the standing Committee on Rules and Administration. A standing committee, but not a subcommittee, may require by subpoena or otherwise the attendance and testimony of witnesses and the production of correspondence, books, papers, and documents, in the manner provided by Minnesota Statutes, Section 3.153.

COMMITTEE MEETINGS

58. All meetings of the Senate, its committees, committee divisions, and subcommittees are open to the public. A meeting of a caucus of the members of any of those bodies from the same political party need not be open to the public. A caucus of the Hennepin county, Ramsey county, or St. Louis county delegation is open to the public. For purposes of this rule, a meeting occurs when a quorum is present and action is taken regarding a matter within the jurisdiction of the body.

To the extent practical, meetings of all committees shall be announced to the public at least three calendar days prior to convening. The notice shall state the name of the committee, the bill or bills to be considered, the place and time of meeting. The notice shall be posted on all Senate bulletin boards in the Capitol and the State Office Building. A notice shall be sent to the House of Representatives for posting as it deems necessary. If the three-day notice requirement cannot be met, known proponents and opponents of the bill shall be given simultaneous notice of the meeting as soon as practicable.

A Senate committee, subcommittee or division shall adjourn no later than 11:00 p.m. each day, unless two-thirds of the members present vote to suspend this requirement.

QUORUM IN COMMITTEE

59. A majority of its members constitutes a quorum of a committee.

REPORT OF VOTE IN COMMITTEE

60. Upon the request of a member of a committee or subcommittee to which a bill has been referred, or upon the request of the author of the bill, a record shall be made of the vote on the bill in the committee or subcommittee, including the vote on any amendment or proposed amendment to it, in the committee or subcommittee to which the bill was referred.

Upon request of three members of the committee before the vote is taken, the record of a roll call vote in a standing committee shall accompany the committee report and be printed in the Journal.

COMMITTEE ACTION

61. No report of any committee shall be made to the Senate unless it reports action taken at a regular or special meeting of the committee. A report in violation of this rule is out of order.

EMPLOYEES AUTHORIZED IN THE SENATE

62. The Committee on Rules and Administration shall establish positions, set compensation, appoint employees, and authorize expense reimbursement for employees as it deems proper to carry out the work of the Senate. At the request of any committee member, an action of the committee shall be submitted as a Senate resolution for adoption by the Senate. A roster of all employees of the Senate, including positions and compensation, shall be kept by the Secretary and shall be open for inspection by the public. The Secretary shall post, in a public place in the Capitol, a notice of every vacant position on the permanent staff of the Senate. The notice must remain posted for at least two weeks, and no vacancy may be filled until the period of posting has elapsed.

BUDGET AND EXPENDITURES

63. The Committee on Rules and Administration shall adopt an operating budget for the Senate and refer it to the Committee on Finance.

All propositions for the appointment and payment of employees of the Senate or for expenditures on account of the Legislature, other than those provided by law, shall be referred to the Committee on Rules and Administration without debate.

AUTHORITY OVER EMPLOYEES

64. Except as otherwise provided in these rules, the Committee on Rules and Administration has full and exclusive authority over, and charge of all employees, officers and clerks of the Senate both elective and appointive. The committee has the sole and exclusive power and authority to assign them to duties other than for which they were elected or appointed as the committee may from time to time provide. The committee has power to appoint employees, officers or clerks as it deems proper to exercise the power granted to it by this rule. The committee may make rules and regulations for the government of the employees, officers and clerks as they see fit. In case of violation of an order of the committee by an employee, officer or clerk, or in case of a violation of a rule or regulation made by the committee, or in case of misconduct or omission by an employee, officer or clerk, the Committee on Rules and Administration may hear complaints and discharge the employee, officer or clerk or impose other punishment by way of fine or otherwise upon the employee, officer or clerk as the committee deems just and proper.

DUTIES OF SECRETARY

65. The Secretary shall keep a correct Journal of the proceedings of the Senate and shall perform other duties assigned to the Secretary. The Secretary shall not permit Journal records, accounts or papers to be taken from the table or out of the Secretary's custody, other than in the regular mode of business. If a paper in the Secretary's charge is missing, the Secretary shall report the fact to the President, so that inquiry may be made. The Secretary shall superintend the recording of proceedings in the Journal, the engrossing, transcribing and copying of the bills and resolutions, supervise the assistants, clerks and stenographers under the direction of the Committee on Rules and Administration, and generally perform the duties of Secretary, under direction of the President. The Secretary shall keep a record of all Senate and House bills showing the state, condition, and progress of each bill pending, until its final passage.

The Secretary shall cause to be recorded on magnetic tape the proceedings of the Senate, the Committee of the Whole, and each standing committee ~~and standing~~, subcommittee, and division. Each tape shall be clearly labeled to show the name of the body whose proceedings are recorded and the dates the proceedings occurred. Each tape of the proceedings of the Senate and the Committee of the Whole shall be accompanied by a log showing the number of each bill considered and the places on the tape where consideration of the bill occurred. Within two working days after each day the Senate is in session the Secretary shall make a copy of the tape

and corresponding log of proceedings of the Senate and the Committee of the Whole and deliver the copies to the Legislative Reference Library. Within one week after each meeting of a standing committee ~~or standing~~, subcommittee, or division, the Secretary shall ~~make a copy of the tape and corresponding log of the meeting and deliver the copies~~ a tape recording of the meeting to the Legislative Reference Library, together with an agenda showing bills considered and any action taken on them. Upon completion and approval of the minutes of the meeting, a copy of the minutes shall be promptly delivered to the Legislative Reference Library. The Secretary shall keep a record of each session of the Senate and the Committee of the Whole, each meeting of a Senate standing committee ~~or standing~~, subcommittee, or division and the date on which a tape recording of the session or meeting was transmitted to the Legislative Reference Library. The Library shall keep a similar record of all tapes received. The Library shall provide committee staff with reasonable access to Senate tapes and shall provide the public with convenient facilities to listen to the tapes. Copies of Senate tapes shall be available to the public from the Secretary, for a fee determined by the Secretary to be adequate to cover the cost of preparing the copies. A copy shall be provided free to a member of the Senate upon request for use in legislative business. The original tape and log of each session of the Senate and the Committee of the Whole shall be kept by the Secretary until the end of the period for which the members of the existing House of Representatives have been elected, at which time the tape may be preserved or disposed of as the Secretary sees fit. Tapes, logs, and minutes forwarded to the Legislative Reference Library shall be kept by the Library until two years after the end of the period for which the members of the existing Senate have been elected, at which time they may be preserved or disposed of as the Library sees fit. It is the intention that testimony and discussion preserved under this rule not be admissible in any court or administrative proceeding on an issue of legislative intent.

JOURNAL--HOW APPROVED

66. The Journal of each day's proceedings is open for correction at any time during the session of the next day the Senate meets. Unless corrected on that day, the Journal stands approved.

SECRETARY MAY CORRECT ERRORS

67. The Secretary of the Senate and Engrossing Secretary, in all proper cases, shall correct all mistakes in numbering the sections and reference to them, whether the errors occur in the original bill or are caused by amendments to it.

PURCHASING SUPPLIES AND SERVICES

68. The Secretary is the agent of the Senate for the purchase of supplies and services. The Secretary's records on purchase of supplies and services are open for inspection during normal business hours. The Secretary shall adopt administrative controls to ensure that each member is accountable for the member's own long distance telephone calls and that Senate telephones are used only for Senate business.

By the 15th day of April, July, October, and January of each year, the Secretary of the Senate shall submit a detailed report of Senate expenditures during the previous quarter to the Committee on Rules and Administration.

DUTIES OF THE SERGEANT AT ARMS

69. The Sergeant at Arms shall execute all orders of the President and perform all assigned duties connected with the police and good order of the Senate Chamber; exercise supervision over the entry and exit of all persons to and from the Chamber; see that messages are promptly delivered; see that the hall is properly ventilated and the temperature properly regulated, and that it is open for the use of members of the Senate at the time fixed; and perform all other services pertaining to the office of Sergeant.

PERSONS PRIVILEGED TO THE FLOOR OF THE SENATE

70. No person shall be admitted within the Senate Chamber, but a member, an officer, the constitutional officers, ex-Governors of the State of Minnesota, members of the House, judges of the trial and appellate courts and members of Congress. Those who have been members of Congress or of the state Legislature who are not interested in any claim or directly in a bill pending before the Legislature may be personally admitted by a member of the Senate. An employee of either house may be admitted at the request of a member or an officer of the Senate. The head of a department of state government may be admitted by the President. When a member-elect is sworn in, the member-elect may request that one guest be admitted. When the Senate is not meeting, a person not a member may be admitted to the floor at the request of a member or officer. No public hearings shall be held in the Senate Chamber. The retiring room of the Senate is reserved for the exclusive use of the members of the Senate at all times. The Sergeant at Arms shall strictly enforce this rule.

PRIVILEGE OF REPORTERS

71. Provision shall be made for news reporters on the Senate floor in limited numbers, and in the Senate gallery. Because of limited space on the floor, permanent space is limited to those news agencies which have regularly covered the legislature, namely: The Associated Press, St. Paul Pioneer Press Dispatch, Star Tribune, Duluth News-Tribune and Herald, Fargo Forum, Rochester Post-Bulletin, St. Cloud Daily Times, WCCO radio, KSTP radio, and Minnesota Public Radio. An additional two spaces shall be provided to other reporters if space is available.

One person from each named agency and one person from the Senate Publications Office may be present at the press table on the Senate floor at any one time.

Other news media personnel may occupy seats provided in the Senate gallery.

The Committee on Rules and Administration may, through committee action or by delegating authority to the Secretary, allow television filming on the Senate floor on certain occasions.

The Secretary of the Senate shall compile and distribute to the public a directory of reporters accredited to report from the Senate floor. The directory must include each reporter's picture and news organization and a brief biography. The Secretary must issue each accredited reporter an identification badge showing the reporter's name and news organization.

DISORDERLY CONDUCT

72. In case of a disturbance or disorderly conduct in the lobbies or galleries, the President may order them cleared. Picture taking by persons other than accredited news reporters, picture taking with floodlights or flash units, hand clapping, demonstrations, and food and beverages, are prohibited in the Senate Chamber and in the galleries.

INTRODUCTION OF VISITORS

73. No introduction of a visitor or visitors in the galleries shall be made from the floor or rostrum of the Senate.

SMOKING

74. No person is permitted to smoke in the Senate Chamber, Retiring Room, hearing rooms, or other spaces under the control of the Senate. There shall be no smoking in the visitors section of the galleries.

ETHICAL CONDUCT

75. The Subcommittee on Committees shall appoint a special committee Subcommittee on Ethical Conduct of the Committee on Rules and Administration consisting of four members, two from the majority and two from the minority.

The ~~committee~~ subcommittee shall serve in an advisory capacity to a member or employee upon written request and shall issue recommendations to the member or employee.

~~A lobbyist shall not appear before a Senate committee pursuant to the lobbyist's employment unless the lobbyist is in compliance with the law requiring lobbyist registration, Minnesota Statutes, Sections 10A.03 to 10A.06. A lobbyist when appearing before a committee shall disclose to the committee those in whose interest the lobbyist speaks and the purpose of the lobbyist's appearance. A lobbyist shall not knowingly furnish false or misleading information or make a false or misleading statement that is relevant and material to a matter before the Senate or any of its committees when the lobbyist knows or should know it will influence the judgment or action of the Senate or any of its committees thereon. A lobbyist shall not exert undue influence or expend improper sums of money in connection with any legislation.~~

The ~~committee~~ subcommittee shall investigate a complaint by a member of the Senate in writing under oath received during a legislative session regarding improper conduct by a member or employee of the Senate or a lobbyist. Improper conduct includes conduct that violated a rule or administrative policy of the Senate, that violated accepted norms of Senate behavior, that betrayed the public trust, or that tended to bring the Senate into dishonor or disrepute.

Within 30 days after receiving a complaint, the subcommittee must meet and either make a finding of no probable cause, vote to defer action until a certain time, or proceed with its investigation. If criminal proceedings relating to the same conduct have begun, the subcommittee may defer its own proceedings until the criminal proceedings have been completed.

The ~~committee~~ subcommittee has the powers of a standing committee to issue subpoenas pursuant to Minnesota Statutes, Section 3.153. In order to determine whether there is probable cause to believe that improper conduct has occurred, the ~~committee~~ subcommittee may, by a vote of three of its members, conduct a preliminary inquiry in executive session to which the requirements of Rule 58 do not apply. The executive session may be ordered by a vote of three of its members whenever the subcommittee determines that matters relating to probable cause are likely to be discussed. The executive session must be limited to matters relating to probable cause. Upon a finding of probable cause, further proceedings on the complaint are open to the public. To minimize disruption of its public proceedings, the subcommittee may require that television coverage be pooled or be provided by Senate media services.

If, after investigation, the ~~committee~~ subcommittee finds the complaint substantiated by the evidence, it shall recommend to the Senate Committee on Rules and Administration appropriate disciplinary action.

~~Any person may submit to the Chair of the Committee on Rules and Administration a complaint that members have violated the open meeting requirements of Minnesota Statutes, section 3.055. A member of the Senate may submit the complaint either orally or in writing; others must submit the complaint in writing. Whether the complaint was written or oral, the Chair of the Committee on Rules and Administration shall immediately forward it in writing to the Special Committee on Ethical Conduct without disclosing the identity of the complainant. The complaint must not be further disclosed, except to the members against whom the complaint was made, unless the complaint was made by a member of the Senate in writing under oath, in which case the investigatory procedures of this rule apply.~~

Members shall adhere to the highest standard of ethical conduct as embodied in the Minnesota Constitution, state law, and these rules.

A member shall not publish or distribute written material if the member knows or has reason to know that the material includes any statement that is false or clearly misleading, concerning a public policy issue or concerning the member's or another member's voting record or position on a public policy issue.

LOBBYISTS

76. A lobbyist shall not appear before a Senate committee pursuant to the lobbyist's employment unless the lobbyist is in compliance with the law requiring lobbyist registration, Minnesota Statutes, sections 10A.03 to 10A.06. A lobbyist, when appearing before a committee, shall disclose to the committee those in whose interest the lobbyist speaks and the purpose of the lobbyist's appearance. A lobbyist shall not knowingly furnish false or misleading information or make a false or misleading statement that is relevant and material to a matter before the Senate or any of its committees when the lobbyist knows or should know it will influence the judgment or action of the Senate or any of its committees thereon.

The Subcommittee on Ethical Conduct shall investigate a complaint by a member of the Senate in writing under oath received during a legislative session regarding a violation of this rule by a lobbyist. The investigatory procedures of Rule 75 apply.

OPEN MEETING COMPLAINTS

77. Any person may submit to the Chair of the Committee on Rules and Administration a complaint that members have violated the open meeting requirements of Minnesota Statutes, section 3.055. A member of the Senate may submit the complaint either orally or in writing; others must submit the complaint in writing. Whether the complaint was written or oral, the Chair of the Committee on Rules and Administration shall immediately forward it in writing to the Subcommittee on Ethical Conduct without disclosing the identity of the complainant. The complaint must not be further disclosed without the consent of the complainant, except to the members against whom the complaint was made, unless the complaint was made by a member of the Senate in writing under oath, in which case the investigatory procedures of rule 75 apply.

Mr. Moe, R.D. moved that Senate Resolution No. 54 be laid on the table and printed in the Journal. The motion prevailed.

Ms. Reichgott Junge moved that S.F. No. 650 be withdrawn from the Committee on Family Services and re-referred to the Committee on Crime Prevention. The motion prevailed.

Ms. Wiener moved that S.F. No. 1034 be withdrawn from the Committee on Education and re-referred to the Committee on Governmental Operations and Veterans. The motion prevailed.

Mr. Metzen moved that S.F. No. 11, on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Mr. Janezich introduced--

S.F. No. 1615: A bill for an act relating to the community corrections act; providing that five percent of the community corrections act appropriation shall be allocated to counties according to a mileage distribution allowance; amending Minnesota Statutes 1994, section 401.10; Laws 1994, chapter 643, section 79, subdivision 4.

Referred to the Committee on Crime Prevention.

Mr. Beckman introduced--

S.F. No. 1616: A bill for an act relating to education; establishing a planning process for a state-of-the-art vocational high school; appropriating money.

Referred to the Committee on Education.

Mr. Marty introduced--

S.F. No. 1617: A bill for an act relating to the city of Roseville; authorizing the creation of special service districts in the city; exempting a certain hazardous substance subdistrict within a tax increment district from the LGA/HACA offset.

Referred to the Committee on Metropolitan and Local Government.

Mr. Finn introduced--

S.F. No. 1618: A bill for an act relating to crime prevention; authorizing the commissioner of corrections to establish a correctional facility at Ah Gwah Ching; proposing coding for new law in Minnesota Statutes, chapter 243.

Referred to the Committee on Crime Prevention.

Ms. Reichgott Junge introduced--

S.F. No. 1619: A bill for an act relating to state parks; requiring a plan for handicapped access trails in state parks; amending Minnesota Statutes 1994, section 85.052, by adding a subdivision.

Referred to the Committee on Environment and Natural Resources.

Ms. Krentz, Mr. Stumpf, Mses. Robertson, Pappas and Mr. Janezich introduced--

S.F. No. 1620: A bill for an act relating to education; providing for a grant for restructuring schools through systemic site decision making; appropriating money.

Referred to the Committee on Education.

Messrs. Samuelson; Frederickson; Johnson, D.E.; Moe, R.D. and Johnson, D.J. introduced--

S.F. No. 1621: A bill for an act relating to the legislature; requiring a study of the timing, length, schedule, and calendar of legislative sessions; creating a legislative commission.

Referred to the Committee on Rules and Administration.

Mr. Knutson, Ms. Johnston, Messrs. Oliver, Chandler and Hottinger introduced--

S.F. No. 1622: A bill for an act relating to insurance; fire; regulating failure to provide timely proof of loss; amending Minnesota Statutes 1994, section 65A.01, subdivision 3, and by adding a subdivision.

Referred to the Committee on Commerce and Consumer Protection.

Ms. Hanson, Messrs. Morse, Langseth, Sams and Stevens introduced--

S.F. No. 1623: A bill for an act relating to agriculture; restricting certain trade practices by wholesale dairy product suppliers; proposing coding for new law in Minnesota Statutes, chapter 32.

Referred to the Committee on Agriculture and Rural Development.

Messrs. Marty, Merriam and Finn introduced--

S.F. No. 1624: A bill for an act relating to data practices; making data arising out of complaints or charges involving certain public officials accessible to the public; amending Minnesota Statutes 1994, section 13.43, subdivision 2.

Referred to the Committee on Judiciary.

Messrs. Sams, Langseth, Stumpf, Pogemiller and Ms. Robertson introduced--

S.F. No. 1625: A bill for an act relating to education; providing for a fund transfer for independent school district No. 22, Detroit Lakes.

Referred to the Committee on Education.

Mr. Johnson, D.J. introduced--

S.F. No. 1626: A bill for an act relating to corrections; appropriating money to fund productive day initiative programs in local correctional facilities in Hennepin, Ramsey, and St. Louis counties.

Referred to the Committee on Crime Prevention.

Messrs. Sams, Morse, Bertram, Dille and Stevens introduced--

S.F. No. 1627: A resolution memorializing the Congress of the United States to design and implement a 1995 farm bill that is equitable to Minnesota family farmers.

Referred to the Committee on Agriculture and Rural Development.

Messrs. Solon and Johnson, D.J. introduced--

S.F. No. 1628: A bill for an act relating to taxation; extending the exemption from property tax for certain businesses that lease property at certain airports; amending Minnesota Statutes 1994, section 272.01, subdivision 2.

Referred to the Committee on Taxes and Tax Laws.

Mr. Chmielewski introduced--

S.F. No. 1629: A bill for an act relating to civil actions; regulating amusement park and carnival safety; imposing duties on riders; limiting the liability of operators; proposing coding for new law as Minnesota Statutes, chapter 184C.

Referred to the Committee on Judiciary.

Mr. Chmielewski introduced--

S.F. No. 1630: A bill for an act relating to the city of Hermantown; permitting imposition of a local sales tax.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Johnson, D.J.; Janezich and Stevens introduced--

S.F. No. 1631: A bill for an act relating to game and fish; authorizing a new deer license; amending Minnesota Statutes 1994, section 97A.475, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 97B.

Referred to the Committee on Environment and Natural Resources.

Mses. Olson, Robertson, Mrs. Pariseau, Messrs. Knutson and Belanger introduced--

S.F. No. 1632: A bill for an act relating to occupations; residential contractors; changing the expiration date of provisions relating to St. Paul and Minneapolis contractors; amending Minnesota Statutes 1994, section 326.991, subdivision 1.

Referred to the Committee on Commerce and Consumer Protection.

Mr. Larson, Ms. Johnston, Messrs. Chmielewski, Berg and Day introduced--

S.F. No. 1633: A bill for an act relating to elections; providing for the election of members of the state legislature without party designation; amending Minnesota Statutes 1994, sections 10A.27, subdivision 4; 10A.275, subdivision 3; 10A.31, subdivisions 5 and 12; 10A.315; 204D.08, subdivisions 4 and 6; 204D.13, subdivision 1; and 204D.14, by adding a subdivision.

Referred to the Committee on Ethics and Campaign Reform.

Mr. Novak, Ms. Berglin, Messrs. Kroening and Mondale introduced--

S.F. No. 1634: A bill for an act relating to the environment; repealing the sunset of the motor vehicle transfer fee and dedicating receipts from the fee to the lead fund; amending Minnesota Statutes 1994, section 115A.908, subdivision 2; repealing Minnesota Statutes 1994, section 115A.908, subdivision 3.

Referred to the Committee on Environment and Natural Resources.

Mses. Johnson, J.B.; Anderson; Messrs. Morse and Price introduced--

S.F. No. 1635: A bill for an act relating to the environment; requiring a study of environmental justice; appropriating money.

Referred to the Committee on Environment and Natural Resources.

Messrs. Kroening, Kelly and Larson introduced--

S.F. No. 1636: A bill for an act relating to municipal zoning; limiting the authority of the commissioner of human services to license juvenile sex offender residential programs; providing for a community's right to know with respect to the siting of facilities; amending Minnesota Statutes 1994, sections 245A.02, subdivision 14; 245A.04, subdivision 7; and 462.357, subdivision 7, and by adding a subdivision.

Referred to the Committee on Crime Prevention.

Mr. Solon introduced--

S.F. No. 1637: A bill for an act relating to commerce; providing physician groups with an exception from laws prohibiting the restraint of trade; amending Minnesota Statutes 1994, sections 325D.50, by adding subdivisions; and 325D.55, by adding a subdivision.

Referred to the Committee on Commerce and Consumer Protection.

Mses. Krentz, Hanson, Ranum and Pappas introduced--

S.F. No. 1638: A bill for an act relating to education; modifying special education aid and procedures; amending Minnesota Statutes 1994, sections 120.17, subdivisions 3a and 3b; 124.273, subdivision 1b; 124.32, subdivision 1b; 124.574, subdivision 2b.

Referred to the Committee on Education.

Mr. Merriam introduced--

S.F. No. 1639: A bill for an act relating to natural resources; removing the limit on fees for permits to harvest aquatic plants; amending Minnesota Statutes 1994, section 103G.615, subdivision 2.

Referred to the Committee on Environment and Natural Resources.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 3:45 p.m. The motion prevailed. The hour of 3:45 p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

Mr. Betzold imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Without objection, the Senate reverted to the Orders of Business of Messages From the House, First Reading of House Bills, Reports of Committees, Second Reading of Senate Bills, Second Reading of House Bills and Motions and Resolutions.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 68 and 504.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 5, 1995

FIRST READING OF HOUSE BILLS

The following bills were read the first time and referred to the committees indicated.

H.F. No. 68: A bill for an act relating to insurance; requiring insurers to offer alternative methods for the payment of group life policy proceeds; amending Minnesota Statutes 1994, section 61A.09, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 68.

H.F. No. 504: A bill for an act relating to natural resources; authorizing grants to units of government and school districts for parks, recreation areas, and natural and scenic areas; authorizing rules for administration; proposing coding for new law in Minnesota Statutes, chapter 85; repealing Minnesota Statutes 1994, section 85.019.

Referred to the Committee on Environment and Natural Resources.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 1442, 1362 and 1221. The motion prevailed.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 1442: A bill for an act relating to energy; allowing a St. Paul district heating cogeneration facility that utilizes metropolitan waste wood as a fuel source to count toward satisfying a biomass mandate.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 10, delete "shall" and insert "may"

Page 1, line 16, delete "must" and insert "may"

And when so amended the bill do pass. Mr. Bertram questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 777: A resolution memorializing the President and Congress to abandon the proposed sale of the Western Area Power Administration.

Reports the same back with the recommendation that the resolution do pass. Report adopted.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was re-referred

S.F. No. 467: A bill for an act relating to metropolitan government; providing for coordination and consolidation of public safety radio communications systems; providing governance and finance of the state and regional elements of a regionwide public safety radio communication system; extending the public safety channel moratorium; authorizing the use of 911 emergency telephone service fees for costs of the regionwide public safety radio communication system; authorizing the issuance of bonds by the metropolitan council; abolishing the metropolitan radio board on a certain date and transferring its duties and responsibilities; proposing coding for new law in Minnesota Statutes, chapter 473.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 19, delete "473.906" and insert "473.905"

Page 2, line 23, after the period, insert "Until funds to administer the board become available under section 473.894, subdivision 19,"

Page 2, line 24, delete "a reasonable" and insert "no"

Page 8, line 12, after the period, insert "Until funds to administer the board become available under section 473.894, subdivision 19, the metropolitan council shall provide to the board an executive director who will be a staff member of the metropolitan council."

Page 9, line 3, after "fees" insert "on entities using the first phase system"

Page 11, line 7, after "each" insert "fiscal" and before "biennium" insert "state"

Page 13, line 19, delete "and provision of alternative"

Page 13, line 20, delete "routing for 911 services"

Page 13, line 23, after "benefit" insert "and support mutual aid and emergency medical services communication"

Page 13, line 24, after the semicolon, insert "and"

Page 13, line 25, delete "; and" and insert a period

Page 13, delete lines 26 to 28

Page 13, line 32, delete "473.906" and insert "473.905"

Page 14, line 8, delete "\$....." and insert "\$10,000,000"

Page 16, delete lines 22 to 25

Page 16, line 28, delete "August" and insert "July"

Page 17, delete lines 4 to 6

Page 17, line 7, delete "network:"

Page 17, line 8, delete "(5)" and insert "(4)" and after "equipment" insert "for those elements of the first phase that support mutual aid and emergency medical communications services"

Page 17, line 13, after the period, insert "In no event shall the amount appropriated from the 911 emergency telephone service fee account for the first phase radio system exceed an amount equal to four cents a month for each customer access line or other basic access service, including trunk equivalents as designated by the public utilities commission for access charge purposes and including cellular and other nonwire access services."

Page 17, delete lines 29 to 33

Page 19, line 9, delete "\$....." and insert "\$3,000,000"

Page 20, line 5, delete "No later than" and insert "A"

Page 20, delete line 6

Page 20, line 7, after "county" insert "that chooses to join the regional public safety radio system"

Page 21, line 17, after the period, insert "A local government or other eligible user who chooses not to join the system shall not be charged a fee."

Page 21, line 31, delete "Until funds to administer"

Page 21, delete lines 32 to 35 and insert "For fiscal year 1996, the appropriation from the 911 emergency telephone service fee account shall be \$563,000."

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 903: A bill for an act relating to economic development; abolishing the economic recovery grant program; repealing Minnesota Statutes 1994, section 116J.873.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 116J.873, subdivision 3, is amended to read:

Subd. 3. [GRANT EVALUATION.] The commissioner shall accept, review, and evaluate applications for grants to local units of government made in accordance with rules adopted for economic development grants in the small cities development program. Projects must be evaluated based on the existence of the following conditions:

(1) whether assistance is necessary to provide equity to business owners who do not have the capacity to invest in a project;

(2) whether there is an inability to secure sufficient financing from other public or private sources at market interest rates or on favorable market terms;

(3) whether assistance is necessary to attract out-of-state businesses or to retain existing business within the state; and

(4) whether there are excessive public infrastructure or improvement costs beyond the means of the affected community and private participants in the project.

A grant or loan cannot be made based solely on a finding that the condition in clause (3) exists. A finding must be made that a condition in clause (1), (2), or (4) also exists.

Applications recommended for funding shall be submitted to the commissioner.

Sec. 2. Minnesota Statutes 1994, section 116J.873, is amended by adding a subdivision to read:

Subd. 5. [SPORTS FACILITY.] An economic recovery grant or loan cannot be used for a project related to a sports facility. For the purpose of this subdivision, "sports facility" means a building that has a professional sports team as a principal tenant.

Sec. 3. [LEGISLATIVE AUDITOR; ECONOMIC RECOVERY GRANT PROGRAM.]

The legislative audit commission is requested to direct the legislative auditor to conduct an evaluation of the economic recovery grant program under Minnesota Statutes, section 116J.873. The evaluation must include an audit of loans and grants made under the program and the criteria used in selecting projects for grants and loans. The legislative auditor shall report the results of the evaluation to the legislature by January 15, 1996."

Delete the title and insert:

"A bill for an act relating to economic development; modifying and requesting a legislative audit of the economic recovery grant program; amending Minnesota Statutes 1994, section 116J.873, subdivision 3, and by adding a subdivision."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 1140: A bill for an act relating to employment; modifying provisions relating to rehabilitation programs and services; amending Minnesota Statutes 1994, sections 268A.01, subdivisions 4, 5, 6, 9, and 10; 268A.03; 268A.06, subdivision 1; 268A.07; 268A.08, subdivisions 1 and 2; and 268A.13; proposing coding for new law in Minnesota Statutes, chapter 268A; repealing Minnesota Statutes 1994, sections 268A.01, subdivisions 7, 11, and 12; and 268A.09.

Reports the same back with the recommendation that the bill be amended as follows:

Page 5, lines 5 and 6, delete the new language

Page 9, line 12, after "and" insert "the methods, criteria, and units of distribution for"

Page 9, line 15, delete "the functioning level of workers."

Page 9, line 16, delete the comma

Page 10, line 23, delete "may" and insert "shall"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 1469: A bill for an act relating to financial institutions; regulating savings banks; modifying and clarifying statutory provisions relating to the structure and functions of savings banks; making technical changes; amending Minnesota Statutes 1994, sections 9.031, subdivision 8; 46.047, subdivision 2; 47.01, subdivisions 2 and 3; 47.015, subdivision 1; 47.02; 47.10, subdivision 1; 47.12; 47.20, subdivisions 1 and 9; 47.201, subdivision 1; 47.205, subdivision 1; 47.209, subdivision 1; 47.27, subdivision 2; 47.29, subdivision 1; 47.30, subdivisions 1, 2, 3, 4, and 6; 47.51; 47.62, subdivision 4; 47.64, subdivision 1; 47.65, subdivisions 1 and 2; 48.01, subdivision 2; 49.42; 50.01; 50.03; 50.04; 50.05; 50.06; 50.11; 50.13; 50.14, subdivisions 1, 5, 7, and 8; 50.145; 50.146; 50.1465; 50.148; 50.155; 50.17; 50.175, subdivision 1; 50.19; 50.21; 50.22; 50.23; 50.245; 50.25; 51A.02, subdivisions 26 and 40; 51A.21, by adding a subdivision; 51A.385,

subdivisions 2 and 3; 61A.09, subdivision 3; 62B.02, by adding a subdivision; 62B.04, subdivisions 1 and 2; and 300.20; proposing coding for new law in Minnesota Statutes, chapters 46; 47; and 50; repealing Minnesota Statutes 1994, sections 47.095; 47.67; 48.153, subdivisions 3a, 4, and 5; 48.26; 50.02; 50.07; 50.08; 50.09; 50.10; 50.12; 50.15; and 50.16.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 9.031, subdivision 8, is amended to read:

Subd. 8. [ACTIVE AND INACTIVE DEPOSITORIES.] Depositories shall be divided into two classes to be known as active and inactive. A depository may be designated as a depository of both classes.

All state funds deposited in active depositories are subject to withdrawal by the state treasurer upon demand and no interest shall be charged on these deposits.

Surplus funds not required to meet the state's current disbursements shall be deposited for a definite period in inactive depositories and interest shall be paid on these deposits at a rate of not less than one percent per annum nor more than the maximum rate authorized to be paid by Minnesota state banks other than mutual savings banks. This rate shall be fixed by the executive council in accordance with the current rate upon similar deposits.

Sec. 2. Minnesota Statutes 1994, section 46.047, subdivision 2, is amended to read:

Subd. 2. [BANKING INSTITUTION.] The term "banking institution" means a bank, trust company, bank and trust company, mutual savings bank, or thrift institution, that is organized under the laws of this state, or a holding company which owns or otherwise controls the banking institution.

Sec. 3. [46.35] [INTERPRETATIONS.]

The commissioner of commerce may upon request from an interested party give an interpretive opinion in connection with the administration of chapters 45 to 56. No penalty provision in these chapters or of any other chapter to which chapters 45 to 56 may refer applies to any act done or not done in conformity with a written interpretive opinion of the commissioner, notwithstanding that the written interpretive opinion may, after the act or omission, be amended or rescinded or be determined by judicial or other authority to be invalid for any reason.

Sec. 4. Minnesota Statutes 1994, section 47.01, subdivision 2, is amended to read:

Subd. 2. [BANK.] A bank is a corporation under public control, having a place of business where credits are opened by the deposit or collection of money and currency, subject to be paid or remitted upon draft, check, or order, and where money is advanced, loaned on stocks, bonds, bullion, bills of exchange, and promissory notes, and where the same are received for discount or sale; and all persons and copartnerships, respectively, so operating, are bankers. The term does not include a savings bank.

Sec. 5. Minnesota Statutes 1994, section 47.01, subdivision 3, is amended to read:

Subd. 3. [SAVINGS BANK.] A savings bank is ~~an institution under like control, managed by disinterested trustees solely, authorized to receive and safely invest the savings of small depositors~~ a corporation authorized to do business under chapter 50.

Sec. 6. Minnesota Statutes 1994, section 47.015, subdivision 1, is amended to read:

Subdivision 1. [FINANCIAL INSTITUTIONS.] As used in this section the term "financial institution" shall include banks, trust companies, banks and trust companies, mutual savings banks, industrial loan and thrift companies having outstanding certificates of indebtedness for investment, savings and loan associations, national banking associations, federal reserve banks and federal savings and loan associations, and federal savings banks doing business in this state, and includes any branch or detached facility of any of them.

Sec. 7. Minnesota Statutes 1994, section 47.02, is amended to read:

47.02 ["BANK" AND "SAVINGS BANK."]

A "bank" is a corporation having a place of business in this state, where credits are opened by the deposit of money or currency, or the collection of the same, subject to be paid or remitted on draft, check, or order; and where money is loaned or advanced on stocks, bonds, bullion, bills of exchange, or promissory notes, and where the same are received for discount or sale. A "savings bank" is a corporation ~~managed by disinterested trustees, solely authorized to receive and safely invest the savings of small depositors authorized to do business under chapter 50.~~ Every "bank" or "savings bank" in this state shall at all times be under the supervision and subject to the control of the commissioner of commerce, and when so conducted the business shall be known as "banking."

Sec. 8. Minnesota Statutes 1994, section 47.10, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY, APPROVAL, LIMITATIONS.] (a) Except as otherwise specially provided, the net book value of land and buildings for the transaction of the business of the corporation, including parking lots and premises leased to others, shall not be more than as follows:

(1) for a bank, trust company, savings bank, or stock savings association, if investment is for acquisition and improvements to establish a new bank, or is for improvements to existing property or acquisition and improvements to adjacent property, approval by the commissioner of commerce is not required if the total investment does not exceed 50 percent of its existing capital stock and paid-in surplus. Upon written prior approval of the commissioner of commerce, a bank, trust company, savings bank, or stock savings association may invest in the property and improvements in clause (1) or for acquisition of nonadjacent property for expansion or future use, if the aggregate of all such investments does not exceed 75 percent of its existing capital stock and paid-in surplus;

~~(2) for a savings bank, 50 percent of its net surplus;~~

~~(3) for a mutual building and loan savings association, five percent of its net assets.~~

(b) For purposes of this subdivision, an intervening highway, street, road, alley, other public thoroughfare, or easement of any kind does not cause two parcels of real property to be nonadjacent.

Sec. 9. Minnesota Statutes 1994, section 47.12, is amended to read:

47.12 [FINANCIAL CORPORATIONS.]

Corporations may be formed for any one of the following purposes:

(1) Carrying on the business of banking, by receiving deposits, buying, selling, and discounting notes, bills, and other evidences of debt legal for investment, domestic or foreign, dealing in gold and silver bullion and foreign coins, issuing circulating notes, and loaning money upon real estate or personal security or upon the creditworthiness of the borrower;

(2) Establishing and conducting clearing houses, for effecting, in one place, the speedy and systematic daily exchange and adjustment of balances between banks and bankers in any municipality, town, or county, establishing and enforcing uniform methods of conducting the banking business in such locality, and adjusting disputes or misunderstandings between members of such clearing house engaged in the banking business;

(3) Creating and conducting savings banks for the reception, on deposit, of money offered for that purpose, the investment thereof, and the declaring, crediting, and paying of dividends or interest thereon, as authorized and provided by law;

(4) Transacting business as a trust company in conformity with the laws relating thereto; and

(5) Carrying on, in accordance with law, the business of ~~building, loan, and~~ savings associations.

Sec. 10. Minnesota Statutes 1994, section 47.20, subdivision 1, is amended to read:

Subdivision 1. Pursuant to rules the commissioner of commerce finds to be necessary and proper, if any, banks, savings banks, ~~mutual savings banks, building and loan associations,~~ and savings ~~and loan~~ associations organized under the laws of this state or the United States, trust companies, trust companies acting as fiduciaries, and other banking institutions subject to the supervision of the commissioner of commerce, and mortgagees or lenders approved or certified by the secretary of housing and urban development or approved or certified by the administrator of veterans affairs, or approved or certified by the administrator of the farmers home administration, or approved or certified by the federal home loan mortgage corporation, or approved or certified by the federal national mortgage association, are authorized:

(1) To make loans and advances of credit and purchases of obligations representing loans and advances of credit which are insured or guaranteed by the secretary of housing and urban development pursuant to the national housing act, as amended, or the administrator of veterans affairs pursuant to the servicemen's readjustment act of 1944, as amended, or the administrator of the farmers home administration pursuant to the consolidated farm and rural development act, Public Law Number 87-128, as amended, and to obtain the insurance or guarantees;

(2) To make loans secured by mortgages on real property and loans secured by a share or shares of stock or a membership certificate or certificates issued to a stockholder or member by a cooperative apartment corporation which the secretary of housing and urban development, the administrator of veterans affairs, or the administrator of the farmers home administration has insured or guaranteed or made a commitment to insure or guarantee, and to obtain the insurance or guarantees;

(3) To make, purchase, or participate in such loans and advances of credit as would be eligible for purchase, in whole or in part, by the federal national mortgage association or the federal home loan mortgage corporation, but without regard to any limitation placed upon the maximum principal amount of an eligible loan;

(4) To make, purchase or participate in such loans and advances of credit secured by mortgages on real property which are authorized or allowed by the ~~federal home loan bank board~~ office of thrift supervision or the office of the comptroller of the currency, or any successor to these federal agencies.

Sec. 11. Minnesota Statutes 1994, section 47.20, subdivision 9, is amended to read:

Subd. 9. (1) For purposes of this subdivision the term "mortgagee" shall mean all state banks and trust companies, national banking associations, state and federally chartered savings ~~and loan~~ associations, mortgage banks, ~~mutual~~ savings banks, insurance companies, credit unions or assignees of the above. Each mortgagee requiring funds of a mortgagor to be paid into an escrow, agency or similar account for the payment of taxes or insurance premiums with respect to a mortgaged one-to-four family, owner occupied residence located in this state, unless the account is required by federal law or regulation or maintained in connection with a conventional loan in an original principal amount in excess of 80 percent of the lender's appraised value of the residential unit at the time the loan is made or maintained in connection with loans insured or guaranteed by the secretary of housing and urban development, by the administrator of veterans affairs, or by the administrator of the farmers home administration, shall calculate interest on such funds at a rate of not less than five percent per annum. Such interest shall be computed on the average monthly balance in such account on the first of each month for the immediately preceding 12 months of the calendar year or such other fiscal year as may be uniformly adopted by the mortgagee for such purposes and shall be annually credited to the remaining principal balance on the mortgage, or at the election of the mortgagee, paid to the mortgagor or credited to the mortgagor's account. If the interest exceeds the remaining balance, the excess shall be paid to the mortgagor or vendee. The requirement to pay interest shall apply to such accounts created prior to June 1, 1976, as well as to accounts created after June 1, 1976.

(2) A mortgagee offering the following option (c) to a mortgagor but not requiring maintenance of escrow accounts as described in clause (1), whether or not the accounts were required by the mortgagee or were optional with the mortgagor, shall offer to each of such mortgagors the following options:

(a) the mortgagor may personally manage the payment of insurance and taxes;

(b) the mortgagor may open with the mortgagee a passbook savings account carrying the current rate of interest being paid on such accounts by the mortgagee in which the mortgagor can deposit the funds previously paid into the escrow account; or

(c) the mortgagor may elect to maintain a noninterest bearing escrow account as described in clause (1) to be serviced by the mortgagee at no charge to the mortgagor.

A mortgagee that is not a depository institution offering passbook savings accounts shall instead of offering option (b) above notify its mortgagors (1) that they may open such accounts at a depository institution and (2) of the current maximum legal interest rate on such accounts.

A mortgagee offering option (c) above to a mortgagor but not requiring the maintenance of escrow accounts shall notify its mortgagor of the options under (a), (b) and (c). The notice shall state the option and state that an escrow account is not required by the mortgagee, that the mortgagor is legally responsible for the payment of taxes and insurance, and that the notice is being given pursuant to this subdivision.

Notice shall be given within 30 days after the effective date of the provisions of Laws 1977, chapter 350 amending the subdivision, as to mortgagees offering option (c) above to mortgagors but not requiring escrow accounts as of the effective date, or within 30 days after a mortgagee's decision to discontinue requiring escrow accounts if the mortgagee continues to offer option (c) above to mortgagors. If no reply is received within 30 days, option (c) shall be selected for the mortgagor but the mortgagor may, at any time, select another option.

A mortgagee making a new mortgage and offering option (c) above to a prospective mortgagor shall, at the time of loan application, notify the prospective mortgagor of options (a), (b) and (c) above which must be extended to the prospective mortgagor. The mortgagor shall select one of the options at the time the loan is made.

Any notice required by this clause shall be on forms approved by the commissioner of commerce and shall provide that at any time a mortgagor may select a different option. The form shall contain a blank where the current passbook rate of interest shall be entered by the mortgagee. Any option selected by the mortgagor shall be binding on the mortgagee.

This clause does not apply to escrow accounts which are excepted from the interest paying requirements of clause (1).

(3) A mortgagee shall be prohibited from charging a direct fee for the administration of the escrow account.

Sec. 12. Minnesota Statutes 1994, section 47.201, subdivision 1, is amended to read:

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

(1) "Financial institution" means a state bank or trust company, a national banking association, a state or federally chartered savings and loan association, a mortgage bank or mutual savings bank.

(2) "Graduated payment home loan" means a conventional or cooperative apartment loan made pursuant to section 47.20 and subject to the provisions therein, whereunder initial periodic repayments are lower than those under the standard conventional or cooperative apartment loan having equal periodic repayments, and gradually rise to a predetermined point after which they remain constant.

Sec. 13. Minnesota Statutes 1994, section 47.205, 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) "Lender" means all state banks and trust companies, national banking associations, state and

federally chartered savings ~~and loan~~ associations, mortgage banks, ~~mutual~~ savings banks, insurance companies, credit unions making a loan, or any person making a conventional loan as defined under section 47.20, subdivision 2, clause (3) or cooperative apartment loan as defined under section 47.20, subdivision 2, clause (4). A "selling lender" is a lender who sells, assigns, or transfers the servicing of a loan, to a "purchasing lender or a servicing agent."

(b) "Loan" means all loans and advances of credit authorized under section 47.20, subdivision 1, clauses (1) to (4) and conventional loans as defined under section 47.20, subdivision 2, clause (3) or cooperative apartment loan as defined under section 47.20, subdivision 2, clause (4).

(c) "Escrow account" means escrow, agency, or similar account for the payment of taxes or insurance premiums with respect to a mortgaged one-to-four family, owner occupied residence located in this state.

(d) "Person" means an individual, corporation, business trust, partnership or association, or any other legal entity.

Sec. 14. Minnesota Statutes 1994, section 47.209, subdivision 1, is amended to read:

Subdivision 1. [APPLICABILITY.] This section applies to any agreement entered into after December 31, 1992, for the financing or refinancing of a purchase of a manufactured home. As used in this section and section 277.17, "lender" includes a state bank and trust company, national banking association, state or federally chartered savings ~~and loan~~ association, mortgage bank, ~~mutual~~ savings bank, insurance company, credit union, or a dealer as defined in section 327B.01, subdivision 7, that enters into an agreement for financing or refinancing a purchase of a manufactured home.

Sec. 15. Minnesota Statutes 1994, section 47.27, subdivision 2, is amended to read:

Subd. 2. "Savings bank" shall have the meaning set forth in sections 47.01 and 47.02 ~~and shall also mean a mutual savings bank.~~

Sec. 16. Minnesota Statutes 1994, section 47.28, is amended to read:

47.28 [SAVINGS BANKS MAY CONVERT INTO SAVINGS, BUILDING AND LOAN ASSOCIATIONS.]

Subdivision 1. Any savings bank organized and existing under and by virtue of the law of this state may amend its articles of incorporation so as to convert itself into a savings, ~~building and loan~~ association, by complying with the following requirements and procedure:

The savings bank by a two-thirds vote of the entire board of ~~trustees~~ directors, at any regular or special meeting of said board duly called for that purpose, shall (a) pass a resolution declaring their intention to convert the savings bank into a savings, ~~building and loan~~ association, and (b) cause an application in writing to be executed, by such persons as the ~~trustees~~ directors may direct, in the form prescribed by the department of commerce, requesting a certificate of authorization (charter) as a savings, building and loan association to transact business at the place and in the name stated in the application. The amendments proposed to the articles of incorporation and bylaws shall be included as part of the application.

The application shall be submitted to, considered and acted upon by the department of commerce in the same manner and by the same standards as applications are submitted, considered and acted upon under section 51.08.

Subd. 2. If the certificate of authorization (charter) be issued, the articles of incorporation may then be amended so as to convert the savings bank into a savings, ~~building and loan~~ association by following the procedure prescribed for amending articles of incorporation of savings banks; ~~provided, that before any such conversion shall take place the secretary of the savings bank shall cause 30 days written notice of such intended conversion (which notice, before mailing, shall be submitted to and approved by the commissioner of commerce) to be mailed prepaid to each depositor, at the depositor's last known address according to the records of the bank, and after such notice each depositor may, prior to the time the conversion becomes final and complete, on demand and without prior notice, withdraw the full amount of deposit or such part thereof as the~~

~~depositor may request, and upon such withdrawal the depositor shall receive interest to the date of withdrawal at the same rate last paid or credited by the bank, notwithstanding the provisions of any law, bylaw, or rule to the contrary.~~

~~Subd. 3. At any time after the expiration of the 30 day period specified in subdivision 2, (which fact shall be evidenced by the secretary of the savings bank filing an affidavit to that effect with the commissioner of commerce and the secretary of state.) Upon receipt of the fees required for filing and recording amended articles of incorporation of savings banks, the secretary of state shall record the amended articles of incorporation and certify that fact thereon, whereupon the conversion of such savings bank into a savings, building and loan association shall become final and complete and thereafter said corporation shall have the powers and be subject to the duties and obligations prescribed by the laws of this state applicable to savings, building and loan associations.~~

~~Subd. 4. When the conversion of any savings bank into a savings, building and loan association becomes final and complete, the surplus fund of the bank shall become the contingent or reserve fund of the association and every person who was a depositor of the savings bank at the time of the conversion shall cease to be a depositor and shall thereafter be a shareholder of the savings, building and loan association and be credited with payments on that person's share account equal to the full amount on deposit with the savings bank at the time of conversion, plus interest to the date of conversion at the same rate last paid or credited by the bank, notwithstanding the provisions of any law, bylaw, or rule to the contrary.~~

~~Subd. 5. The resulting association shall as soon as practicable and within such time not extending beyond three years from the date the conversion becomes final and complete and by such methods as the department of commerce shall direct, cause its organization, its securities and investments, the character of its business, and the methods of transacting the same to conform to the laws applicable to savings, building and loan associations.~~

Sec. 17. Minnesota Statutes 1994, section 47.29, subdivision 1, is amended to read:

Subdivision 1. Any savings bank organized and existing under and by virtue of the laws of this state, is hereby authorized and empowered, by a two-thirds vote of the entire board of trustees ~~directors~~, at any regular or special meeting of said board duly called for that purpose to convert itself into a federal association whenever said conversion is authorized by any act of the Congress of the United States: Provided, that before any such conversion shall become final and complete, ~~(a) the secretary of the savings bank shall cause 30 days' written notice of such intended conversion (which notice, before mailing, shall be submitted to and approved by the commissioner of commerce) to be mailed prepaid to each depositor, at their last known address, according to the records of the bank, and after such notice each depositor may, prior to the time the conversion becomes final and complete, on demand and without prior notice, withdraw the full amount of the deposit or such part thereof as the depositor may request, and upon such withdrawal the depositor shall receive interest to the date of withdrawal at the same rate last paid or credited by the bank, notwithstanding the provisions of any law, bylaws, or rule to the contrary, and (b) that such conversion be approved in writing by the commissioner of commerce.~~

Sec. 18. Minnesota Statutes 1994, section 47.29, subdivision 2, is amended to read:

~~Subd. 2. At any time after the expiration of the 30 day period specified in subdivision 1, clause (a), (which fact shall be evidenced by the secretary of the savings bank filing an affidavit to that effect with the commissioner of commerce and the secretary of state of this state), Upon filing a copy of the federal charter, certified by the issuing federal agency with the secretary of state of this state, the secretary of state shall record said charter and certify that fact thereon, whereupon the conversion shall be final and complete and the savings bank shall at that time cease to be a savings bank supervised by this state, and shall thereafter be a federal association.~~

Sec. 19. Minnesota Statutes 1994, section 47.30, subdivision 1, is amended to read:

Subdivision 1. Any capital stock savings, building and loan ~~savings, building and loan~~ association organized and existing under and by virtue of the laws of this state may amend its articles of incorporation so as to convert itself into a savings bank, by complying with the following requirements and procedure:

A meeting of the shareholders shall be held upon not less than 15 days written notice to each shareholder, served either personally or by mail prepaid, directed to the shareholder's last known post office address according to the records of the association, stating the time, place and purpose of such meeting.

At such meeting, the shareholders may by two-thirds vote (according to the book value of said shares) of those present in person or by proxy pass a resolution declaring their intention to convert such association into a savings bank and setting forth the names of the proposed first board of ~~trustees~~ directors. A copy of the minutes of such meeting verified by the affidavit of the chair and the secretary of the meeting, shall be filed in the office of the department of commerce ~~and with the secretary of state~~ within ten days after the meeting. Such copy, when so filed, shall be evidence of the holding of such meeting and of the action taken.

Sec. 20. Minnesota Statutes 1994, section 47.30, subdivision 2, is amended to read:

Subd. 2. An application for a certificate authorizing a savings bank to transact business, in the form required by sections 46.041 and 46.046, shall be submitted to, considered and acted upon by the department of commerce in the same manner and by the same standards as applications are submitted, considered and acted upon under sections 46.041, 46.044, 46.046, and 50.01 ~~and 50.02~~. The fees required by section 46.041 shall be paid and the amendments proposed to the articles of incorporation and bylaws shall be included as part of the application.

Sec. 21. Minnesota Statutes 1994, section 47.30, subdivision 3, is amended to read:

Subd. 3. If the department of commerce grants the application, the certificate of authorization (charter) shall be issued as provided by section 46.041, and the articles of incorporation may then be amended so as to convert the savings, ~~building and loan~~ association into a savings bank by following the procedure prescribed for amending articles of incorporation of savings, ~~building and loan~~ associations: Provided, that the proposed amended articles shall contain the names of, and be signed by, the proposed first board of ~~trustees~~ directors.

Sec. 22. Minnesota Statutes 1994, section 47.30, subdivision 5, is amended to read:

Subd. 5. ~~At any time after the expiration of the 30 day period specified in subdivision 4, (which fact shall be evidenced by the secretary of the association filing an affidavit to that effect with the commissioner of commerce and the secretary of state),~~ Upon receipt of the fees required for filing and recording amended articles of incorporation of savings, building and loan associations, the secretary of state shall record the amended articles of incorporation and certify that fact thereon, whereupon the conversion of such savings, building and loan association into a savings bank shall become final and complete and thereafter the signers of said amended articles and their successors shall be a corporation, and have the powers and be subject to the duties and obligations prescribed by the laws of this state applicable to savings banks.

Sec. 23. Minnesota Statutes 1994, section 47.32, is amended to read:

47.32 [CONVERTING INSTITUTION DEEMED CONTINUANCE; TRANSFER OF PROPERTY AND RIGHTS.]

Upon the conversion of any savings bank into a savings, ~~building and loan~~ association or into a federal association, ~~and of a savings, building and loan association or federal association into a savings bank, the corporate existence of the converting savings bank or association shall not terminate, and the resulting association or savings bank shall be a continuance of the converting savings bank or association; and all the property of the converting savings bank or association (including its rights) shall by operation of law vest in the resulting association or savings bank as of the time when the conversion becomes final and complete, and all of the obligations of the converting savings bank or association become those of the resulting association or savings bank. Actions and other judicial proceedings to which the converting savings bank or association is a party may be prosecuted and defended as if the conversion had not been made the detached facilities of the savings bank shall become branches of the savings association or federal association. Upon conversion of any savings association or federal association into a savings bank, the branches of the savings association or federal association shall become detached facilities of the savings bank, notwithstanding the limitations on the number of facilities, distance limitations,~~

geographic limitation, notice requirements, and consent requirements contained in sections 47.51 to 47.57.

Sec. 24. [47.325] [APPEAL AND JUDICIAL REVIEW.]

A savings bank aggrieved by any action or inaction of the commissioner under sections 47.27 to 47.32 may appeal under sections 14.63 to 14.69. The scope of judicial review in the proceedings is as provided in those sections.

Sec. 25. Minnesota Statutes 1994, section 47.62, subdivision 4, is amended to read:

Subd. 4. When more than one electronic financial terminal is established and maintained at a single place of business by the same person, or if a person wishes to make an application that encompasses more than one place of business or location, a single application and fee shall be sufficient. For each application, a \$100 fee shall be paid to the commissioner, and for each application for a change in pricing structure, a \$10 fee shall be paid to the commissioner. If the \$100 fee or the \$10 fee is less than the costs incurred by the commissioner in approving or disapproving the application, the fee shall be equal to those costs.

Sec. 26. Minnesota Statutes 1994, section 47.64, subdivision 1, is amended to read:

Subdivision 1. (a) Any person establishing and maintaining an electronic financial terminal located separate and apart from a financial institution's principal office, branch, or detached facility for use by one type of financial institution shall, upon written request, make its services available to any requesting financial institution of similar type on a fair, equitable, and nondiscriminatory basis ~~approved by the commissioner~~. A financial institution requesting use of an electronic financial terminal shall be permitted its use only if the financial institution conforms to reasonable technical operation standards which have been established by the electronic financial terminal provider ~~as approved by the commissioner~~. For purposes of this subdivision, the types of financial institutions are: (1) commercial banks and mutual savings banks; (2) credit unions, industrial loan and thrift companies, and regulated lenders under chapter 56; and (3) savings and loan associations. The services of an electronic financial terminal may be made available to any type of financial institution. After March 1, 1979, or earlier if determined by the commissioner to be technically feasible, an electronic financial terminal which is used by or made available to one type of financial institution shall be made available, upon request, to other types of financial institutions on a fair, equitable and nondiscriminatory basis ~~as approved by the commissioner~~. The charges required to be paid to any person establishing and maintaining an electronic financial terminal shall be related to an equitable proportion of the direct costs of establishing, operating, and maintaining the terminal plus a reasonable return on those costs to the owner of the terminal. The charges may provide for amortization of development costs and capital expenditures over a reasonable period of time.

(b) Any person establishing and maintaining an electronic financial terminal located on and as a part of a financial institution's principal office, branch, ~~or detached facility, or lending office~~ where deposits are not taken may, at the financial institution's option, (1) maintain the electronic financial terminal for the exclusive use of the financial institution's customers; or (2) maintain the electronic financial terminal for the use of the financial institution's customers and make some or all of the electronic financial terminal's services available to any other requesting financial institution on a fair, equitable, and nondiscriminatory basis ~~approved by the commissioner~~.

Sec. 27. Minnesota Statutes 1994, section 47.65, subdivision 1, is amended to read:

Subdivision 1. Any person may establish a transmission facility in this state upon approval by the commissioner pursuant to the provisions of this section, except that a financial institution may establish a transmission facility in this state after giving the commissioner written notice of its intent to do so, provided that the commissioner does not issue an order disallowing such establishment within 15 days after receiving a completed notice. Any such notice must be made using a form prescribed by the commissioner. A transmission facility which is used by, or made available to, any financial institution must be made available to all other financial institutions upon request of such financial institution and agreement by the financial institution to pay fees on a fair, equitable, and nondiscriminatory basis ~~approved by the commissioner~~. A person requesting use of a transmission facility shall be permitted its use only if the person conforms to reasonable

technical operating standards which have been established by the transmission facility provider as ~~approved by the commissioner~~. The charges required to be paid to any person establishing a transmission facility shall be related to an equitable proportion of the direct costs of establishing, operating and maintaining such facility plus a reasonable return on those costs to the owner of the facility. The charges may provide for amortization of development costs and capital expenditures over a reasonable period of time.

Sec. 28. Minnesota Statutes 1994, section 47.65, subdivision 2, is amended to read:

Subd. 2. Before installation and operation, a transmission facility application by a person who is required to submit an application under subdivision 1 shall be submitted to the commissioner on a form provided by the commissioner which states:

- (a) The location where the transmission facility will be operated;
- (b) The ownership of the transmission facility;
- (c) If applicable, the bonding or insurance company which has provided the bond for the transmission facility; and
- (d) Such other information as the commissioner requires.

If the commissioner finds that (a) the facility will be properly and safely managed, (b) the applicant is financially sound, (c) there is a reasonable probability of success for the facility, (d) the proposed charges for making the services of the facility available to financial institutions are fair, equitable and nondiscriminatory, and (e) all information has been furnished by the applicant, the commissioner shall approve the application within 90 days. If the commissioner has not denied the application within 90 days of the submission of the application, the authorization shall be deemed granted. For each application, a \$500 fee shall be paid to the commissioner. For each application for change in pricing structure, a \$50 fee shall be paid to the commissioner. If the \$500 fee or the \$50 fee is less than the costs incurred by the commissioner in approving or disapproving the application, the application fee shall be equal to those costs.

Sec. 29. Minnesota Statutes 1994, section 48.01, subdivision 2, is amended to read:

Subd. 2. [BANKING INSTITUTION.] The term "banking institution" means any bank, trust company, bank and trust company, or ~~mutual~~ savings bank which is now or may hereafter be organized under the laws of this state. For purposes of sections 48.38, 48.84, and 501B.10, subdivision 6, and to the extent permitted by federal law, "banking institution" includes any national banking association or affiliate exercising trust powers in this state.

Sec. 30. Minnesota Statutes 1994, section 48.15, is amended by adding a subdivision to read:

Subd. 2a. [AUTHORIZED ACTIVITIES.] The commissioner may authorize a bank to undertake any activities, exercise any powers, or make any investments that are authorized activities, powers, or investments as of the date of final enactment of this subdivision for any state savings bank doing business in this state or become authorized activities, powers, or investments for state savings banks after the date of final enactment of this subdivision.

Sec. 31. Minnesota Statutes 1994, section 49.01, is amended by adding a subdivision to read:

Subd. 7. [STATE BANK.] "State bank" for the purposes of sections 49.02 to 49.41, shall mean any bank, savings bank, trust company, or bank and trust company which is now or may hereafter be organized under the laws of this state.

Sec. 32. Minnesota Statutes 1994, section 49.42, is amended to read:

49.42 [STATE BANK.]

As used in sections 49.42 to 49.46 "state bank" means any bank (~~other than a mutual savings bank~~), savings bank, trust company, or bank and trust company which is now or may hereafter be organized under the laws of this state.

Sec. 33. [50.001] [APPLICATION FOR CERTIFICATE OF AUTHORITY; PROCEDURE.]

The procedures for the application and issuance of a certificate of authority to a savings bank organized pursuant to section 300.025 shall be those applicable to a state bank in sections 46.041 to 46.045.

Sec. 34. Minnesota Statutes 1994, section 50.01, is amended to read:

50.01 [EXPEDIENCY ASCERTAINED.]

To enable the commissioner of commerce to determine the expediency of the organization of a savings bank, as in this chapter prescribed, the commissioner shall investigate and ascertain:

(1) Whether greater convenience of access to a savings bank will be afforded to any considerable number of depositors by opening the proposed bank;

(2) Whether the population in the vicinity of the location of the bank affords reasonable promise of adequate support therefor; and

(3) Whether the responsibility, character, and general fitness of the persons named as trustees directors in the certificate are such as to command the confidence of the community in the proposed bank.

Sec. 35. Minnesota Statutes 1994, section 50.04, is amended to read:

50.04 [BONDS OF TRUSTEES OR DIRECTORS.]

Every trustee director, before entering upon any duties, shall give bond to the state in a penal sum of not less than \$5,000, with sureties approved by a judge of the district court commissioner of commerce, conditioned for the faithful discharge of those duties, and file the same for record with the county recorder of the county, who, after record, shall transmit it to the commissioner of commerce. An action may be maintained on this bond by any person aggrieved by breach of any of its conditions, upon leave granted by any such judge of the district court, for such damages as the plaintiff may be entitled to, not exceeding its amount; and like successive actions may be maintained until such amount is exhausted.

Sec. 36. Minnesota Statutes 1994, section 50.05, is amended to read:

50.05 [~~BOND OF TREASURER~~ BONDS OF OFFICERS AND EMPLOYEES.]

~~Before entering upon any duties, the treasurer shall give bond to the bank in such sum, not less than \$10,000, as the board of trustees shall prescribe, for the faithful discharge of those duties, and at any time thereafter may be required by the board to furnish additional security. The board may also require, at any time, from any other officer, employee, or agent, such security as it deems necessary. A savings bank shall be protected against loss by reason of the unlawful act of its officers or employees by a surety bond in an amount approved by the board of directors and issued by a solvent corporate surety in good standing authorized to do business in this state, or by a fidelity insurance policy written by a solvent insurance corporation in good standing authorized to do business in this state. The commissioner of commerce or the board of directors of the savings bank may require an increase of the amount of the bond whenever either deems it necessary. This section shall not require the bonding or insuring of officers or directors of a savings bank not having active management or control of the savings bank or of employees of a savings bank not holding positions of trust. Any bond given or contract of insurance secured shall be in favor of the savings bank.~~

Sec. 37. Minnesota Statutes 1994, section 50.06, is amended to read:

50.06 [TRUSTEES DIRECTORS; FIRST BOARD.]

The business of every such stock savings bank shall be managed by a board of not less than seven trustees directors. The persons named in the certificate of authorization shall constitute the first board. Each vacancy shall be filled by the board as soon as practicable, at a regular meeting thereof, except when a resolution reducing the number of trustees directors named in its charter to a number not less than seven shall have been incorporated into its bylaws, and a copy thereof filed with the commissioner of commerce, in which case vacancies shall not be filled until the number

has been reduced to that specified in this resolution. The number may be increased to any number specified in a like resolution, consented to, in writing, by the commissioner of commerce.

Sec. 38. [50.085] [POWERS.]

Subdivision 1. [GENERALLY.] Every savings bank incorporated pursuant to or operating under this chapter shall be a body corporate; shall have all the powers enumerated, authorized, and permitted by this chapter and other applicable law; shall have other rights, privileges, and powers as may be incidental to or reasonably necessary or appropriate for the accomplishment of the objects and purposes of the savings bank; and shall have those powers possessed by corporations organized under chapter 300.

Subd. 2. [BORROWING.] A savings bank may borrow money and issue its obligations for the borrowed money, including but not limited to obligations, bonds, notes, or other debt securities, except as otherwise provided by this chapter or by rules of the commissioner of commerce. An obligation, bond, note, or other debt security may include a written provision subordinating the debt to claims of other creditors or of depositors. Borrowings may be secured by property of the savings association.

Subd. 3. [FACILITATING ORGANIZATIONS.] A savings bank may become a member of, purchase stock or securities in, deposit money with, deal with, make reasonable payments or contributions to, or comply with any other conditions of membership or credit from any corporation or agency of the United States or of this state, or of any other organization to the extent the corporation, agency, or organization assists in furthering or facilitating the saving bank's purposes, powers, or community responsibilities.

Subd. 4. [LOANS, CONTRACTS, AND LEASES.] A savings bank may make, sell, purchase, invest in, and participate or otherwise deal in loans and installment sale contracts and other forms of indebtedness, and take any manner of security for the loans and contracts. A savings bank may also acquire and lease or participate in the acquisition and leasing of personal property.

Subd. 5. [SAVINGS, LOANS, INVESTMENT.] A savings bank may acquire deposits in the form of demand accounts, checking accounts, negotiable order of withdrawal accounts, savings accounts, time deposits, money market deposit accounts, treasury tax and loan accounts, and other types of deposits, and pay interest or dividends on those accounts, except that interest or dividends must not be paid on demand deposit accounts. A savings bank may also accept memberships in the case of mutual savings banks and reject applications for these memberships and cancel memberships. No capital stock savings bank shall accept deposits in a sum exceeding 30 times the amount of its capital stock and its actual surplus.

Subd. 6. [INSURANCE OF ACCOUNTS.] A savings bank may obtain and maintain insurance of its deposit accounts by the federal deposit insurance corporation or any other federal agency established for the purpose of insuring deposit accounts in savings banks.

Subd. 7. [SAFE DEPOSIT BOXES.] A savings bank may maintain and let safes, boxes, or other receptacles for the safekeeping of personal property upon agreed upon terms and conditions. This subdivision does not supersede any inconsistent provision of statute.

Subd. 8. [DRAFTS.] A savings bank may issue drafts and similar instruments drawn on the savings bank to aid in effecting withdrawals and for other purposes of the savings bank; accept for payment at a future date drafts drawn upon it by its customers; and issue, advise, or confirm letters of credit authorizing holders to draw drafts upon it or its correspondents.

Subd. 9. [FISCAL AGENT.] A savings bank may act as fiscal agent of the United States, and, when so designated by the Secretary of Treasury, perform, under regulations the secretary prescribes, all reasonable duties as fiscal agent of the United States as the secretary may require; and act as agent for any instrumentality of the United States and as agent of this state and any instrumentality of it.

Subd. 10. [SERVICING.] A savings bank may service loans and investments for others.

Subd. 11. [INSURANCE AGENCY AND INSURANCE UNDERWRITING.] A savings bank may engage in an insurance agency business, directly or through a subsidiary.

Subd. 12. [LIMITED TRUSTEESHIP.] A savings bank may act as trustee or custodian of a self-employed retirement plan under the Federal Self-Employed Individual Tax Retirement Act of 1962, as amended, and of an individual retirement account under the Federal Employee Retirement Income Security Act of 1974, as amended, to the same extent permitted for state banks under section 48.15. All funds held in a fiduciary capacity by the savings bank under the authority of this subdivision may be commingled and consolidated for appropriate purposes of investment if records reflecting each separate beneficial interest are maintained by the fiduciary unless the responsibility is lawfully assumed by another appropriate party.

Subd. 13. [ESCROW.] A savings bank may engage in an escrow business.

Subd. 14. [TRUST POWERS.] Upon application to and approval by the commissioner of commerce, a savings bank may act as trustee, executor, administrator, personal representative, conservator, custodian, guardian, or in any other fiduciary capacity in which state banks, trust companies, or other corporations are permitted to act, and receive reasonable compensation for it. A savings bank that has complied with sections 48.36 to 48.43 and 48.475, and holds a certificate as provided in section 48.37, may exercise the powers and privileges set forth in sections 48.38, 48.475, 48.84, 48.841, 48.846, and 48.86. A savings bank that has qualified and obtained a certificate, as provided in sections 48.36 to 48.43, may use in its corporate name or title, in addition to the words "savings bank" or other words permitted by law, the words "trust" or "trust company," and may display and make use of signs, symbols, tokens, letterheads, cards, circulars, and advertising stating or indicating that it is authorized to transact the business authorized by those sections, and a savings bank using the words "trust" or "trust company" is not required to use the word "state" in its corporate name. A savings bank may not invest, pursuant to section 50.1465, in a corporation that engages in activities described in this subdivision, without first obtaining the approval of the commissioner of commerce.

Subd. 15. [SECURING DEPOSITS.] In addition to the authority conferred in subdivision 2, a savings bank may pledge, hypothecate, assign or transfer, or create a lien upon or charge against its assets to secure: (1) public funds, including money or deposits of the United States or any instrumentality of it and of this state or any instrumentality of it; (2) money or deposits of a trustee in bankruptcy; (3) money borrowed in good faith from other banks, trust companies, financial institutions, or any financial agency created by act of Congress; (4) the acquisition of real estate to be carried as an asset as provided in section 47.10; (5) a liability that arises from a transfer of a direct obligation of, or obligations that are fully guaranteed as to principal and interest by, the United States government or an agency of it that the savings bank is obligated to repurchase; (6) money and deposits held in escrow; (7) money and deposits if acting as a corporate fiduciary; and (8) treasury tax and loan accounts as provided in section 50.171.

Subd. 16. [DATA PROCESSING SERVICES.] A savings bank may provide data processing services to others and act as a custodian of records for others on a for-profit basis; and utilize data processing services and place records of the savings bank for storage and safekeeping with another person for a fee.

Subd. 17. [ELECTRONIC FINANCIAL TERMINALS.] A savings bank may directly or indirectly acquire, place and operate, or participate in the acquisition placement, and operation of electronic financial terminals and transmission facilities, in accordance with the requirements of sections 47.61 to 47.74.

Subd. 18. [ADDITIONAL POWERS AUTHORIZED FOR STATE BANKS.] A savings bank may exercise the powers that are specifically enumerated by law for banks authorized to do business under chapter 48.

Subd. 19. [PARITY PROVISION.] (a) In addition to other investments authorized by law and the powers conferred by this chapter, and subject to the regulation of the commissioner of commerce, a savings bank may, directly or through a subsidiary, undertake any activities, exercise any powers, or make any investments that any state bank or national bank located or doing business in this state may undertake, exercise, or make as of the date of enactment of this subdivision.

(b) The commissioner may authorize a savings bank to undertake any activities, exercise any powers, or make any investments that become authorized activities, powers, or investments after

the date of final enactment of this subdivision for any state bank or national bank located or doing business in this state.

(c) Subject to a rule of the commissioner, and subject to the investment limits in section 50.1465, a subsidiary of a savings bank may undertake any activities, exercise any powers, or make any investments not authorized for any state bank or national bank but authorized as of the date of final enactment of this subdivision for any state bank or national bank subsidiary located and doing business in this state.

(d) The commissioner may authorize a subsidiary of a savings bank to undertake any activities, exercise any powers, or make any investments that become authorized activities, powers, or investments after the date of final enactment of this subdivision for any state bank or national bank subsidiary located and doing business in this state.

(e) The commissioner at any time may limit any activity, power, or investment for any savings bank or savings bank subsidiary under this subdivision or section 50.1465, subdivision 1, clauses (2) and (3), for supervisory, legal, or safety and soundness reasons. A savings bank aggrieved by an action of the commissioner under this subdivision may appeal the action and the proceedings shall be conducted pursuant to sections 14.63 to 14.69.

Sec. 39. Minnesota Statutes 1994, section 50.11, is amended to read:

50.11 [SECURITIES HELD FOR SAFEKEEPING; SAFE DEPOSIT BOXES; LIMITATION OF LIABILITY.]

A ~~mutual~~ savings bank may receive for safekeeping for its depositors obligations of the United States or its possessions or of a state or territory of the United States, or of any political subdivision of any such state or territory, and it may provide for, and hire to, its depositors safe deposit boxes in which to keep securities and valuable papers, but the liability of a savings bank to any person or association of persons on account of hiring such safe deposit box or boxes shall in no event exceed \$20,000.

Sec. 40. Minnesota Statutes 1994, section 50.13, is amended to read:

50.13 [REAL ESTATE.]

~~Any such~~ A savings bank may purchase, hold, or convey land sold upon foreclosure of mortgages owned by it, or upon judgments or decrees in its favor, or in settlement of debts, or received in exchange as part of the consideration of real estate sold by it. Real estate so received in exchange shall not be carried on the books of the bank at a price exceeding the cost of that exchanged, less the cash payment, and all real estate so acquired shall be sold within ten years after its acquirement, unless the time is extended by the commissioner of commerce on application of the board of ~~trustees~~ directors.

Sec. 41. Minnesota Statutes 1994, section 50.14, subdivision 1, is amended to read:

Subdivision 1. Except as it relates to the investment of trust funds by corporate trustees or by individual trustees, the term "authorized securities" whenever used in the statutes and laws of this state shall be understood as referring to the following described securities in which the ~~trustees~~ directors of any savings bank shall invest the money deposited therein and which at the time of the purchase thereof are included in one or more of the following classes.

Sec. 42. Minnesota Statutes 1994, section 50.14, subdivision 5, is amended to read:

Subd. 5. (1) Class four shall be:

(a) Notes or bonds secured by mortgages or trust deeds on unencumbered real estate, whether in fee or in a leasehold of a duration not less than ten years beyond the maturity of the loan, in any state of the United States, worth at least ~~twice~~ the amount loaned thereon;

(b) Notes or bonds secured by mortgages or trust deeds on unencumbered real estate in clause (1)(a) where the notes or bonds do not exceed 80 percent of the appraised value of the security for the same, provided that the notes or bonds are payable in installments aggregating not less than

five percent of the original principal a year in addition to the interest; or, are payable on a regular amortization basis in equal installments, including principal and interest, these installments to be payable monthly in amounts that the debt will be fully paid in not to exceed 30 years if the security is nonagricultural real estate, and these installments to be payable annually or semiannually in amounts that the debt will be fully paid in not to exceed 25 years if the security is agricultural real estate. A construction loan is deemed amortized as required by this clause if the first installment thereon is payable not later than 18 months after the date of the first advance in the case of residential construction or not later than 36 months after the date of the first advance in the case of nonresidential construction; and

(c) Notes or bonds secured by mortgages or trust deeds on unencumbered real estate in clause (1)(a) which are in an original principal amount of \$100,000 or more and which do not exceed 95 percent of the appraised value of the security for the same which may be payable in the manner as the ~~trustees~~ directors of the savings bank prescribe, provided that construction loans made by a savings bank pursuant to this clause (1)(c) do not exceed in the aggregate five percent of the assets of the savings bank.

(2) Class four investments shall be made only on report of a committee directed to investigate the same and report its value, according to the judgment of its members, and its report shall be preserved among the bank's records.

(3) Notwithstanding anything to the contrary in clause (1)(b), a ~~mutual~~ savings bank organized under the laws of this state may invest in notes or bonds secured by mortgages or trust deed where the notes or bonds do not exceed 95 percent of the appraised value of the security for the same. Except as modified herein, the other provisions of clause (1)(b) apply.

(4) For purposes of this subdivision, real estate is deemed unencumbered if the only existing mortgage or lien against the real estate is a first mortgage lien in favor of the savings bank making a second mortgage loan or if the total unpaid aggregate of all outstanding liens against the same real estate does not exceed 80 percent of its appraised value.

(5) Renegotiable rate notes or bonds secured by mortgages or trust deeds where the notes or bonds do not exceed 95 percent of the appraised value of the security for the same.

For the purposes of this clause, a renegotiable rate mortgage loan is a loan issued for a term of three years to five years, secured by a mortgage maturing in not to exceed 30 years, and automatically renewable at equal intervals after the original loan term which may be up to six months shorter or longer than subsequent terms. The loan must be repayable in equal monthly installments of principal and interest during the loan term, in an amount at least sufficient to amortize a loan with the same principal and at the same interest rate over the remaining life of the mortgage.

In the mortgage documents, the savings bank must grant to the borrower an option to renew the loan for a new term, but not beyond the maturity date of the mortgage, at a new interest rate which shall be the savings bank's current market rate of interest on similar loans determined 60 days before the due date of the loan: provided, that the maximum interest rate increase shall be equal to one-half of one percent per year multiplied by the number of years in the loan term with a maximum net increase of five percent over the life of the mortgage. Interest rate increases are optional with the savings bank; net decreases from the previous loan term are mandatory.

The borrower may not be charged costs connected with the renewal of the loan.

Sixty days before the due date of the loan, the savings bank shall send a written notification to the borrower containing the following information: (i) The date on which the entire balance of borrower's loan is due and payable; (ii) a statement that the loan will be renewed automatically by the savings bank at the rate specified in the notice unless the borrower pays the loan by the due date; (iii) the amount of the monthly payment, calculated according to the new rate determined at the time of notice; (iv) a statement that the borrower may prepay the loan without penalty at any time after the original loan becomes due and payable; and (v) the name and phone number of a savings bank employee who will answer the borrowers' questions concerning the information in the notice.

An applicant for a renegotiable rate mortgage loan must be given, at the time an application is requested, written disclosure materials prepared in reasonably simple terms that contain at least the following information: (i) An explanation of how a renegotiable rate mortgage differs from a standard fixed rate mortgage; (ii) an example of a renegotiable rate mortgage indicating the maximum possible interest rate increase and monthly payment calculated on that rate at the time of the first renewal; and (iii) an explanation of how the savings bank determines what the rate will be at the end of each loan term.

(6) An investment in notes or bonds secured by mortgages or trust deeds on real estate in fee or in a leasehold may exceed the 80 percent requirement in paragraph (1), clause (b), and the 95 percent requirement in paragraph (2), if the amount of the loan in excess of those limits is insured or guaranteed by a private mortgage insurer that the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association have determined to be a qualified private insurer.

Sec. 43. Minnesota Statutes 1994, section 50.14, subdivision 7, is amended to read:

Subd. 7. Class six shall be the "eligible obligations" of "qualifying railroad corporations," both as hereinafter defined.

(A) A "qualifying railroad corporation" shall be one which at the time of investment

(1) Shall have been incorporated under the laws of the United States or of any state thereof or of the District of Columbia, and

(2) Shall own or operate within the United States not less than 500 miles of standard gauge railroad lines exclusive of sidings, or shall have had, for its five preceding fiscal years, average gross railway operating revenues of at least \$10,000,000 annually, or shall own or operate railroad terminal property located in a city within the United States having at least 200,000 population, and

(3) Shall not have been in default in the payment of any part of the principal or interest owing by it upon any part of its funded indebtedness, at any times during its current fiscal year and its five consecutive fiscal years immediately prior thereto, except that if the corporation shall have been reorganized in receivership or bankruptcy within such period such corporation shall not have been in such default since the effective date of reorganization, and

(4) Shall not have fixed interest obligations in excess of 60 percent of the total sum of (a) its fixed interest obligations, (b) obligations, if any, bearing interest on a contingent basis, (c) preferred stock, if any, at par or stated value, (d) common stock at par or stated value and (e) earned surplus, and

(5) Shall have had net earnings (a) in its five fiscal years immediately preceding time of purchase, of an average annual amount not less than 1-1/2 times the fixed charges of the year immediately preceding time of purchase, and (b) in four of its five fiscal years immediately preceding time of purchase and in its fiscal year immediately preceding time of purchase, not less than the fixed charges of those respective years, except that if the corporation shall have been reorganized in receivership or bankruptcy within such period, its net earnings for each year shall have been not less than the fixed charges of the reorganized company. As used herein "net earnings" shall be defined as gross operating and nonoperating income of a railroad corporation or its predecessor corporation, minus traffic and transportation expenses, maintenance, depreciation, rent of equipment and joint facilities, and other operating expenses, and taxes excluding income and profits taxes. As used herein "fixed charges" shall be defined as interest on debt on which there is an unqualified obligation to pay interests, leased line rentals and amortization of debt discount and expense, except that if a corporation has been reorganized in receivership or bankruptcy within five years prior to time of purchase "fixed charges" shall be the fixed charges of the reorganized company.

(B) "Eligible obligations" shall be bonds, notes or other obligations which

(1) Shall have been issued by a qualifying railroad corporation, or shall have been assumed or guaranteed as to principal and interest by a qualifying railroad corporation, and

(2) Shall bear interest at a fixed rate, and

(3) Shall have a definite maturity date, and

(4) Shall be secured by either (a) a lien upon railroad lines which shall be a first lien upon at least two-thirds of the total mileage covered by such lien and upon at least 100 miles of main lines or (b) a first mortgage or lien on railroad terminal property and assumed or guaranteed as to principal and interest by two or more qualifying railroad corporations.

(C) No ~~such~~ savings bank shall invest in securities of Class Six to an amount exceeding in the aggregate 15 percent of its deposits; nor in securities of Class Six secured by lien upon railroad lines, issued, guaranteed, or assumed by any one railroad corporation to an amount exceeding two percent of its deposits; nor in securities of Class Six secured by lien upon any one railroad terminal property to an amount exceeding one percent of its deposits.

The requirements set forth herein governing investments in securities under this subdivision shall affect only those securities acquired after the effective date of Laws 1945, chapter 140.

Sec. 44. Minnesota Statutes 1994, section 50.14, subdivision 8, is amended to read:

Subd. 8. Class seven shall be farm loan bonds issued by any federal land bank, or by a joint stock land bank in the Federal Reserve district in which Minnesota is situated, in accordance with the provisions of an act of Congress of the United States of July 17, 1916, known and designated as "The Federal Farm Loan Act," and acts amendatory thereto; ~~stocks, bonds, and obligations of the Federal Home Loan Banks established by act of Congress known as the Federal Home Loan Bank Act approved July 22, 1932, and acts amendatory thereto;~~ and bonds issued by the federal land banks, federal intermediate credit banks, and the banks for cooperatives in accordance with the provisions of an act of Congress of the United States known as the Farm Credit Act of 1971, and acts amendatory thereto.

Sec. 45. Minnesota Statutes 1994, section 50.145, is amended to read:

50.145 [AUTHORIZED INVESTMENTS.]

Any ~~mutual~~ savings bank subject to the supervision of the commissioner of commerce of the state of Minnesota shall in addition to other investments authorized by law have the power to purchase and hold as investments such bonds and securities as are legal investments for state banks and trust companies in Minnesota, but subject however to any limitation in such power that may be imposed by the commissioner of commerce, and the total amount of the investments made by any bank pursuant to this section and held at any one time shall not exceed 20 percent of the deposit liability of such bank, and not to exceed three-fourths of one percent of the deposit liability of such bank may be invested pursuant hereto in the securities or obligations of any one obligor.

Sec. 46. Minnesota Statutes 1994, section 50.146, is amended to read:

50.146 [AUTHORIZED INVESTMENTS; CORPORATIONS.]

Subdivision 1. In addition to other investments authorized by law, a ~~mutual~~ savings bank may invest in the following:

(a) The preferred stocks of any corporation organized under the laws of the United States or of any state, except banks, bank holding companies and trust companies, provided the net earnings of such corporation available for its fixed charges for five fiscal years next preceding the date of investment shall have averaged per year not less than 1-1/2 times the sum of its annual fixed interest charges, if any, its annual maximum contingent interest, if any, and its annual preferred dividend requirements; and during either of the last two years of such period, such net earnings shall have been not less than 1-1/2 times the sum of its fixed interest charges, if any, contingent interest, if any, and preferred dividend requirements for such year.

(b) The common stocks of any corporation organized under the laws of the United States or of any state, except banks, bank holding companies and trust companies, provided such stocks are registered on a national securities exchange, and such corporation shall have earned and paid cash dividends on its common stocks in each year for a period of ten fiscal years next preceding the date of investment.

(c) The stocks and bonds, notes, debentures or any other obligation of any corporation organized under the laws of the United States or of any state, except the stock of banks, bank holding companies and trust companies located in the Ninth Federal Reserve District, provided such investment shall be made with such prudence, discretion, and intelligence as will protect the safety of the principal of such investment as well as the income to be derived therefrom.

Subd. 2. No investment shall be made by a ~~mutual~~ savings bank pursuant to subdivision 1 in any corporation if the total amounts so invested by it exceeds an amount equal to 15 percent of its assets, or if the total investment in any one corporation exceeds (1) in amount, one-half of one percent of the assets of the savings bank, or (2) in number of shares, one percent of the total issued and outstanding shares of stock of such corporation, or if the total investment pursuant to the provisions of paragraph (c) of subdivision 1 exceeds an amount equal to three percent of the assets of the savings bank, nor shall any investment be made in any corporation with assets of less than ten million dollars.

Subd. 3. Investments made pursuant to subdivision 1 shall be limited to ~~mutual~~ savings banks organized under the laws of this state.

Sec. 47. Minnesota Statutes 1994, section 50.1465, is amended to read:

50.1465 [AUTHORIZED INVESTMENTS; SERVICE CORPORATIONS.]

Subdivision 1. [GENERALLY.] In addition to other investments authorized by law, a ~~mutual~~ savings bank may invest in the ~~following~~:

~~The capital stock, obligations, or other securities of any corporation organized under the laws of this state if all or a majority of the capital stock of the corporation is owned by the mutual savings bank, and if substantially all of the activity of the corporation consists of originating, making, purchasing, selling and servicing loans, and participation in loans, secured by real estate including brokerage and warehousing of the real estate loans;~~

(1) activities in which the savings bank could engage directly;

(2) activities in which a state bank or national bank, or a subsidiary of a state bank or national bank, is authorized to engage as of the date of final enactment of this section; and

(3) activities in which any state bank or national bank becomes authorized to engage after the date of final enactment of this section, which are authorized by the commissioner.

Subd. 2. [RESTRICTION.] No ~~mutual~~ savings bank may make any investment under subdivision 1 in a subsidiary that engages primarily in activities in which the savings bank could not engage directly if its aggregate outstanding investment under this section in all subsidiaries that engage in activities in which the savings bank could not engage directly exceeds three 25 percent of the assets capital stock and surplus of the mutual savings bank.

Sec. 48. Minnesota Statutes 1994, section 50.148, is amended to read:

50.148 [AUTHORIZED INVESTMENTS; MANUFACTURED HOME LOANS.]

In addition to other investments authorized by law, a savings bank organized and operated pursuant to this chapter, may make loans upon the security of manufactured homes, and any equipment installed or to be installed therein, in an amount not exceeding ~~\$25,000~~ \$30,000 repayable in installments, ~~and may make a charge for such loan computed at a rate not exceeding 12 percent per annum upon the unpaid principal balance of the amount financed,~~ and the installment payments shall not exceed ~~12~~ 15 years and 32 days from the date of the loan, notwithstanding that such loan is required to be repaid in installments or that the loan is secured by mortgage, pledge, or other collateral. ~~The provisions of sections 48.154 to 48.157~~ Section 50.1485, subdivision 2, shall apply applies to all manufactured home loans made pursuant to the authority granted by this section. The authority granted by this section shall not extend to loans which finance the acquisition of inventory by a manufactured home dealer. A savings bank may purchase or invest in notes, bonds and retail installment sales contracts secured by or constituting first liens upon manufactured homes.

Sec. 49. [50.1485] [LENDING AUTHORITY.]

Subdivision 1. [GENERALLY.] In addition to other investments authorized by law, a savings bank may make, purchase, or invest in:

(a) loans secured by the pledge of policies of life insurance, the assignment of which is properly acknowledged by the insurer;

(b) consumer loans, which may be unsecured or secured by personal or real property. Consumer loans include, but are not limited to, closed-end installment loans, single payment loans, nonamortizing loans, open-end revolving line of credit loans, credit card loans and extensions of credit, and overdraft protection loans. For the purpose of this paragraph, "consumer loan" means a loan made by the savings bank in which: (1) the debtor is a person other than an organization; (2) the debt is incurred primarily for personal, family, or household purpose; and (3) the debt is payable in installments or a finance charge is made;

(c) secured and unsecured loans to organizations and natural persons for business or commercial purposes. For the purpose of this paragraph, "organizations" means a corporation, government or governmental subdivision, or agency, trust, estate, partnership, limited liability partnership, limited liability company, joint venture, cooperative, or association. "Business or commercial purpose" means a purpose other than personal, family, household, or agricultural purpose;

(d) secured and unsecured loans for agricultural purposes. For the purpose of this paragraph, "agricultural purpose" means a purpose relating to the production, harvest, exhibition, marketing, transportation, processing, or manufacture of agricultural products. "Agricultural products" includes agricultural, horticultural, viticultural, and dairy products, livestock, wildlife, poultry, bees, and forest products, and products raised or produced on farms, including processed or manufactured products;

(e) credit sale contracts, which means a sale of goods, services, or an interest in land in which credit is granted by a seller who regularly engages as a seller in credit transactions of the same kind, and the debt is payable in installments or a finance charge is made;

(f) loans on the security of deposit accounts;

(g) real estate loans, subject to the conditions applicable to savings associations under sections 51A.38 and 51A.385. "Real estate loans" include a loan or other obligation secured by a first lien on real estate in fee or in a leasehold extending or renewable automatically for a period of at least ten years beyond the date scheduled for the final principal payment of the loan or obligation, or a transaction out of which a first lien or claim is created against the real estate, including the purchase of the real estate in fee by a savings bank and the concurrent or immediate sale of it on installment contract;

(h) secured or unsecured loans for the purpose of repair, improvement, rehabilitation, or furnishing of real estate;

(i) loans for the purpose of financing or refinancing an ownership interest in certificates of stock, certificates of beneficial interest, or other evidence of an ownership interest in, or a proprietary lease from a corporation, limited liability company, trust, limited liability partnership, or partnership formed for the purpose of the cooperative ownership of real estate, secured by the assignment or transfer of certificates or other evidence of ownership of the borrower;

(j) loans guaranteed or insured, in whole or in part, by the United States or any of its instrumentalities;

(k) issuance of letters of credit or other similar arrangements; and

(l) any other type of loan authorized by rule of the commissioner.

Subd. 2. [LOANS AND EXTENSIONS OF CREDIT.] (a) A savings bank may extend credit and make loans under section 47.59 on the same terms and subject to the same conditions as apply to other lenders under that chapter. A person may enter into a credit sale or service contract for

sale to a savings bank, and a savings bank may purchase and enforce the contract, under the terms and conditions set forth in section 47.59, subdivisions 1 and 4 to 14.

(b) A savings bank may make or purchase extensions of credit authorized by sections 47.20, subdivision 1, 3, or 4a; 47.204; 47.21; 47.60; 48.153 to 48.155; 48.185; 48.195; 59A.15; 168.66 to 168.77; 334.01; 334.011; 334.012, and any other applicable law. The extensions of credit or purchases of extensions of credit may, but need not, be made under those sections in lieu of the authority set forth in subdivision 2, and if so, are subject to those sections, and not subdivision 2. A savings bank may also charge an organization any rate of interest and any charges agreed to by the organization and may calculate and collect finance and other charges in any manner agreed to by that organization. Except for extensions of credit the savings bank elects to make under section 334.01, subdivision 2, 334.011, or 334.012, the provisions of chapter 334 do not apply to extensions of credit made pursuant to this section or the sections mentioned in this subdivision.

Subd. 3. [LIMIT ON TOTAL LIABILITIES.] The total liabilities to a savings bank, as principal, guarantor, or endorser of an individual, including the liabilities of a corporation which the individual owns or controls a majority interest, a partnership, limited liability partnership, limited liability company, or unincorporated association, and in case of a corporation of all subsidiaries of it in which the corporation owns or controls a majority interest, shall never exceed the limit provided for state banks under section 48.24.

Subd. 4. [REAL ESTATE LOANS.] In the case of any investment made by a savings bank in a loan secured by a mortgage on real property, including a real estate loan, in the event the ownership of the real estate security or any part of it becomes vested in a person other than the party or parties originally executing the security instruments, and provided there is not an agreement in writing to the contrary, a savings bank may, without notice to the other party or parties, deal with the successor or successors in interest with reference to the mortgage and the debt secured in the same manner as with the party or parties, and may forbear to sue or may extend time for payment of or otherwise modify the terms of the debt secured, without discharging or in any way affecting the original liability of the party or parties or upon the debt secured.

Subd. 5. [LEASES OF PERSONAL PROPERTY.] A savings bank may acquire and lease or participate in the acquisition and leasing of personal property to customers, and may incur additional obligations incidental to becoming an owner and lessor of the property to the same extent, and subject to the same conditions, as state banks under section 48.152.

Sec. 50. Minnesota Statutes 1994, section 50.155, is amended to read:

50.155 [PURCHASE OF CERTAIN MORTGAGE LOANS.]

Savings banks and mutual savings banks that are subject to the supervision of the commissioner of commerce are authorized to make or purchase loans secured by real estate mortgage the payment of which is guaranteed in whole or in part by the United States or any instrumentality thereof under the Servicemen's Readjustment Act of 1944 and amendments thereof provided that the unguaranteed portion of such loan does not exceed 70 percent of the appraised value of the security.

Sec. 51. Minnesota Statutes 1994, section 50.17, is amended to read:

50.17 [DEPOSITS, DIVIDENDS, INTEREST, BONUS, BENEFITS.]

~~Subdivision 1. [DEPOSIT ACCOUNTS.] Every deposit and all dividends credited thereto shall be repaid, after demand, in such manner, at such times, and after such previous notice as the board of trustees shall prescribe, but the savings bank shall not be required to pay a greater dividend than four percent per annum. Depositors shall receive, as nearly as may be, all the profits after deducting necessary expenses, and setting aside annually such sum as the board deems expedient, for a surplus fund for the security of its depositors, and to meet contingencies, until this fund shall amount to 15 percent of its deposits. No interest shall be allowed on any money for a longer time than the same is actually on deposit; except that deposits made not later than the tenth business day of the month commencing any semiannual or quarterly interest period, or the tenth business day of any other month, or withdrawn within the last three business days of the month ending a quarterly or semiannual interest period, may be treated as on deposit for the entire period or month in which~~

~~it was so deposited or withdrawn. No dividend shall be declared, credited, or paid unless authorized by ye and nay vote of the board duly entered upon its minutes, and when any dividend in excess of that earned and on hand shall be declared or credited, the trustees voting therefor shall be jointly and severally liable to the bank for the excess. The board of every such bank whose surplus amounts to 15 percent of its deposits shall, at least once in three years, divide proportionately the excess among its depositors as an extra dividend, and for that purpose may classify them according to character, amount and duration of dealings, and so regulate the dividend that each of the same class shall receive the same ratable proportion. A deposit account with a savings bank is subject to a lien for the payment of charges that may accrue on the account under this chapter. A deposit account is subject to a debt offset for the debts of the deposit account holder to the savings bank. Deposit accounts may not be assessed for any debts or losses of the savings bank.~~

~~Subd. 2. [DIVIDENDS INTEREST.] Every such savings bank may also enter into agreements with depositors designed to promote systematic thrift by providing for regular deposits over agreed periods of time and in connection with any such plan to provide thrift incentive may classify depositors generally according to character, amount, regularity or duration of deposits or type of agreement, and may agree to pay and provide for different rates of interest, bonuses and benefits based on any such classification. All depositors of the same class shall be entitled to receive interest, bonuses and benefits of substantially the same value. When it shall appear to the commissioner from an examination, or otherwise, that the classification of depositors as to character, amount, regularity or duration of deposits or type of agreement and the different rates of interest, bonuses and benefits based on any such classification are not in the best interests of the bank and its depositors, the commissioner may by written order direct that changes be made and thereafter such changes shall be incorporated in any agreements entered into by the bank. The savings bank shall determine the rate and amount of interest, if any, to be paid on or credited to deposit accounts. The savings bank may establish reasonable classifications of accounts based on the types of accounts, the length of time accounts are continued in effect, the size of initial deposits into accounts, the minimum balances of accounts required for payment of interest, the frequency and extent of the activity on accounts, or location of the account, or on other classifications the savings bank considers appropriate.~~

~~Subd. 3. [DEPOSIT ACCOUNTS.] Deposit accounts must be represented only by the account of each deposit account holder on the books of the savings bank, and the accounts or any interest is transferable only on the books of the savings bank and upon proper written application by the transferee. The savings bank may treat the holder of record of a deposit account as the owner of it for all purposes without being affected by any notice to the contrary unless the savings bank has acknowledged in writing notice of a pledge of the deposit account. A savings bank may also offer negotiable time deposits.~~

~~Subd. 4. [DEPOSIT ACCOUNTS FOR MINORS.] A savings bank may issue deposit accounts to or in the name of a minor, which shall be held for the exclusive right and benefit of the minor, free from the control or lien of all other persons, except creditors, and, together with interest or dividends, shall be paid to the minor. The minor's receipt, draft, negotiable order of withdrawal, or acquittance in any form, is sufficient release and discharge of the savings bank for withdrawal, until a guardian appointed in this state for the minor has delivered a certificate of appointment to the savings bank.~~

~~Subd. 5. [SCHOOL OR INSTITUTION THRIFT SAVINGS PLAN.] A savings bank may contract with the proper authorities of any public or nonpublic elementary or secondary school or institution of higher learning, or any public or charitable institution caring for minors, for the participation and implementation by the savings bank in any school or institution thrift or savings plan, and it may accept savings accounts at the school or institution, either by its own collector or by any representative of the school or institution which becomes the agent of the association for this purpose.~~

~~Subd. 6. [P.O.D. DEPOSITS.] When a deposit is made in the names of two or more persons jointly, or by a person payable on death (P.O.D.) to another, or by a person in trust for another, the rights of the parties and the savings bank are determined by chapter 528.~~

~~Subd. 7. [DEPOSIT ACCOUNTS IN JOINT TENANCY.] The pledge or hypothecation to a~~

savings bank of all or part of a deposit account in joint tenancy signed by a tenant or tenants whether minor or adult, upon whose signature or signatures withdrawals may be made from the account must, unless the terms of the deposit account provide specifically to the contrary, be a valid pledge and transfer to the savings bank of that part of the account pledged or hypothecated, and must not operate to sever or terminate the joint and survivorship ownership of all or any part of the account.

Subd. 8. [FIDUCIARY DEPOSITS.] A savings bank may accept deposits in the name of any administrator, executor, custodian, conservator, guardian, trustee, or other fiduciary for a named beneficiary or beneficiaries. The fiduciary may open and make additions to, and withdraw the account in whole or in part. The withdrawal value of the account and interest or other rights relating to it may be paid or delivered, in whole or in part, to the fiduciary without regard to any notice to the contrary as long as the fiduciary is living. The payment or delivery to the fiduciary or a receipt or acquittance signed by the fiduciary to whom the payment or any delivery of rights is made is a valid and sufficient release and discharge of a savings bank for the payment or delivery so made. Whenever a person holding an account in a fiduciary capacity dies and no written notice of the revocation or termination of the fiduciary relationship has been given to a savings bank and the savings bank has no written notice of any other disposition of the beneficial estate, the withdrawal value of the account, and interest or dividends, or other rights relating to it may, at the option of a savings bank, be paid or delivered, in whole or in part, to the beneficiary or beneficiaries. The payment or delivery to the beneficiary, beneficiaries, or designated person, or a receipt or acquittance signed by the beneficiary, beneficiaries, or designated person, for the payment or delivery is a valid and sufficient release and discharge of a savings bank for the payment or delivery. This section does not apply to P.O.D. accounts under chapter 528.

Subd. 9. [PAYMENTS TO GUARDIAN.] When a deposit account is held in a savings bank by a person who becomes incompetent and an adjudication of incompetency has been made by a court of competent jurisdiction, the savings bank may pay or deliver the withdrawal value of the deposit account and any earnings that may have accrued on it to the guardian for the person upon proof of appointment and qualification. If the savings bank has received no written notice and is not on actual notice that the deposit account holder has been adjudicated incompetent, it may pay or deliver the funds to the holder in accordance with the provisions of the deposit account contract, and the receipt or acquittance of the holder is a valid and sufficient release and discharge of the savings bank for the payment or delivery so made.

Subd. 10. [INVESTMENT BY CERTAIN ENTITIES.] Administrators, executors, custodians, conservators, guardians, trustees, and other fiduciaries of every kind and nature, insurance companies, business and manufacturing companies, banks, trust companies, credit unions, and other types of similar financial organizations, charitable, educational, eleemosynary, and public corporations authorized by law, funds, and organizations, are specifically authorized and empowered to invest funds held by them, without any order of any court, in deposit accounts of a savings bank, and the investments are considered legal investments for the funds.

Subd. 11. [SERVICE CHARGES.] A savings bank may contract with depositors for service charges in connection with the opening and maintaining of deposit accounts and for providing services ancillary to the opening and maintaining of deposit accounts. The service charges are a matter of contract between the savings bank and the depositor, and the contract will be fully enforceable in accordance with its stated terms.

Sec. 52. Minnesota Statutes 1994, section 50.175, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] Any savings bank organized and operating pursuant to this chapter, may establish negotiable order of withdrawal accounts on which it may or may not pay interest or dividends. Withdrawals from the accounts are subject to the right of the savings bank to require the depositor or account holder to give notice of an intended withdrawal not less than 30 14 days before the withdrawal is made, even though in practice the notice is not regularly required and the depositor or account holder is allowed to make withdrawals by negotiable or transferable instruments for the purpose of making payments to third persons or otherwise.

Sec. 53. Minnesota Statutes 1994, section 50.19, is amended to read:

50.19 ~~[ANNUAL REPORT; ASSETS REPORTS TO THE COMMISSIONER.]~~

~~On or before February first, each year, the trustees of any savings bank shall cause to be made a thorough examination of all its books, vouchers, and other papers and of its assets, liabilities, and affairs generally by an experienced and competent accountant, and make a written report upon the form prescribed by the commissioner of commerce, showing accurately its condition at the close of the preceding calendar year and specifying, as to that year, the amounts and particulars following:~~

~~(1) The amount loaned upon notes secured by mortgages, with the names of the states or localities in which the mortgaged premises are located and the amounts paid on the principal of mortgage notes, and the amount of mortgages, if any, which have been foreclosed;~~

~~(2) The cost, par value, and estimated market value of all bond investments, stated separately, and the amount of principal on bonds received by payment, redemption, sale, or otherwise;~~

~~(3) The amount of all loans upon pledge of securities, with a statement of the nature and amount of these securities and the amount paid upon the principal of the loans;~~

~~(4) The amount of the notes and of the bonds upon which interest was in default at the close of the preceding calendar year;~~

~~(5) The amount invested in real estate, giving the description and the cost of each tract;~~

~~(6) The amount of cash on hand and on deposit in banks or trust companies, giving the name of each, and the amount of each depositor; and~~

~~(7) Such other information as the commissioner of commerce may require. Each savings bank shall submit the reports required of state banks pursuant to section 48.48 and such other information as the commissioner of commerce may require.~~

Sec. 54. Minnesota Statutes 1994, section 50.21, is amended to read:

50.21 [VERIFICATION OF REPORT.]

The report shall be verified by the oath of the two principal officers of the institution and the statement of assets shall be verified by the oath of at least two of the ~~trustees~~ directors and of the person who made the examination; and any willful false swearing in regard to these reports shall be deemed perjury and be punishable accordingly.

Sec. 55. [50.212] [SAVINGS BANK REGULATION.]

Subdivision 1. [COMMERCE DEPARTMENT TO CONTROL.] The commissioner of commerce shall have charge of the execution of all laws relating to the savings banks chartered under the laws of Minnesota and relating to the business of those savings banks.

Subd. 2. [COMMISSIONER SUPERVISION.] (a) The commissioner shall supervise the books, records, and affairs of all savings banks doing business with the state as provided in section 46.04.

(b) The commissioner may pass further rules deemed necessary to enable savings banks to properly carry on the activities authorized under sections 50.001 to 50.28, which are not inconsistent with the provisions of sections 50.001 to 50.28.

Subd. 3. [OFFICIAL COMMUNICATIONS REFERRED TO DIRECTORS.] Each official communication from the commissioner to a savings bank relating to any examination conducted by the commissioner or containing suggestions and recommendations as to the conduct of business of the savings bank, shall be submitted by the officer receiving it to the board of directors at the next meeting of the board and noted in the meeting minutes.

Sec. 56. Minnesota Statutes 1994, section 50.22, is amended to read:

50.22 [PROCEEDINGS UPON VIOLATION.]

When it shall appear, from an examination made by the commissioner of commerce or otherwise, that any such corporation has violated the law, or is conducting its business in an unsafe

or unauthorized manner, the commissioner shall, by written order, direct such methods to be discontinued and that its business be conducted in conformity with law. If any such corporation refuses or neglects to comply with this order, or to make any report required by law or by the commissioner of commerce, or if it shall appear to the commissioner of commerce that it is unsafe or inexpedient for any such corporation to continue to transact business, the commissioner shall report the facts to the attorney general, who shall take such action thereon as the case requires. This action may be for the removal of one or more of the ~~trustees~~ directors of the corporation, the transfer of its corporate powers to other persons, its merger and consolidation with another like corporation willing to accept the trust, or such other appropriate action as the facts may require; and the court may grant any such relief in the interests of justice and, to protect the rights of the parties, may, from time to time, revoke or modify its orders made in the matter.

Sec. 57. Minnesota Statutes 1994, section 50.23, is amended to read:

50.23 [CHANGE OF NAME.]

When a resolution shall be adopted by the ~~trustees~~ directors of the bank expressing their purpose to change its name, they shall cause notice of this purpose, containing the present and proposed names, to be published in the manner provided for publication of notice of intention to organize. On completion of this publication, the ~~trustees~~ directors shall make application to the commissioner of commerce to change the name of the bank, as specified in the resolution and publication, accompanied by proof of the adoption of the resolution and publication of notice. If this change be approved by the commissioner of commerce, the commissioner shall authorize and direct the same by a signed order under seal, and designate a day, not more than 30 days from its date, when the change shall take effect. The commissioner shall execute the order in triplicate, one to be filed with the county recorder of the county where the bank is situated, one delivered to the bank, and the other filed in the commissioner's office. From the date named in this order, the bank shall be known and designated by its new name, and under this name shall have the same rights and powers and be subject to the same liabilities as before the change.

Sec. 58. Minnesota Statutes 1994, section 50.245, is amended to read:

50.245 ~~[DETACHED FACILITIES; MUTUAL SAVINGS BANKS; AUTHORIZATION BRANCHES; ACQUISITIONS.]~~

Subdivision 1. [AUTHORITY FOR BRANCH OFFICES.] A mutual savings bank may establish five detached facilities pursuant to sections 47.51 to 47.57 in the territories of Hennepin and Anoka counties. The savings bank shall not change the location of a detached facility without prior written approval of the commissioner of commerce. A saving bank may establish a loan production office, without restriction as to geographical location, upon written notice to the commissioner of commerce.

Subd. 2. [AUTHORITY FOR BRANCH OFFICES IN ~~RECIPROCATING STATE OTHER STATES.~~] The authorization contained in subdivision 1 is in addition to the authority granted mutual savings banks in section 47.52. A savings bank chartered in this state, whether or not the subsidiary of a savings bank holding company, may, by acquisition, merger, purchase, and assumption of some or all assets and liabilities, consolidation, or de novo formation, establish or operate detached facilities in another state on the same terms and conditions and subject to the same limitations and restrictions as are applicable to the establishment of branches by national banks located in Minnesota, except that approval of the comptroller of currency shall not be required for such detached facilities.

Subd. 3. [RECIPROCATING STATE ACQUISITIONS.] ~~This section shall not apply to any bank with a stock form of ownership.~~ A savings bank chartered in this state and a savings bank holding company with its principal offices in this state may acquire control of a financial institution chartered in a reciprocating state or, subject to applicable federal law, any other state or a financial institution holding company with principal offices in a reciprocating state or, subject to applicable federal law, any other state. A savings bank chartered in a reciprocating state or, subject to applicable federal law, any other state and a savings bank holding company with principal offices in a reciprocating state or, subject to applicable federal law, any other state may acquire control of a savings bank chartered in this state or a savings bank holding company with principal offices in this state.

Subd. 4. [RULEMAKING.] The commissioner shall adopt rules to provide that procedural requirements equivalent to those contained in sections 48.90 to 48.991 apply to reciprocal interstate branching and acquisitions by savings banks and savings bank holding companies.

Subd. 5. [DEFINITIONS.] For the purpose of this section, the terms defined in this subdivision have the meanings given them.

(a) "Financial institution" means a bank, savings bank, savings and loan association, trust company, or credit union, whether chartered under the laws of this state, another state or territory, or the laws of the United States.

(b) "Loan production office" means a place of business at which a savings bank provides lending if the loans are approved at the main office or detached facility of the savings bank, but at which a savings bank may not accept deposits except through a remote service unit.

(c) "Reciprocating state" means a state that authorizes the acquisition of control of financial institutions chartered in that state and financial institution holding companies with principal offices in that state by a savings bank chartered in this state or savings bank holding company with principal offices in this state under conditions substantially similar to those imposed by the laws of Minnesota, as determined by the commissioner of commerce.

(d) "Remote service unit" means an electronic financial terminal as defined in section 47.61.

Subd. 6. [COMMISSIONER'S AUTHORITY.] The authority of the commissioner of commerce to approve a transaction under this section is in addition to that provided for in section 49.48.

Sec. 59. Minnesota Statutes 1994, section 50.25, is amended to read:

50.25 [BANKS ORGANIZED UNDER THE LAWS OF MINNESOTA; CAPITAL STOCK; AMENDMENT OF ARTICLES.]

~~A corporation which was incorporated and organized under the laws of Minnesota for the purpose of doing a savings bank business, may have capital stock of \$100 per share, par value; provided, the minimum required capital shall not be less than \$500,000, and may amend its articles or certificate of incorporation so as to provide for this capital stock conversion by adopting a resolution specifying the proposed amendment at a regular meeting or a special meeting called for that expressly stated purpose. The conversion must be approved by at least a two-thirds affirmative vote of its entire board of directors, trustees, or other managers. The resolution approving the conversion shall be embraced in a certificate duly executed by its president and secretary, or other presiding and recording officers, under its corporate seal, and approved, filed, recorded, and published in the manner now prescribed for the execution, approval, filing, recording, and publishing of a like original certificate.~~

The resolution specifying the proposed amendment of articles or certificate of incorporation shall set forth a plan of conversion from a mutual savings bank to a capital stock savings bank. The plan of conversion shall provide that all capital stock shall have voting powers, including the power to elect the board of directors, trustees, or other managers who shall have the power to sell, convey, mortgage, or otherwise dispose of any part of the corporation's real or personal property. The plan and issuance of capital stock shall be subject to the commissioner of commerce's approval provided the plan is fair and equitable to all parties concerned and is in the public interest. The capital funds of a proposed savings bank shall be in such greater amount which the commissioner considers necessary, having in mind the deposit potential for such a proposed bank and current industry standards of capital adequacy.

Sec. 60. [50.28] [DECLARATORY JUDGMENTS.]

At any time after a controversy has arisen between the commissioner of commerce and a savings bank with respect to a question of law or rule or with respect to a question involving immeasurable or irreparable damage to the savings bank, and before an administrative or judicial hearing, the savings bank or the commissioner may apply to a court of competent jurisdiction in the county in which the home office of the savings bank is located for a declaratory judgment as to the question.

Sec. 61. Minnesota Statutes 1994, section 51A.02, subdivision 6, is amended to read:

Subd. 6. [ANNUAL PERCENTAGE RATE.] "Annual percentage rate" has the meaning given the term in the Code of Federal Regulations, title 12, part 226, but using the definition of "finance charge" used in this section.

Sec. 62. Minnesota Statutes 1994, section 51A.02, subdivision 26, is amended to read:

Subd. 26. [FINANCE CHARGE.] "Finance charge" has the meaning given the term in the Code of Federal Regulations, title 12, part 226, except that the following will not in any event be considered a finance charge:

(1) a charge as a result of default or delinquency under section 51A.385 if made for actual unanticipated late payment, delinquency, default, or other similar occurrence, unless the parties agree that these charges are finance charges;

(2) any additional charge under section 51A.385, subdivision 5; or

(3) a discount, if an association purchases a contract evidencing a ~~contract~~ credit sale at less than the face amount of the obligation or purchases or satisfies obligations of a cardholder pursuant to a credit card and the purchase or satisfaction is made at less than the face amount of the obligation.

Sec. 63. Minnesota Statutes 1994, section 51A.02, subdivision 40, is amended to read:

Subd. 40. [OFFICIAL FEES.] "Official fees" means:

(1) fees and charges which actually are or will be paid to public officials for determining the existence of or for perfecting, releasing, terminating, or satisfying a security interest or mortgage related to a loan or credit sale, and any separate fees or charges that actually are or will be paid to public officials for recording a notice described in section 580.032, subdivision 1; and

(2) premiums payable for insurance in lieu of perfecting a security interest or mortgage otherwise required by an association in connection with a loan or credit sale, if the premium does not exceed the fees and charges described in clause (1) which would otherwise be payable.

Sec. 64. Minnesota Statutes 1994, section 51A.21, is amended by adding a subdivision to read:

Subd. 28. [SERVICE CHARGES.] To contract with depositors for service charges in connection with the opening and maintaining of deposit accounts and for providing services ancillary to the opening and maintaining of deposit accounts. Service charges are a matter of contract between the association and the depositor, and any such contract is fully enforceable according to its stated terms.

Sec. 65. Minnesota Statutes 1994, section 61A.09, subdivision 3, is amended to read:

Subd. 3. Group life insurance policies may be issued to cover groups of not less than ten debtors of a creditor written under a master policy issued to a creditor to insure its debtors in connection with real estate mortgage loans, in an amount not to exceed the actual amount of their indebtedness plus an amount equal to two monthly payments or scheduled amount of their indebtedness, plus an amount equal to two monthly payments, whichever is greater. If the mortgage loan provides for a variable rate of finance charge or interest, the initial rate or the scheduled rates based on the initial index must be used in determining the scheduled amount of indebtedness. Each application for group mortgage insurance offered prior to or at the time of loan closing shall contain a clear and conspicuous notice that the insurance is optional and is not a condition for obtaining the loan. Each person insured under a group insurance policy issued under this subdivision shall be furnished a certificate of insurance which conforms to the requirements of section 62B.06, subdivision 2, and which includes a conversion privilege permitting an insured debtor to convert, without evidence of insurability, to an individual policy of decreasing term insurance within 30 days of the date the insured debtor's group coverage is terminated for any reason other than the nonpayment of premiums. The initial amount of coverage under the individual policy shall be an amount equal to the amount of coverage terminated under the group policy and shall decrease over a term that corresponds with the scheduled term of the insured

debtor's mortgage loan. The premium for the individual policy shall be the same premium the insured debtor was paying under the group policy.

Sec. 66. Minnesota Statutes 1994, section 62B.04, subdivision 1, is amended to read:

Subdivision 1. [CREDIT LIFE INSURANCE.] (1) The initial amount of credit life insurance shall not exceed the amount of principal repayable under the contract of indebtedness. Thereafter, if the indebtedness is repayable in substantially equal installments according to a predetermined schedule, the amount of insurance shall not exceed the scheduled or actual amount of indebtedness, whichever is greater. If the contract of indebtedness provides for a variable rate of finance charge or interest, the initial rate or the scheduled rates based on the initial index must be used in determining the scheduled amount of indebtedness and subsequent changes to the rate must be disregarded in determining whether the contract is repayable in substantially equal installments according to a predetermined schedule.

(2) Notwithstanding clause (1), the amount of credit life insurance written in connection with credit transactions repayable over a specified term exceeding 63 months shall not exceed the greater of: (i) the actual amount of unpaid indebtedness as it exists from time to time; or (ii) where an indebtedness is repayable in substantially equal installments according to a predetermined schedule, the scheduled amount of unpaid indebtedness, less any unearned interest or finance charges, plus an amount equal to two monthly payments. If the credit transaction provides for a variable rate of finance charge or interest, the initial rate or the scheduled rates based on the initial index must be used in determining the scheduled amount of unpaid indebtedness and subsequent changes in the rate must be disregarded in determining whether the contract is repayable in substantially equal installments according to a predetermined schedule.

(3) Notwithstanding clauses (1) and (2), insurance on educational, agricultural, and horticultural credit transaction commitments may be written on a nondecreasing or level term plan for the amount of the loan commitment.

Sec. 67. Minnesota Statutes 1994, section 62B.04, subdivision 2, is amended to read:

Subd. 2. [CREDIT ACCIDENT AND HEALTH INSURANCE.] The total amount of periodic indemnity payable by credit accident and health insurance in the event of disability, as defined in the policy, shall not exceed the aggregate of the periodic scheduled unpaid installments of the indebtedness; and the amount of each periodic indemnity payment shall not exceed the original indebtedness divided by the number of periodic installments. If the credit transaction provides for a variable rate of finance charge or interest, the initial rate or the scheduled rates based on the initial index must be used in determining the aggregate of the periodic scheduled unpaid installments of the indebtedness.

Sec. 68. Minnesota Statutes 1994, section 300.20, is amended to read:

300.20 [BOARD OF DIRECTORS.]

Subdivision 1. [ELECTION.] The business of savings banks must be managed by a board of at least seven ~~trustees~~, directors, all residents of this state, each of whom, before being authorized to act, must file a written acceptance of the ~~trust~~ position. The business of other corporations must be managed by a board of at least three directors, unless a greater number is otherwise required by law, elected by ballot by the stockholders or members. A board of directors of a financial institution referred to in section 47.12 which has less than five members may be increased to not more than five members by order of the commissioner of commerce.

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.

Subd. 3. [QUORUM TO DO BUSINESS.] A majority of the directors ~~or trustees~~ constitutes a quorum for the transaction of business.

Subd. 4. [ACTION WITHOUT MEETING.] Any action which might be taken at a meeting of the board of directors, trustees, or managers may be taken without a meeting if done in writing signed by all of the directors, trustees, or managers.

Sec. 69. [REPEALER.]

Minnesota Statutes 1994, sections 47.095; 47.30, subdivisions 4 and 6; 47.67; 48.67; 50.01; 50.02; 50.07; 50.08; 50.09; 50.10; 50.12; 50.15; 50.16; 50.21; and 50.22, are repealed."

Delete the title and insert:

"A bill for an act relating to financial institutions; regulating savings banks; modifying and clarifying statutory provisions relating to the structure and functions of savings banks; making technical changes; amending Minnesota Statutes 1994, sections 9.031, subdivision 8; 46.047, subdivision 2; 47.01, subdivisions 2 and 3; 47.015, subdivision 1; 47.02; 47.10, subdivision 1; 47.12; 47.20, subdivisions 1 and 9; 47.201, subdivision 1; 47.205, subdivision 1; 47.209, subdivision 1; 47.27, subdivision 2; 47.28; 47.29, subdivisions 1 and 2; 47.30, subdivisions 1, 2, 3, and 5; 47.32; 47.62, subdivision 4; 47.64, subdivision 1; 47.65, subdivisions 1 and 2; 48.01, subdivision 2; 48.15, by adding a subdivision; 49.01, by adding a subdivision; 49.42; 50.01; 50.04; 50.05; 50.06; 50.11; 50.13; 50.14, subdivisions 1, 5, 7, and 8; 50.145; 50.146; 50.1465; 50.148; 50.155; 50.17; 50.175, subdivision 1; 50.19; 50.21; 50.22; 50.23; 50.245; 50.25; 51A.02, subdivisions 6, 26, and 40; 51A.21, by adding a subdivision; 61A.09, subdivision 3; 62B.04, subdivisions 1 and 2; and 300.20; proposing coding for new law in Minnesota Statutes, chapters 46; 47; and 50; repealing Minnesota Statutes 1994, sections 47.095; 47.30, subdivisions 4 and 6; 47.67; 48.67; 50.01; 50.02; 50.07; 50.08; 50.09; 50.10; 50.12; 50.15; 50.16; 50.21; and 50.22."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

S.F. No. 1268: A bill for an act relating to the governor; providing that the governor may declare an inability to discharge duties of the office or may be declared unable to do so; amending Minnesota Statutes 1994, section 4.06.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was re-referred

S.F. No. 1362: A bill for an act relating to natural resources; providing for coordination of efforts of public and private sectors in the sustainable management, use, development, and protection of Minnesota's forest resources; establishing a forest resources council and regional forest resource committees; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 89A.

Reports the same back with the recommendation that the bill be amended as follows:

Page 3, line 8, delete "with"

Page 3, line 9, delete everything before the period

Page 3, line 17, delete "primary industrial"

Page 3, delete line 18 and insert "forest"

Page 3, line 19, after "products" insert "industry"

Page 3, line 20, delete everything after "contractor"

Page 3, line 21, delete everything before "forest" and insert "active in a"

Page 3, delete lines 25 and 26 and insert:

"(7) a faculty or researcher of a Minnesota research or higher educational institution;"

Page 4, line 33, delete the comma

Page 4, delete lines 34 and 35

Page 4, line 36, delete everything before the period

Page 5, line 1, delete "Beginning on January 1, 1997,"

Page 5, after line 35, insert:

"Subd. 2. [ECONOMIC CONSIDERATIONS.] Before the implementation of timber harvesting and forest management guidelines, new site-level practices and landscape-level programs, the council shall analyze the costs of new site-level practices and landscape-level programs. When the analysis concludes that new landscape-level programs and site-level practices will result in adverse economic effects, including decreased timber supply and negative effects on tourism, opportunities to offset those effects must be explored. The council shall also:

(1) identify and quantify forest and timberland acreages that will no longer be available for harvest; and

(2) encourage public resource agencies to provide sustainable, predictable supplies of high-quality forest resource benefits, including timber supplies that are consistent with their multiple mandates and diverse management objectives. These benefits should be provided by public resource agencies in proportion to their forest land's capability to do so."

Page 5, line 36, delete "2" and insert "3"

Page 8, delete lines 18 to 22 and insert:

"Subd. 5. [CITIZEN CONCERNS.] The council shall facilitate the establishment of a process to accept comments from the public on negligent timber harvesting or forest management practices. Comments must also be directed to the organization administering the certification program."

Page 10, after line 11, insert:

"Sec. 9. [DATES FOR INITIAL APPOINTMENTS AND REPORT.]

The governor shall make the initial appointments to the council established by section 3 by October 1, 1995. The initial report required by section 3, subdivision 6, is due January 1, 1997."

Amend the title as follows:

Page 1, line 7, delete "appropriating money;"

And when so amended the bill do pass. Mr. Merriam questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. Chmielewski from the Committee on Transportation and Public Transit, to which was referred

S.F. No. 573: A bill for an act relating to transportation; apportioning five percent of the highway user tax distribution fund; apportioning funds for town road bridge and town road accounts; removing trunk highway designation requirement; removing limitation on miles in county state-aid highway system; changing composition of screening board; changing the gasoline excise tax rate; indexing the rate of taxation on gasoline; directing commissioner of transportation to amend Minnesota Rules, parts 8820.0100, subpart 19, and 8820.0600; appropriating money; amending Minnesota Statutes 1994, sections 161.081, subdivision 1; 161.082, subdivisions 1 and 2a; 162.02, by adding a subdivision; 162.07, subdivisions 1, 5, and 6; and 296.02, subdivision 1b, and by adding a subdivision.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 24, after the stricken "28" insert "25" and reinstate the stricken "percent to the trunk highway fund;"

Page 1, line 25, reinstate the stricken "(2)" and delete "92" and insert "66"

Page 1, line 29, reinstate the stricken "(3)" and delete "(2)" and strike "8" and insert "9"

Page 2, line 16, reinstate the stricken language and delete the new language

Page 3, line 12, delete "33.04" and insert "45"

Page 3, delete section 4 and insert:

"Sec. 4. Minnesota Statutes 1994, section 161.082, is amended by adding a subdivision to read:

Subd. 3. [COUNTY JURISDICTIONAL TRANSFER ACCOUNT.] An amount equal to 15 percent of the county turnback account must be set aside as a county jurisdictional transfer account in the county state-aid highway fund, which is hereby created in the state treasury. Money in the county jurisdictional transfer account is appropriated to the commissioner of transportation and must be expended for the repair, restoration, reconstruction, or improvement of former trunk highways, or portions thereof, that have reverted to county jurisdiction. Pursuant to agreement with the road authority having jurisdiction, the commissioner may expend money from the account for maintenance or reconditioning, for a specified period of time, of former trunk highways, or portions thereof, that have reverted to county jurisdiction.

Sec. 5. Minnesota Statutes 1994, section 161.083, is amended to read:

161.083 [MUNICIPAL TURNBACK ACCOUNT, EXPENDITURE.]

Subdivision 1. [TURNBACK.] Except as hereinafter provided, all money accruing to the municipal turnback account shall be expended in accordance with rules of the commissioner of transportation in paying a municipality having a population of 5,000 or more for the reconstruction and improvement of former trunk highways, or portions thereof, that have reverted to such municipality in accordance with law, and have become a part of the municipal state-aid street system.

Subd. 2. [MUNICIPAL JURISDICTIONAL TRANSFER ACCOUNT.] An amount equal to 50 percent of the municipal turnback account must be set aside as a municipal jurisdictional transfer account, which is hereby created in the state treasury. Money in the municipal jurisdictional transfer account is appropriated to the commissioner of transportation and must be expended for the repair, restoration, reconstruction, or improvement of former trunk highways, or portions thereof, that have reverted to municipal jurisdiction. Pursuant to agreement with the road authority having jurisdiction, the commissioner may expend money from the account for maintenance or reconditioning, for a specified period of time, of former trunk highways, or portions thereof, that have reverted to municipal jurisdiction.

Sec. 6. Minnesota Statutes 1994, section 161.084, is amended to read:

161.084 [SURPLUS IN TURNBACK FUNDS.]

Subdivision 1. [TRANSFER OF SURPLUS TURNBACK FUNDS.] On determining at any time that there are surplus funds in either the county or municipal turnback account that are not needed for the purposes specified herein, the commissioner shall notify the commissioner of finance in writing of such determination, and such surplus funds, in the amount specified by the commissioner, shall be transferred to the county state-aid highway fund, or the municipal state-aid street fund, as the case may be, and apportioned as provided by law.

Subd. 2. [TRANSFER OF SURPLUS JURISDICTIONAL ACCOUNT FUNDS.] Any amount in excess of \$10,000,000 in the county jurisdictional transfer account and any amount in excess of \$5,000,000 in the municipal jurisdictional transfer account must be transferred to the highway user tax distribution fund and apportioned as provided by law.

Sec. 7. [161.54] [STATE TRUNK HIGHWAY SAFETY PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] The commissioner of transportation shall establish the state trunk highway safety program for the purpose of improving safety on the trunk highway

system. The commissioner shall identify, on an annual basis, the locations and nature of the most serious safety problems on the trunk highway system.

Subd. 2. [FUNDING; ALLOCATION OF FUNDS.] For the purpose of resolving identified safety problems, the commissioner shall utilize an amount from the trunk highway fund equal to ten percent of surface transportation program funds received by the state from the federal government. State trunk highway safety program funds must be allocated between locations within the metropolitan area, as defined in section 473.121, and locations outside the metropolitan area, according to the proportion of highway fatalities that occurred in the previous calendar year within and outside the metropolitan area."

Page 5, after line 23, insert:

"Sec. 11. Minnesota Statutes 1994, section 174.03, is amended by adding a subdivision to read:

Subd. 6a. [PAVEMENT QUALITY.] The commissioner shall, when allocating trunk highway funds to the state highway construction districts, consider the average condition of the pavement surface within each district."

Page 6, line 12, delete "(a)"

Page 6, delete lines 17 to 19

Page 6, line 28, delete "7 and 10" and insert "3, 8 to 10, and 14"

Page 6, line 29, after the period, insert "Section 7 is effective only when the gasoline excise tax, under Minnesota Statutes, section 296.02, subdivision 1b, is imposed at a rate in excess of 20 cents per gallon." and delete "8" and insert "12"

Page 6, line 31, delete "11" and insert "15"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete everything after the semicolon

Page 1, line 7, delete "state aid highway system" and insert "establishing state trunk highway safety program"

Page 1, line 8, after the semicolon, insert "requiring commissioner to consider average pavement condition in allocating trunk highway funds; creating county and municipal jurisdictional transfer accounts; requiring transfer of surplus funds to highway user tax distribution fund;"

Page 1, line 11, delete "parts" and insert "part" and delete ", and"

Page 1, line 12, delete "8820.0600"

Page 1, delete line 14 and insert "161.082, subdivisions 1, 2a, and by adding a subdivision; 161.083; 161.084;"

Page 1, line 15, delete "subdivision;" and after "6;" insert "174.03, by adding a subdivision;"

Page 1, line 16, before the period, insert "; proposing coding for new law in Minnesota Statutes, chapter 161"

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Chmielewski from the Committee on Transportation and Public Transit, to which was referred

S.F. No. 995: A bill for an act relating to motor carriers; deregulating and conforming state

motor carrier laws to federal regulations and conditions; increasing registration fees for motor carrier vehicles; making technical changes; appropriating money; amending Minnesota Statutes 1994, sections 168.013, subdivision 1e; 168.126, subdivisions 1 and 2; 174A.02, subdivision 4; 174A.06; 221.011, subdivisions 1, 7, 8, 9, 14, 15, 16, 26, 29, 37, and by adding subdivisions; 221.021; 221.022; 221.025; 221.031, subdivisions 1 and 5; 221.033, subdivisions 2 and 2a; 221.035, subdivision 2; 221.036, subdivisions 1 and 3; 221.041; 221.051, subdivision 1; 221.061; 221.071; 221.081; 221.091; 221.121, subdivisions 1, 4, and 6a; 221.122, subdivision 1; 221.131, subdivisions 2 and 3; 221.141, subdivisions 1 and 5; 221.151, subdivisions 1 and 2; 221.161, subdivisions 1 and 4; 221.171, subdivision 2; 221.172, subdivisions 3, 9, and 10; 221.221, subdivision 2; 221.281; 221.291, subdivisions 4 and 5; 221.60, subdivision 3a; 221.605, subdivision 1; 221.81, subdivision 3e; 221.84, subdivision 4; 221.85, subdivision 3; and 609.671, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 221; repealing Minnesota Statutes 1994, sections 221.011, subdivisions 10, 12, 18, 24, 25, 27, 28, 35, 36, 38, 39, 40, 41, 43, 44, 45, and 46; 221.031, subdivisions 2, 2a, 2b, 3, 3a, 3b, 3c, 6, 7, 8, and 9; 221.0313; 221.0314; 221.037; 221.072; 221.101; 221.111; 221.121, subdivisions 3, 6c, 6d, 6e, 6f, and 6g; 221.131, subdivisions 6 and 7; 221.141, subdivision 6; 221.151, subdivision 3; 221.152; 221.153; 221.172, subdivisions 1, 2, 4, 5, 6, 7, and 8; 221.185; and 221.296.

Reports the same back with the recommendation that the bill be amended as follows:

Page 11, line 35, after "(9)" insert "whether the registrant is a farmer who elects to register farm trucks on a quarterly basis under section 168.018;

(10)"

Page 12, line 2, delete "(10)" and insert "(11)"

Page 36, after line 25, insert:

"Sec. 51. Minnesota Statutes 1994, section 221.036, is amended by adding a subdivision to read:

Subd. 1a. [EXCEPTIONS.] Notwithstanding subdivision 1, the commissioner shall not issue an administrative penalty order to a regular route carrier of passengers, a charter carrier, or a household goods mover for violations of the safety regulations incorporated in this chapter."

Page 44, line 24, reinstate the stricken language

Pages 54 and 55, delete section 72

Pages 57 and 58, delete section 76

Page 58, lines 12 and 13, delete ", 221.131, or 221.0251" and insert "or 221.131"

Page 60, after line 19, insert:

"Subd. 9. [CERTIFICATE AND PERMIT CARRIERS; HEARING PROVIDED.] Notwithstanding the other provisions of this section, if a regular route carrier of passengers, charter carrier, or household goods mover requests a hearing within 45 days after the date of a suspension, the board shall review the suspension and:

(1) determine that the carrier has complied with the law and rescind the suspension;

(2) for just cause, grant an extension which must not exceed 20 days; or

(3) schedule a hearing to ascertain whether the carrier has failed to comply with the law. If it is determined after the hearing that the carrier has failed to comply with the law, the board shall cancel the carrier's suspended permit or certificate.

Subd. 10. [CERTIFICATE AND PERMIT CARRIERS; REINSTATEMENT AFTER CANCELLATION.] A regular route carrier of passengers, charter carrier, or household goods mover whose certificate or permit is canceled for failure to comply with section 221.141 relating to bonds and insurance may ask the board to review the cancellation. Upon review, the board shall rescind the cancellation if:

(1) the carrier presents evidence showing that before the effective date of the notice of cancellation issued under subdivision 8, the carrier had obtained and paid for the insurance required by section 221.141 and the rules of the commissioner; and

(2) the commissioner informs the board that the carrier has complied with the requirements of section 221.141 and the rules of the commissioner.

Subd. 11. [FARM TRUCK OPERATORS; CANCELLATION DEFERRED.] Notwithstanding the other provisions of this section, the commissioner shall not cancel the certificate of registration of a registrant if:

(1) the registrant's certificate of registration has been suspended for failure to comply with the insurance or bond requirements in section 221.141 or rules adopted under that section;

(2) the registrant elects to register its farm trucks under section 168.018 and indicates this method of vehicle registration on its registration statement;

(3) the registrant conducts no motor carrier operations during the time that its certificate of registration is suspended; and

(4) the registrant complies with the insurance or bond requirements in section 221.141, or rules adopted under that section, within five years from the effective date of a suspension issued under this section."

Page 62, line 22, strike "or for alcohol,"

Pages 63 and 64, delete section 86 and insert:

"Sec. 85. [STUDY; APPROPRIATION.]

\$100,000 is appropriated from the trunk highway fund to the commissioner of transportation for the purpose of conducting a study, in cooperation with the board, of household goods movers and passenger carriers, including regular route common carriers of passengers, charter carriers, special transportation service providers, personal transportation service providers, private carriers of passengers, and limousines. In performing the study, the commissioner: (1) shall examine the current level and quality of passenger and household goods movers service provided throughout the state; (2) shall, in cooperation with the board, solicit input from household goods movers, passenger carriers, and other transportation organizations concerning the elimination, change, or transfer of the powers, duties, and functions of the board; and (3) shall examine the impact of eliminating, changing, or transferring regulation of passenger carriers or household goods movers on existing carriers, providers of passenger transportation under contract to the department of transportation or the metropolitan council, and the public. The commissioner shall report the results of the study to the legislature no later than February 1, 1996."

Page 64, lines 24 and 25, delete "on the effective date of this section,"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 13, delete "and 3" and insert ", 3, and by adding a subdivision"

Page 1, line 18, delete everything after the first semicolon

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 870: A bill for an act relating to elevator safety; changing responsibility for certain administrative and enforcement activities; changing certain exemptions; imposing penalties; amending Minnesota Statutes 1994, sections 16B.61, subdivision 1; 16B.72; 16B.73; 183.351, subdivisions 2 and 5; 183.353; 183.354; 183.355, subdivisions 1, 3, and by adding a subdivision;

183.357, subdivisions 1 and 3; 183.358; and 326.244, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 183.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 15, delete "16B.749" and insert "16B.75"

Page 2, line 5, delete "16B.749" and insert "16B.75"

Page 2, after line 7, insert:

"Sec. 2. Minnesota Statutes 1994, section 16B.61, subdivision 1a, is amended to read:

Subd. 1a. [ADMINISTRATION BY COMMISSIONER.] The commissioner shall administer and enforce the state building code as a municipality with respect to public buildings and state licensed facilities in the state. The commissioner shall establish appropriate permit, plan review, and inspection fees for public buildings and state licensed facilities. Fees and surcharges for public buildings and state licensed facilities must be remitted to the commissioner, who shall deposit them in the state treasury for credit to the special revenue fund.

Municipalities other than the state having a contractual agreement with the commissioner for code administration and enforcement service for public buildings and state licensed facilities shall charge their customary fees, including surcharge, to be paid directly to the contractual jurisdiction by the applicant seeking authorization to construct a public building or a state licensed facility. The commissioner shall contract with a municipality other than the state for plan review, code administration, and code enforcement service for public buildings and state licensed facilities in the contractual jurisdiction if the building officials of the municipality meet the requirements of section 16B.65 and wish to provide those services and if the commissioner determines that the municipality has enough adequately trained and qualified building inspectors to provide those services for the construction project.

The commissioner shall administer and enforce the provisions of the code relating to elevators statewide, except as provided for under section 183.357, subdivision 3."

Page 4, line 9, strike "city" and insert "municipality"

Page 6, line 19, strike "construction mechanic" and insert "industry education program"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete "subdivision 1" and insert "subdivisions 1 and 1a"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health Care, to which was referred

S.F. No. 1420: A bill for an act relating to health; establishing provisions for mobile health care providers; proposing coding for new law in Minnesota Statutes, chapter 144.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [144.077] [MOBILE HEALTH CARE PROVIDERS.]

Subdivision 1. [DEFINITION.] "Mobile health evaluation and screening provider" means any provider who is transported in a vehicle mounted unit, either motorized or trailered, and readily movable without disassembling, and who regularly provides evaluation and screening services in more than one geographic location. "Mobile health evaluation and screening provider" does not include any ambulance medical transportation type services or any mobile health service provider affiliated, owned and operated, or under contract with a licensed health care facility or provider, managed care entity licensed under chapter 62D or 62N or Minnesota licensed physician or

dentist, nor does it include fixed location providers who transfer or move during the calendar year. All mobile health evaluation and screening providers must be directly supervised by a physician licensed under chapter 147.

Subd. 2. [LICENSURE REQUIREMENTS.] A mobile health evaluation and screening provider shall be required to comply with all licensing reporting and certification, sanitation, and other requirements and regulations that apply to a health care provider supplying similar services as a fixed location provider. A mobile health evaluation and screening provider shall be subject to regulation and order of the department of health.

Subd. 3. [REGISTRATION REQUIREMENTS.] A mobile health evaluation and screening provider shall register with the commissioner and file the anticipated locations of practice, schedules, and routes annually no later than January 15. The mobile health evaluation and screening provider shall also include the name and address of the supervising physician. A mobile health evaluation and screening provider shall provide at least 30 days' written notice to the populations they intend to serve."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health Care, to which was referred

H.F. No. 813: A bill for an act relating to human services; establishing a temporary payment rate for a recently purchased intermediate care facility for persons with mental retardation or related conditions; amending Minnesota Statutes 1994, section 256B.501, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Ms. Berglin from the Committee on Health Care, to which was referred

H.F. No. 226: A bill for an act relating to occupations and professions; requiring reporting of certain insurance settlements to board of medical practice; amending Minnesota Statutes 1994, sections 147.111, subdivision 5; and 147.161, subdivision 1.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Ms. Berglin from the Committee on Health Care, to which was referred

H.F. No. 843: A bill for an act relating to insurance; health; requiring coverage for hospitalization and anesthesia coverage for dental procedures; requiring coverage for general anesthesia and treatment for covered medical conditions rendered by a dentist; proposing coding for new law in Minnesota Statutes, chapter 62A.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 19, delete everything after "treatment"

Page 1, line 20, delete everything before the period

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

H.F. No. 1211: A bill for an act relating to public contractors' performance bonds; exempting certain manufacturers from requirements for posting bonds; amending Minnesota Statutes 1994, section 574.26, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

S.F. No. 1221: A bill for an act relating to veterans; appropriating money for assistance in making certain claims.

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

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Chmielewski from the Committee on Transportation and Public Transit, to which was referred

S.F. No. 1091: A bill for an act relating to transportation; expanding authority of commissioner of transportation to regulate providers of special transportation service; classifying data; providing for administrative fees and penalties; amending Minnesota Statutes 1994, sections 13.99, by adding subdivisions; 174.30, subdivisions 2, 3, 4, 6, and by adding subdivisions; and 174.315.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 20, after "transportation" insert "or the commissioner of health"

Page 4, line 2, delete everything after the period

Page 4, delete line 3

Page 4, line 33, delete "Fees and"

Page 6, line 4, delete "repeated" and insert "third"

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 1020: A bill for an act relating to workers' compensation; modifying provisions relating to insurance, procedures and benefits; providing penalties; appropriating money; amending Minnesota Statutes 1994, sections 79.01, subdivision 1; 79.074, by adding subdivisions; 79.252, subdivisions 2, 5, and by adding subdivisions; 79.50; 79.59, subdivision 4; 79A.01, subdivision 4; 79A.02, subdivisions 1 and 2; 79A.04, subdivisions 2 and 9; 79A.15; 175.007, subdivisions 1 and 3; 176.011, subdivisions 15 and 18; 176.021, subdivisions 3 and 3a; 176.061, subdivision 10; 176.101, subdivisions 1, 2, 5, 6, and by adding a subdivision; 176.102, subdivisions 1, 2, 4, 11, and by adding a subdivision; 176.105, subdivisions 2 and 4; 176.106, subdivision 7; 176.135, subdivision 2; 176.178; 176.179; 176.221, subdivision 6a; 176.225, by adding subdivisions; 176.238, subdivision 6; 176.645, subdivision 1; 176.66, subdivision 11; 176.83, subdivisions 1, 2, and 5; and 268.08, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 79; and 79A; repealing Minnesota Statutes 1994, sections 176.011, subdivisions 25 and 26; and 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, and 3u; Minnesota Rules, parts 5220.0100 to 5220.1900; 5220.2500 to 5220.2940; 5221.0100 to 5221.0700; 5221.6010 to 5221.8900; and 5223.0300 to 5223.0650.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

MUTUAL GROUP SELF-INSURANCE

Section 1. [79B.01] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purposes of this chapter, the terms defined in this section have the meanings given them.

Subd. 2. [ACCOUNTANT.] "Accountant" means a certified public accountant who is not an employee of any member of the mutual self-insurance group and is not affiliated with any individual or organization providing services other than accounting services to the group.

Subd. 3. [ACTUARY.] "Actuary" means an individual who has attained the status of associate or fellow of the casualty actuarial society who is not an employee of any member of the mutual self-insurance group and is not affiliated with any individual or organization providing services other than actuarial services to the group.

Subd. 4. [CERTIFICATE OF DEFAULT.] "Certificate of default" means a notice issued by the commissioner of commerce based upon information received from the commissioner of labor and industry, that a mutual self-insurance group has failed to pay compensation as required by chapter 176.

Subd. 5. [COMMISSIONER.] "Commissioner" means the commissioner of commerce except where specifically stated otherwise.

Subd. 6. [COMMON CLAIMS FUND.] "Common claims fund" means the cash, cash equivalents, or investment accounts maintained by the mutual self-insurance group to pay its workers' compensation liabilities.

Subd. 7. [DEFICIT.] "Deficit" as regards the mutual group self-insurance fund means the excess of the amount necessary to fulfill all obligations under chapter 176, for all fund years that the group has been in operation over all assets of the group. For purposes of this definition, provision must be made for the estimated liability for future special compensation fund assessments on claims incurred prior to the determination of the deficit. No discounting of any liabilities of the mutual self-insurance group shall be permitted in the determination of the deficit of the group.

Subd. 8. [DIRECTORS.] "Directors" means the board of directors of a mutual self-insurance group.

Subd. 9. [FISCAL AGENT.] "Fiscal agent" means an individual or organization appointed and under the direction of the board of directors to maintain and administer the mutual self-insurance groups' common claims fund.

Subd. 10. [FUND YEAR.] "Fund year" for mutual self-insurance groups means that period of time for purposes of determining any deficit or surplus. A separate fund year shall be designated for each calendar year in which the mutual self-insurance group operates. Premiums earned during the fund year and any claim arising within the accident year upon which the fund year is based shall be included in that fund year.

Subd. 11. [INCURRED LIABILITIES FOR THE PAYMENT OF COMPENSATION.] "Incurred liabilities for the payment of compensation" means the sum of both of the following:

- (1) an estimate of future workers' compensation benefits, including medical and indemnity; and
- (2) an amount determined by the commissioner to be reasonably adequate to assure the administration of claims, including legal costs, but not to exceed ten percent of future workers' compensation benefits.

Subd. 12. [INSOLVENT MUTUAL SELF-INSURER.] "Insolvent mutual self-insurer" means a mutual self-insurance group that: (1) failed to pay compensation as a result of a declaration of bankruptcy or insolvency by a court of competent jurisdiction and whose security deposit has been called by the commissioner under chapter 176; or (2) failed to pay compensation and has been issued a certificate of default by the commissioner and whose security deposit has been called by the commissioner pursuant to chapter 176.

Subd. 13. [MEMBER.] "Member" means an employer that participates in a mutual self-insurance group.

Subd. 14. [MUTUAL SELF-INSURANCE GROUP.] "Mutual self-insurance group" means a group of employers that are self-insured for workers' compensation under chapter 176 and elects to operate under this chapter rather than chapter 79A.

Subd. 15. [MUTUAL SELF-INSURANCE GROUP SECURITY FUND.] "Mutual self-insurance group security fund" means the mutual self-insurance group security fund established pursuant to this chapter.

Subd. 16. [SERVICE COMPANY.] "Service company" means a vendor of risk management services or a licensed third-party administrator pursuant to section 60A.23, subdivision 8.

Subd. 17. [SPECIAL COMPENSATION FUND ASSESSMENT.] "Special compensation fund assessment" are those sums payable as set forth in section 176.129, subdivisions 3 and 4a.

Subd. 18. [SURPLUS.] "Surplus" as regards the mutual self-insurance group fund means the excess of all group assets over the amount necessary to fulfill all obligations under chapter 176, for all fund years that the group has been in operation. Provision must be made for the estimated liability for future special compensation fund assessments on claims incurred prior to the determination of surplus. No discounting of any liabilities of the mutual self-insurance group shall be permitted in the determination of the surplus of the group.

Subd. 19. [TRUSTEES.] "Trustees" means the board of trustees of the mutual self-insurance group security fund.

Subd. 20. [WORKERS' COMPENSATION REINSURANCE ASSOCIATION; WCRA.] "Workers' compensation reinsurance association" or "WCRA" means that association governed by sections 79.34 to 79.40.

Sec. 2. [79B.02] [ELIGIBILITY REQUIREMENTS FOR MUTUAL SELF-INSURANCE GROUPS.]

Subdivision 1. [GROUP ELIGIBILITY.] A mutual self-insurance group shall consist of employers in the same industry, trade, civic, cooperative, or professional group or employers having any other reasonable basis to self-insure.

Subd. 2. [MEMBERSHIP ELIGIBILITY.] A mutual self-insurance group may only admit employers who meet the eligibility requirements established by the group including financial criteria, underwriting guidelines, risk profile, and any other requirements stated in the mutual self-insurance group's bylaws or plan of operation.

Sec. 3. [79B.03] [MUTUAL SELF-INSURANCE GROUP APPLICATION.]

Subdivision 1. [PROCEDURE.] (a) Groups proposing to become licensed as mutual self-insurance groups must complete and submit an application on a form or forms prescribed by the commissioner and pay a \$2,500 nonrefundable application fee.

(b) The commissioner shall grant or deny the group's application to self-insure within 60 days after a complete application has been filed, provided that the time may be extended for an additional 30 days upon 15 days' prior notice to the applicant.

Subd. 2. [REQUIRED DOCUMENTS.] All applications must be accompanied by the following:

(a) A detailed business plan including the risk profile of the proposed membership, underwriting guidelines, marketing plan, minimum financial criteria for each member, and financial projections for the first year of operation. The marketing plan shall include an analysis outlining how the mutual self-insurance group will attain an annual premium volume of at least \$1,000,000 within the first three years of operation. Financial projections shall include balance sheet, income statement, statement of cash flows, and any other such items as the commissioner may require.

(b) A rating plan indicating the method in which premiums are to be charged to members including manual rates to be used for each relevant payroll classification code. The rating plan shall be reviewed by an actuary and shall include an analysis of the actuarial soundness of the plan and the effect of the plan on fund solvency and liquidity. Premium volume discounts and a schedule rating plan will be permitted if they can be shown to be actuarially sound and a description of how they will be used is included with the application. In developing its rating plan,

the mutual self-insurance group shall base its plan on the Minnesota workers' compensation insurers association's manual of rules, rates, and classifications approved for use in Minnesota by the commissioner.

(c) A schedule indicating actual or anticipated operational expenses of the mutual self-insurance group. No authority to self-insure will be granted unless at least 65 percent of total revenues from all sources for any year of the mutual self-insurance group's operation are available for the payment of its claim and assessment obligations. For purposes of this calculation, claim and assessment obligations include the cost of allocated loss expenses as well as special compensation fund and mutual self-insurance group security fund assessments but exclude the cost of unallocated loss expenses.

(d) An indemnity agreement from each member who will participate in the mutual self-insurance group, signed by an officer of each member, providing for joint and several liability for all claims and expenses of all of the members of the mutual self-insurance group arising in any fund year in which the member was a participant on a form as specified in section 79B.11.

(e) A copy of the mutual self-insurance group bylaws as specified in section 79B.04, subdivision 2.

(f) A confirmation from the accountant of the mutual self-insurance group indicating that the combined net worth of all of the initial members is an amount at least equal to ten times the group's retention level with the workers' compensation reinsurance association.

Subd. 3. [APPROVAL.] The commissioner shall approve an application for self-insurance upon a determination that all of the following conditions are met:

(1) a completed application and all required documents have been submitted to the commissioner;

(2) the financial ability of mutual self-insurance group is sufficient to fulfill all obligations that may arise under this chapter or chapter 176;

(3) the annual premium of the mutual self-insurance group to be charged to initial members is at least \$500,000 and the group's annual premium should grow to at least \$1,000,000 within three years;

(4) no individual member's premium comprises more than 20 percent of the entire mutual self-insurance group's annual premium;

(5) the mutual self-insurance group has contracted with a service company to administer its program; and

(6) the required securities or surety bond shall be on deposit prior to the effective date of coverage for the mutual self-insurance group.

Sec. 4. [79B.04] [MUTUAL SELF-INSURANCE GROUP OPERATING REQUIREMENTS.]

Subdivision 1. [BOARD OF DIRECTORS.] (a) A mutual self-insurance group shall elect a board of directors who shall have complete authority over and control of the assets of the group. The board of directors will also be responsible for all of the operations of the group.

(b) Members of the board of directors shall be owners, officers, directors, partners, or employees of members of the mutual self-insurance group.

(c) The directors must approve applications for membership in the group.

Subd. 2. [BYLAWS.] (a) The directors of each group shall adopt a set of bylaws to govern the operation of the group. Bylaws must specifically state the group's intention to operate under this statute rather than chapter 79A. All bylaws or amendments to the bylaws must be approved by the commissioner.

(b) Bylaws must contain the following subjects:

- (1) qualifications for group membership, including underwriting considerations;
- (2) the method for selecting the board of directors including the directors' terms of office and the positions of chairperson, secretary, and treasurer;
- (3) the procedure for amending the bylaws;
- (4) investment of all assets of the fund;
- (5) frequency and extent of loss control or safety engineering services provided to members;
- (6) a schedule for payment and collection of premiums;
- (7) expulsion procedures, including expulsion for nonpayment of premiums and expulsion for excessive losses;
- (8) delineation of authority granted to the fiscal agent;
- (9) delineation of authority granted to the service company;
- (10) basis for determining premium contributions by members, including any experience rating program, schedule rating plan, or premium discount plan;
- (11) procedures for resolving disputes between members of the group, which shall not include submitting them to the commissioner; and
- (12) basis for determining distribution of any surplus to the members or assessing the membership to make up any deficit.

(c) All groups shall file copies of its current bylaws with the commissioner. Any changes in the bylaws shall be filed with the commissioner at least 30 days prior to their taking effect. The commissioner may order the mutual self-insurance group to rescind, revoke, or amend any bylaw.

Subd. 3. [ANNUAL REVIEW.] The directors shall review at least annually the following items for the purpose of determining whether they are being adequately provided for:

- (1) service company performance;
- (2) loss control and safety engineering;
- (3) investment policies;
- (4) collection of delinquent debts;
- (5) expulsion procedures;
- (6) initial member review;
- (7) fiscal agent performance; and
- (8) claims handling and reporting.

Subd. 4. [FINANCIAL STANDARDS.] Groups shall have and maintain:

- (1) combined net worth of all members in an amount at least equal to ten times the group's selected retention level of the workers' compensation reinsurance association; and
- (2) sufficient assets, net worth, and liquidity in the group's common claims fund to promptly and completely meet all obligations of its members under this chapter or chapter 176.

Subd. 5. [RATES.] (a) The group may not vary its rating practices from the rating plan most recently approved for use by the commissioner. The group may replace its rating plan with another upon approval by the commissioner. The group may change its rating plan no more than once per year.

- (b) A rating plan must indicate the method by which premiums are to be charged to members

including manual rates to be used for each relevant payroll classification code. The rating plan must be reviewed by an actuary and include an analysis of the actuarial soundness of the plan and the effect of the plan on fund solvency and liquidity. Premium volume discounts and a schedule rating plan are permitted if they can be shown to be actuarially sound and a description of how they will be used is included with the application.

(c) In developing its rating plan, the mutual self-insurance group shall base its plan on the Minnesota workers' compensation insurers association's manual of rules, rates, and classifications approved for use in Minnesota by the commissioner.

Subd. 6. [NEW MEMBERSHIP.] (a) The mutual self-insurance group shall file with the commissioner the name of any new employer that has been accepted in the group prior to the initiation date of membership along with the member's signed indemnity agreement and evidence the member has deposited sufficient premiums with the group as required by the group's bylaws or plan of operation. The security deposit of the group must be increased to an amount equal to 50 percent of the new member's premium.

(b) An employer must belong to the group for at least one year. If a member voluntarily terminates its membership in a group during the second or third year of membership, the group shall assess the member at least the following penalties: 25 percent of the premium due from that member for that year if termination occurs within the second year of membership, and 15 percent of the premium due from that member for that year if termination occurs within the third year. No penalty is required if an employer's withdrawal is due to merger, dissolution, sale of the company, or change in the type of business. Following the completion of three consecutive years of membership in the group, withdrawal from the group is allowed without penalty, provided that 30 days' advance written notice is given to the board of directors of the group, and the group's plan of operation or bylaws allow withdrawal without a penalty. Any penalty assessed pursuant to this subdivision shall be paid to the common claims fund.

Subd. 7. [WITHDRAWAL OR EXPULSION.] Upon receipt of any notice of a member to withdraw or a decision by the board of directors to expel a member, the group must give immediate notice to the commissioner. If the combined net worth or financial condition of the group members, excluding the terminating or expelled member, fails to meet the requirements specified in subdivision 4, the group must notify the commissioner within 15 days.

Subd. 8. [MUTUAL SELF-INSURANCE GROUP COMMON CLAIMS FUND.] (a) Each group shall establish a common claims fund.

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

(c) Each group shall initiate proceedings against a member when that member becomes more than 15 days delinquent in any payment of premium to the fund.

(d) Commingling of any assets of the common claims fund with the assets of any individual member or with any other account of the service company or fiscal agent unrelated to the payment of workers' compensation liabilities incurred by the group is prohibited.

Subd. 9. [FISCAL AGENT.] (a) The group shall designate a fiscal agent to administer the financial affairs of the fund. The fiscal agent shall furnish a fidelity bond issued by a licensed and admitted insurer, with the group as obligee, in an amount sufficient to protect the fund against the misappropriation or misuse of any money or securities. The fiscal agent shall not be an owner, officer, or employee of either the service company or an affiliate of the service company.

(b) All funds shall remain in the control of the group or its fiscal agent. One or more revolving funds for payment of compensation benefits due may be established for the use by the service company. The service company shall furnish a fidelity bond issued by a licensed and admitted

insurer, covering its employees, with the group as obligee, in an amount sufficient to protect all money placed in the revolving fund. If the fidelity bond of the fiscal agent also covers the money in the revolving fund, the service company is not required to furnish a fidelity bond.

(c) No director, fiscal agent, or service company of the group shall utilize any of the money collected as premiums for any purpose unrelated to the operation of the group. No director, fiscal agent, or service company of the group shall borrow any money from the group's fund.

Subd. 10. [JOINT AND SEVERAL LIABILITY.] Each member of a group shall be jointly and severally liable for the obligations incurred by any member of the same group under chapter 176 for any fund year in which the member was a participant of the mutual self-insurance group.

Subd. 11. [ANNUAL AUDIT.] The accounts and records of the common claims fund must be audited annually. Audits must be made by an accountant, based on generally accepted accounting principles and generally accepted auditing standards, and supported by actuarial review and opinion of future contingent liabilities. The accountant must determine the amount of deficit or surplus of the common claims fund. All audits required by this section must be filed with the commissioner 120 days after the close of the fiscal year of the group. The commissioner may require a special audit to be made at other times if the financial stability of the fund or the adequacy of its reserves is in question.

Subd. 12. [INVESTMENTS.] (a) Any securities purchased by the common claims fund shall be in denominations and with dates of maturity to ensure securities may be redeemable at sufficient time and in sufficient amounts to meet the fund's current and long-term liabilities.

(b) Cash assets of the common claims fund may be invested in the following securities:

(1) direct obligations of the United States government, except mortgage-backed securities of the Government National Mortgage Association;

(2) bonds, notes, debentures, and other instruments which are obligations of agencies and instrumentalities of the United States including, but not limited to, the federal National Mortgage Association, the federal Home Loan Mortgage Corporation, the federal Home Loan Bank, the Student Loan Marketing Association, and the Farm Credit System, and their successors, but not including collateralized mortgage obligations or mortgage pass-through instruments;

(3) bonds or securities that are issued by the state of Minnesota and that are secured by the full faith and credit of the state;

(4) certificates of deposit which are insured by the federal Deposit Insurance Corporation and are issued by a Minnesota depository institution;

(5) obligations of, or instruments unconditionally guaranteed by, Minnesota depository institutions whose long-term debt rating is at least AA-, or Aa3, or their equivalent by at least two nationally recognized rating agencies.

Subd. 13. [ADMINISTRATION.] (a) The mutual self-insurance group must secure administrative services from a service company. Services provided by the service company must include claim handling, safety and loss control, and preparation of all required regulatory reports.

(b) The service company management must demonstrate it has experience with self-insured group administration and employs or has under contract claim adjustors with Minnesota specific workers' compensation claim handling experience.

(c) The service company retained by a group to administer workers' compensation claims shall estimate the total accrued liability of the group for the payment of compensation for the group's annual report to the commissioner and shall make the estimate both in good faith and with the exercise of a reasonable degree of care.

Subd. 14. [MARKETING AND COMMUNICATIONS.] A group's applications, coverage documents, quotations, and all marketing materials must prominently display information indicating that the group is a self-insured program, that members are jointly and severally liable for the obligations of the group, and that members will be assessed for any deficits created by the group.

Subd. 15. [REINSURANCE.] (a) A group must purchase specific excess coverage with the workers' compensation reinsurance association at the lower retention level for its first three years of operation. After that time it may select the higher retention level with prior notice given to and approval of the commissioner.

(b) The commissioner may require a group to purchase aggregate excess coverage. Any reinsurance or excess coverage purchased other than that of the workers' compensation reinsurance association must be secured with an insurance company or reinsurer licensed to underwrite that coverage in Minnesota and maintains at least an "A" rating with the A.M. Best rating organization.

Subd. 16. [DISBURSEMENT OF FUND SURPLUS.] (a) One hundred percent of any surplus money for a fund year in excess of 125 percent of the amount necessary to fulfill all obligations under the workers' compensation act, chapter 176, for that fund year may be declared refundable to a member at any time. The date shall be no earlier than 18 months following the end of that fund year. The first disbursement of fund surplus may not be made prior to the completion of an operational audit by the commissioner. There can be no more than one refund made in any 12-month period. When all the claims of any one fund year have been fully paid, as certified by an actuary, all surplus money from that fund year may be declared refundable.

(b) The group shall give notice to the commissioner of any refund. Notice shall be accompanied by a statement from the group's certified public accountant certifying that the proposed refund is in compliance with paragraph (a).

Subd. 17. [SATISFACTION OF FUND DEFICIT.] In the event of a deficit in any fund year, the deficit shall be paid up immediately, either from surplus from a fund year other than the current fund year, or by assessment of the membership. The commissioner shall be notified within ten days of any transfer of surplus funds. The commissioner, upon finding that a deficit in a fund year has not been satisfied by a transfer of surplus from another fund year, shall order an assessment to be levied on a proportionate basis against the members of the group during that fund year sufficient to make up any deficit.

Sec. 5. [79B.05] [MUTUAL SELF-INSURANCE GROUP REPORTING REQUIREMENTS.]

Subdivision 1. [REQUIRED REPORTS.] Each mutual self-insurance group shall submit to the commissioner:

(a) An annual report showing the incurred losses, paid and unpaid, specifying indemnity and medical losses by classification, payroll by classification, and current estimated undiscounted outstanding liability for workers' compensation on a calendar year basis, in a manner and on forms available from the commissioner. In addition each group will submit a quarterly interim loss report showing incurred losses for all its membership.

(b) Each group must submit on a quarterly basis a schedule showing all the members who participate in the group, their date of inception, and date of withdrawal, if applicable.

(c) Each group must submit, in a manner and on forms available from the commissioner, a report specifying the audited premium of the most recent fiscal year. The report must be accompanied by an expense schedule showing the group's operational costs for the same fiscal year including service company charges, accounting and actuarial fees, fund administration charges, reinsurance premiums, royalties, commissions, and any other costs associated with the administration of the group program.

(d) An officer of the group shall, under oath, attest to the accuracy of each report submitted under paragraphs (a), (b), and (c). Upon sufficient cause, the commissioner shall require the group to submit a certified audit of payroll and claim records conducted by an independent auditor approved by the commissioner, based on generally accepted accounting principles and generally accepted auditing standards, and supported by an actuarial review and opinion of the future contingent liabilities. The basis for sufficient cause includes the following factors:

- (1) where the losses reported appear significantly different from similar types of groups;
- (2) where major changes in the reports exist from year to year, which are not solely attributable to economic factors; or

(3) where the commissioner has reason to believe that the losses and payroll in the report do not accurately reflect the losses and payroll of the group.

If any discrepancy is found, the commissioner must require changes in the group's business plan or service company record keeping practices.

(e) Each group must submit a copy of the group's annual federal and state income tax returns or provide proof that it has received an exemption from such filings.

(f) With the annual loss report each group must report to the commissioner any worker's compensation claim from the previous year where the full, undiscounted value is estimated to exceed \$50,000, in a manner and on forms prescribed by the commissioner.

(g) Each member of the group must, within four months after the end of each calendar year, submit to the group its most recent annual financial statement, compiled by an independent public accountant, together with other financial information the group may require.

(h) The group must submit an annual certified financial audit report of the group fund.

Subd. 2. [OPERATIONAL AUDIT.] (a) The commissioner, prior to authorizing surplus distribution of a group's first fund year or no later than after the third anniversary of the group's authority to self-insure, shall conduct an operational audit of the group's claim handling and reserve practices as well as its underwriting procedures to determine if they adhere to the group's business plan. The commissioner may select outside consultants to assist in conducting the audit. After completion of the audit, the commissioner shall either renew or revoke the group's authority to self-insure. The commissioner may also order any changes deemed necessary in the claims handling, reserving practices, or underwriting procedures of the group.

(b) The cost of the operational audit shall be borne by the mutual self-insurance group.

Subd. 3. [UNIT STATISTICAL REPORT.] Each group must annually file a unit statistical report to the Minnesota workers' compensation insurers association.

Sec. 6. [79B.06] [MUTUAL SELF-INSURANCE GROUP SECURITY DEPOSIT.]

Subdivision 1. [ANNUAL SECURING OF LIABILITY.] Each year every mutual self-insurance group must secure future incurred liabilities for the payment of compensation and the performance of the obligations of its membership imposed under chapter 176. A new deposit must be posted within 30 days of the filing of the group's annual actuarial report with the commissioner.

Subd. 2. [MINIMUM DEPOSIT.] The minimum deposit is 110 percent of the group's future incurred liabilities for the payment of compensation as determined by an actuary. Each actuarial study shall include a projection of future losses during a one-year period until the next scheduled actuarial study, less payments anticipated to be made during that time. Deduction must be made for the total amount which is estimated to be returned to the group from any specific excess insurance coverage, aggregate excess insurance coverage, and any supplementary benefits which are estimated to be reimbursed by the special compensation fund. Supplementary benefits may not be reimbursed by the special compensation fund unless the special compensation fund assessment pursuant to section 176.129 is paid and the required reports are filed with the special compensation fund. In the case of surety bonds, bonds shall secure administrative and legal costs in addition to the liability for payment of compensation reflected on the face of the bond. In no event shall the security be less than the group's selected retention limit of the workers' compensation reinsurance association. The posting or depositing of security under this section releases all previously posted or deposited security from any obligations under the posting or depositing and any surety bond released shall be returned to the surety. Any other security shall be returned to the depositor or the person posting the bond.

Subd. 3. [TYPE OF ACCEPTABLE SECURITY.] The commissioner may only accept as security, and the group shall deposit as security, cash, approved government securities as set forth in section 176.181, subdivision 2, surety bonds or irrevocable letters of credit in any combination. Interest or dividend income or other income generated by the security shall be paid to the group or, at the group's direction, applied to the group's security requirement. The current deposit shall

include within its coverage all amounts covered by terminated surety bonds. As used in this section, an irrevocable letter of credit shall be accepted only if it is clean, irrevocable, and contains an evergreen clause.

(a) "Clean" means a letter of credit that is not conditioned on the delivery of any other documents or materials.

(b) "Irrevocable" means a letter of credit that cannot be modified or revoked without the consent of the beneficiary, once the beneficiary is established.

(c) "Evergreen clause" means one which specifically states that expiration of a letter of credit will not take place without a 60-day notice by the issuer and one which allows the issuer to conduct an annual review of the account party's financial condition. If prior notice of expiration is not given by the issuer, the letter of credit is automatically extended for one year.

A clean irrevocable letter of credit shall be accepted only if it is in the form prescribed by statute and is issued by a financial institution that is authorized to engage in banking in any of the 50 states or under the laws of the United States and whose business is substantially confined to banking and supervised by the state commissioner of commerce or banking of similar official, and which has a long-term debt rating by a recognized national rating agency of investment grade or better. If no long-term debt rating is available, the financial institution must have the equivalent investment grade financial characteristics.

Subd. 4. [CUSTODIAL ACCOUNTS.] (a) All surety bonds, irrevocable letters of credit, and documents showing issuance of any irrevocable letter of credit must be deposited with, and, except where specified by statute, in a form approved by the commissioner. All securities shall be deposited with the state treasurer or in a custodial account with a depository institution acceptable to the commissioner. The commissioner and the state treasurer may sell or collect the deposits, in the case of default of the group, the amounts that yield sufficient funds to pay workers' compensation due under chapter 176.

(b) All securities in physical form on deposit with the state treasurer and surety bonds on deposit shall remain in the custody of the state treasurer or the commissioner for a period of time dictated by the applicable statute of limitations provided in chapter 176. All original instruments and contracts creating and governing custodial accounts shall remain with the state treasurer or the commissioner for the time dictated by the applicable statute of limitations in chapter 176.

(c) Securities in physical form deposited with the state treasurer must bear the following assignment, which must be signed by an officer of the group, "assigned to the state of Minnesota for the benefit of injured employees of the self-insured employer under the Minnesota workers' compensation act." Any securities held in a custodial account, whether in physical form, book entry, or other form, need not bear the assignment language. The instrument or contract creating and governing any custodial account must contain the following assignment language. "This account is assigned to the state treasurer by the mutual self-insurance group to pay compensation and perform the obligations of employers imposed under Minnesota Statutes, chapter 176. A depositor or other party has no right, title, or interest in the security deposited in the account until released by the state."

(d) Upon the commissioner sending a request to renew, request to post, or request to increase a security deposit, a perfected security interest is created in the group's assets in favor of the commissioner to the extent of any then unsecured portion of the group's incurred liabilities. The perfected security interest is transferred to any cash or securities thereafter posted by the group with the state treasurer and is released only upon either of the following:

(1) the acceptance by the commissioner of a surety bond or irrevocable letter of credit for the full amount of the incurred liabilities for the payment of compensation; or

(2) the return of cash or securities by the commissioner. The group loses all right, title, and interest in and any right to control assets or obligations posted or left on deposit as security. In the event of a declaration of bankruptcy or insolvency by a court of competent jurisdiction, or in the event of the issuance of a certificate of default by the commissioner, the commissioner shall liquidate the deposit as provided in this chapter, and transfer to the mutual self-insurance group security fund for application to the group's incurred liability.

(e) No securities in physical form on deposit with the state treasurer or the commissioner or custodial accounts assigned to the state shall be released or exchanged without an order from the commissioner. No security can be exchanged more than once every 90 days.

(f) Any securities deposited with the state treasurer or with a custodial account assigned to the state treasurer or letters of credit or surety bonds held by the commissioner may be exchanged or replaced by the depositor with any other acceptable securities or letters of credit or surety bond of like amount so long as the market value of the securities or amount of the surety bonds or letter of credit equals or exceeds the amount of the deposit required. If securities are replaced by surety bond, the mutual self-insurance group must maintain securities on deposit in an amount sufficient to meet all outstanding workers' compensation liability arising during the period covered by the deposit of the replaced securities.

(g) The commissioner shall return on an annual basis to the group all amounts of security determined by the commissioner to be in excess of the statutory requirements for the group to self-insure, including that necessary for administrative costs, legal fees, and the payment of any future workers' compensation claims.

Sec. 7. [79B.07] [DEFAULT OF A MUTUAL SELF-INSURANCE GROUP.]

Subdivision 1. [NOTICE OF INSOLVENCY, BANKRUPTCY, OR DEFAULT.] The commissioner of labor and industry shall notify the commissioner and the mutual self-insurance group security fund if the commissioner of labor and industry has knowledge that any mutual self-insurance group has failed to pay workers' compensation benefits as required by chapter 176. If the commissioner determines that a court of competent jurisdiction has declared the group to be bankrupt or insolvent and the group has failed to pay workers' compensation as required by chapter 176 or if the commissioner issues a certificate of default against a group for failure to pay workers' compensation as required by chapter 176, then the security deposit posted by the group must be utilized to administer and pay the group's workers' compensation obligation.

Subd. 2. [REVOCAION OF CERTIFICATE TO SELF-INSURE.] (a) The commissioner shall revoke the group's certificate to self-insure once notified of the group's bankruptcy, insolvency, or upon issuance of a certificate of default. The revocation shall be completed as soon as practicable, but no later than 30 days after the group's security has been called.

(b) The commissioner shall also revoke a group's authority to self-insure on the following grounds:

- (1) failure to comply with any lawful order of the commissioner;
- (2) failure to comply with any provision of chapter 176;
- (3) a deterioration of the group's financial condition affecting its ability to pay obligations in chapter 176;
- (4) committing an unfair or deceptive act or practice as defined in section 72A.20; or
- (5) failure to abide by the plan of operation of the workers' compensation reinsurance association.

Subd. 3. [NOTICE BY THE COMMISSIONER.] In the event of bankruptcy, insolvency, or certificate of default, the commissioner shall immediately notify by certified mail the state treasurer, the surety, the issuer of an irrevocable letter of credit, and any custodian of the security. At the time of notification, the commissioner shall also call the security and transfer and assign it to the mutual self-insurance group security fund. The commissioner shall also notify by certified mail the mutual self-insurance group's security fund and order the security fund to assume the insolvent group's obligations for which it is liable under chapter 176.

Sec. 8. [79B.08] [MUTUAL SELF-INSURANCE GROUP SECURITY FUND.]

Subdivision 1. [CREATION.] The mutual self-insurance group security fund is established as a nonprofit corporation pursuant to the Minnesota nonprofit corporation act, sections 317A.001 to 317A.909. If any provision of the Minnesota nonprofit corporation act conflicts with any provision

of this chapter, the provisions of this chapter apply. Each self-insurance group that elects to be subject to the terms of this statute rather than chapter 79A shall participate in the mutual self-insurance group security fund. This participation shall be a condition of maintaining its certificate to self-insure.

Subd. 2. [BOARD OF TRUSTEES.] The security fund shall be governed by a board consisting of a minimum of three and maximum of five trustees. The trustees shall be representatives of mutual self-insurance groups elected by the participants of the security fund, each group having one vote. The trustees initially elected by the participants shall serve staggered terms of either two or three years. Thereafter, trustees shall be elected to three-year terms and shall serve until their successors are elected and assume office pursuant to the bylaws of the security fund. Two additional trustees shall be appointed by the commissioner. These trustees shall serve four-year terms. One of these trustees shall serve a two-year term. Thereafter, the trustees shall be appointed to four-year terms, and shall serve until their successors are appointed and assume office according to the bylaws of the security fund. In addition to the trustees elected by the participants or appointed by the commissioner, the commissioner of labor and industry or the commissioner's designee is an ex officio, nonvoting member of the board of trustees. A member of the board of trustees may designate another person to act in the member's place as though the member were acting and the designee's actions shall be deemed those of the member.

Subd. 3. [BYLAWS.] The security fund must establish bylaws and a plan of operation, subject to the prior approval of the commissioner, necessary to the purposes of this chapter and to carry out the responsibilities of the security fund. The security fund may carry out its responsibilities directly or by contract, and may purchase services and insurance and borrow funds necessary for the protection of the mutual self-insurance group participants and their employees.

Subd. 4. [CONFIDENTIAL INFORMATION.] The security fund may receive private data concerning the financial condition of mutual self-insurance groups whose liabilities to pay compensation have become its responsibility and shall adopt bylaws to prevent dissemination of that information.

Subd. 5. [EMPLOYEES.] Security fund employees are not state employees and are not subject to any state civil service regulations.

Subd. 6. [ASSUMPTION OF OBLIGATIONS.] Upon order of the commissioner under section 79B.07, subdivision 3, the security fund shall assume the workers' compensation obligations of an insolvent group. The commissioner must order the mutual self-insurance group security fund to commence payment of these obligations within 14 days of the receipt of the order.

Subd. 7. [ACT OR OMISSIONS; PENALTIES.] Notwithstanding subdivision 6, the security fund shall not be liable for the payment of any penalties assessed for any act or omission on the part of any person other than the security fund or its appointed administrator, including, but not limited to, the penalties provided in chapter 176 unless the security fund or its appointed administrator would be subject to penalties under chapter 176 as the result of the actions of the security fund or its administrator.

Subd. 8. [PARTY IN INTEREST.] The security fund shall be a party in interest in all proceedings involving compensation claims against an insolvent mutual self-insurance group whose compensation obligations have been paid or assumed by the security fund. The security fund shall have the same rights and defenses as the insolvent mutual self-insurance group, including, but not limited to, all of the following:

- (1) to appear, defend, and appeal claims;
- (2) to receive notice of, investigate, adjust, compromise, settle, and pay claims; and
- (3) to investigate, handle, and deny claims.

Subd. 9. [PAYMENTS TO SECURITY FUND.] Notwithstanding anything in this chapter or chapter 176 to the contrary, if the mutual self-insurance group security fund assumes the obligations of any bankrupt or insolvent mutual self-insurance group pursuant to this section, then the proceeds of any surety bond, workers' compensation reinsurance association, specific excess

insurance or aggregate excess insurance policy, and any special compensation fund payment or supplementary benefit reimbursements shall be paid to the mutual self-insurance group security fund instead of the bankrupt or insolvent group or its successor in interest. No special compensation fund reimbursements shall be made to the security fund unless the special compensation fund assessments under section 176.129 are paid and the required reports are made to the special compensation fund.

Subd. 10. [INSOLVENT MUTUAL SELF-INSURANCE GROUP.] The security fund must obtain reimbursement from an insolvent mutual self-insurance group up to the amount of the group's workers' compensation obligations paid and assumed by the security fund, including reasonable administrative and legal costs. This right includes, but is not limited to, a right to claim for wages and other necessities of life advanced to claimants as subrogee of the claimants in any action to collect against the mutual self-insurance group as debtor.

Subd. 11. [SECURITY DEPOSITS.] The security fund must obtain from the security deposit of an insolvent group the amount of the group's compensation obligations, including reasonable administrative and legal costs, paid or assumed by the security fund. Reimbursement of administrative costs, including legal costs, is subject to approval by a majority of the security fund's voting trustees. The security fund shall be a party in interest in any action to obtain the security deposit for the payment of compensation obligations of an insolvent group.

Subd. 12. [LEGAL ACTIONS.] The security fund may bring an action against any person or entity to recover compensation paid and liability assumed by the security fund, including, but not limited to, any excess insurance carrier of the insolvent group and any person or entity whose negligence or breach of an obligation contributed to any underestimation of the group's accrued liability as reported to the commissioner.

Subd. 13. [PARTY IN INTEREST.] The security fund may be a party in interest in any action brought by any other person seeking damages resulting from the failure of an insolvent mutual self-insurance group to pay workers' compensation required under this subdivision.

Subd. 14. [ASSETS MAINTAINED.] The security fund shall maintain cash, readily marketable securities, or other assets, or a line of credit, approved by the commissioner, sufficient to immediately continue the payment of the compensation obligations of an insolvent group pending receipt of the security deposit, surety bond proceeds, irrevocable letter of credit, or, if necessary, assessment of the participants. The commissioner may establish the minimum amount to be maintained by, or immediately available to, the security fund for this purpose.

Subd. 15. [ASSESSMENT.] The security fund may assess each of its participants a pro rata share of the funding necessary to carry out its obligation and the purposes of this chapter. Total annual assessments in any calendar year shall be a percentage of the workers' compensation benefits paid under sections 176.101 and 176.111 during the previous calendar year. The annual assessment calculation shall not include supplementary benefits paid which will be reimbursed by the special compensation fund. Funds obtained by assessments under this subdivision may only be used for the purposes of this chapter. The trustees shall certify to the commissioner the collection and receipt of all money from assessments, noting any delinquencies. The trustees shall take any action deemed appropriate to collect any delinquent assessments.

Subd. 16. [AUDIT OF FUND.] The trustees shall annually contract for an independent certified audit of the financial activities of the fund. An annual report on the financial status of the mutual self-insurance group security fund must be submitted to the commissioner and to each group member.

Sec. 9. [79B.09] [LETTER OF CREDIT FORM.]

The form for the letter of credit under this chapter shall be:

Effective Date

State of Minnesota (Beneficiary)

(Address)

Dear Sirs:

By order of (Self-Insurer) we are instructed to open a clean irrevocable Letter of Credit in your favor for United States \$.....(Amount).

We undertake that drawings under this Letter of Credit will be honored upon presentation of your draft drawn on (issuing bank), at (address) prior to expiration date.

The Letter of Credit expires on but will automatically extend for an additional one year if you have not received by registered mail notification of intention not to renew 60 days prior to the original expiration date and each subsequent expiration date.

Except as expressly stated herein, this undertaking is not subject to any condition or qualification. The obligation of (issuing bank) under this Letter of Credit shall be the individual obligation of (issuing bank), in no way contingent upon reimbursement with respect thereto.

Very truly yours,
.....(signature)

Sec. 10. [79B.10] [SURETY BOND FORM.]

The form for the surety bond under this chapter shall be:

STATE OF MINNESOTA
COMMISSIONER
SURETY BOND OF SELF-INSURER OF WORKERS' COMPENSATION

IN THE MATTER OF THE CERTIFICATE OF)

) SURETY BOND
) NO.....
) PREMIUM
)

Employer, Certificate No:.....

KNOW ALL PERSONS BY THESE PRESENTS:

That
(Mutual Self-Insurance Group.)

Whose address is

as Principal, and
(Surety)

a corporation organized under the laws of and authorized to transact a general surety business in the State of Minnesota, as Surety, are held and firmly bound to the State of Minnesota in the penal sum of dollars (\$.....) for which payment we bind ourselves, our heirs, executors, administrators, successors, and assigns, jointly and severally, firmly by these presents.

WHEREAS, in accordance with Minnesota Statutes, chapter 176, the principal elected to self-insure, and made application for, or received from the commissioner of commerce of the state of Minnesota, a certificate to self-insure, upon furnishing of proof satisfactory to the commissioner of commerce of ability to self-insure and to compensate any or all employees of said principal for injury or disability, and their dependents for death incurred or sustained by said employees pursuant to the terms, provisions, and limitations of said statute;

NOW THEREFORE, the conditions of this bond or obligation are such that if principal shall pay and furnish compensation, pursuant to the terms, provisions, and limitations of said statute to its employees for injury or disability, and to the dependents of its employees, then this bond or obligation shall be null and void; otherwise to remain in full force and effect.

FURTHERMORE, it is understood and agreed that:

1. This bond may be amended, by agreement between the parties hereto and the commissioner of commerce as to the identity of the principal herein named; and, by agreement of the parties hereto, as to the premium or rate of premium. Such amendment must be by endorsement upon, or rider to, this bond, executed by the surety and delivered to or filed with the commissioner.

2. The surety does, by these presents, undertake and agree that the obligation of this bond shall cover and extend to all past, present, existing, and potential liability of said principal, as a self-insurer, to the extent of the penal sum herein named without regard to specific injuries, date or dates of injuries, happenings or events.

3. The penal sum of this bond may be increased or decreased, by agreement between the parties hereto and the commissioner of commerce, without impairing the obligation incurred under this bond for the overall coverage of the said principal, for all past, present, existing, and potential liability, as a self-insurer, without regard to specific injuries, date or dates of injuries, happenings or events, to the extent, in the aggregate, of the penal sum as increased or decreased. Such amendment must be by endorsement.

4. The aggregate liability of the surety hereunder on all claims whatsoever shall not exceed the penal sum of this bond in any event.

5. This bond shall be continuous in form and shall remain in full force and effect unless terminated as follows:

(a) The obligation of this bond shall terminate upon written notice of cancellation from the surety, given by registered or certified mail to the commissioner of commerce, state of Minnesota, save and except as to all past, present, existing, and potential liability of the principal incurred, including obligations resulting from claims which are incurred but not yet reported, as a self-insurer prior to effective date of termination. This termination is effective 60 days after receipt of notice of cancellation by the commissioner of commerce, state of Minnesota.

(b) This bond shall also terminate upon the revocation of the certificate to self-insure, save and except as to all past, present, existing, and potential liability of the principal incurred, including obligations resulting from claims which are incurred, but not yet reported, as a self-insurer prior to effective date of termination. The principal and the surety, herein named, shall be immediately notified in writing by said commissioner, in the event of such revocation.

6. Where the principal posts with the commissioner of commerce, state of Minnesota, or the state treasurer, state of Minnesota, a replacement security deposit, in the form of a surety bond, irrevocable letter of credit, cash, securities, or any combination thereof, in the full amount as may be required by the commissioner of commerce, state of Minnesota, to secure all incurred liabilities for the payment of compensation of said principal under Minnesota Statutes, chapter 176, the surety is released from obligations under the surety bond upon the date of acceptance by the commissioner of commerce, state of Minnesota, of said replacement security deposit.

7. If the said principal shall suspend payment of workers' compensation benefits or shall become insolvent or a receiver shall be appointed for its business, or the commissioner of commerce, state of Minnesota, issues a certificate of default, the undersigned surety will become liable for the workers' compensation obligations of the principal on the date benefits are suspended. The surety shall begin payments within 14 days under paragraph 8, or 30 days under paragraph 10, after receipt of written notification by certified mail from the commissioner of commerce, state of Minnesota, to begin payments under the terms of this bond.

8. If the surety exercises its option to administer claims, it shall pay benefits due to the principal's injured workers within 14 days of the receipt of the notification by the commissioner of commerce, state of Minnesota, pursuant to paragraph 7, without a formal award of a compensation judge, the commissioner of labor and industry, any intermediate appellate court, or the Minnesota supreme court and such payment will be a charge against the penal sum of the bond. Administrative and legal costs incurred by the surety in discharging its obligations and payment of the principal's obligations for administration and legal expenses under Minnesota Statutes, chapters 79B and 176 shall also be a charge against the penal sum of the bond; however, the total

amount of this surety bond set aside for the payment of said administrative and legal expenses shall be limited to a maximum ten percent of the total penal sum of the bond unless otherwise authorized by the security fund.

9. If any part or provision of this bond shall be declared unenforceable or held to be invalid by a court of proper jurisdiction, such determination shall not affect the validity or enforceability of the other provisions or parts of this bond.

10. If the surety does not give notice to the security fund and the commissioner of commerce, state of Minnesota, within two business days of receipt of written notification from the commissioner of commerce, state of Minnesota, pursuant to paragraph 7, to exercise its option to administer claims pursuant to paragraph 8, then the self-insurer's security fund will assume the payments of the workers' compensation obligations of the principal pursuant to Minnesota Statutes, chapter 176. The surety shall pay, within 30 days of the receipt of the notification by the commissioner of commerce, state of Minnesota, pursuant to paragraph 7, to the self-insurer's security fund as an initial deposit an amount equal to ten percent of the penal sum of the bond, and shall thereafter, upon notification from the security fund that the balance of the initial deposit had fallen to one percent of the penal sum of the bond, remit to the security fund an amount equal to the payments made by the security fund in the three calendar months immediately preceding said notification. All such payments will be a charge against the penal sum of the bond.

11. Disputes concerning the posting, renewal, termination, exoneration, or return of all or any portion of the principal's security deposit or any liability arising out of the posting or failure to post security, or the adequacy of the security or the reasonableness of administrative costs, including legal costs, arising between or among a surety, the issuer of an agreement of assumption and guarantee of workers' compensation liabilities, the issuer of a Letter of Credit, any custodian of the security deposit, the principal, or the self-insurer's security fund shall be resolved by the commissioner of commerce under Minnesota Statutes, chapters 79B and 176.

12. Written notification to the surety required by this bond shall be sent to:

.....

Name of Surety

.....

To the attention of Person or Position

.....

Address

.....

City, State, Zip

Written notification to the principal required by this bond shall be sent to:

.....

Name of Principal

.....

To the attention of Person or Position

.....

Address

.....

City, State, Zip

13. This bond is executed by the surety to comply with Minnesota Statutes, chapter 176, and said bond shall be subject to all terms and provisions thereof.

.....

Name of Surety

.....

Address

.....

City, State, Zip

THIS bond is executed under an unrevoked appointment or power of attorney.

I certify (or declare) under penalty of perjury under the laws of the state of Minnesota that the foregoing is true and correct.

Date:.....

.....

Signature of Attorney-In-Fact

.....

Printed or Typed Name of

Attorney-In-Fact

A copy of the transcript or record of the unrevoked appointment, power of attorney, bylaws, or other instrument, duly certified by the proper authority and attested by the seal of the insurer entitling or authorizing the person who executed the bond to do so for and in behalf of the insurer, must be filed in the office of the commissioner of commerce or must be included with this bond for such filing.

Sec. 11. [79B.11] [INDEMNITY AGREEMENT FORM.]

INDEMNITY AGREEMENT

1. Whereas, (name of company) has agreed to be and has been accepted as a member of (name of mutual self-insurance group).

2. Whereas, (name of company) has agreed to be bound by all of the provisions of the Minnesota workers' compensation act and all rules promulgated thereunder.

3. Whereas, that (name of company) has agreed to be bound by bylaws or plan of operation and all amendments thereto of (name of mutual self-insurance group).

4. Whereas, that (name of company) has agreed to be jointly and severally liable for all claims and expenses of all the members of (name of mutual self-insurance group) arising in any fund year in which (name of company) is a member of the group. Provided that if (name of company) is not a member for the full year, it shall be only liable for a pro rata share of that liability.

IN WITNESS WHEREOF, the (name of company) and (name of mutual self-insurance group) have caused this indemnity agreement to be executed by its authorized agreement to be executed by its authorized officers:

Mutual Self-Insurance Group Name

Company Name

By:

By:

date:

date:

Sec. 12. [79B.12] [OPEN MEETING; ADMINISTRATIVE PROCEDURE ACT.]

The mutual self-insurance group security fund and its board of trustees shall not be subject to:

- (1) the open meeting law;
- (2) the open appointments law;
- (3) the data privacy law; and

(4) except where specifically set forth, the administrative procedure act.

Sec. 13. [79B.13] [RULES.]

The commissioner may adopt, amend, and repeal rules reasonably necessary to carry out the purposes of this chapter. This authorization includes, but is not limited to, the adoption of rules to do all of the following:

(1) except as otherwise specifically provided by statute, specifying what constitutes ability to self-insure under this chapter and to pay any compensation which may become due under chapter 176;

(2) specifying what constitutes a failure or inability to fulfill an insolvent mutual self-insurance group's obligations under this chapter;

(3) interpreting and defining the terms used in this chapter;

(4) establishing procedures and standards for hearing and determinations and providing for those determinations to be appealed;

(5) except where otherwise specifically provided by statute, specifying the standards, forms, and content of agreements, forms, and reports between parties who have obligations pursuant to this chapter;

(6) providing for the combinations and relative liabilities of security deposits, assumptions, and guarantees used under this chapter; and

(7) disclosing otherwise private data concerning mutual self-insurers to courts or mutual self-insurance group security fund and specifying appropriate safeguards for that information.

Sec. 14. [79B.14] [GOVERNING LAW.]

If there is any inconsistency among chapter 79B and any rule or statute and law, chapter 79B shall govern.

Sec. 15. [EFFECTIVE DATE.]

This article is effective July 1, 1995.

ARTICLE 2

ASSIGNED RISK PLAN

Section 1. [LEGISLATIVE AUDITOR; ASSIGNED RISK EVALUATION.]

The legislative audit commission is requested to direct the legislative auditor to conduct an evaluation of the assigned risk plan created by Minnesota Statutes, sections 79.251 to 79.252. The evaluation shall include:

(1) whether the assigned risk plan should be organized and operated in a different manner;

(2) the development of strategies that permits small safe employers to receive the benefit of their safe workplace through reduced premiums;

(3) safety practices of unsafe employers placed in the assigned risk plan due to their own poor safety record or the poor safety record of their industry;

(4) an analysis of the claims adjusting and reserving practices of the plan; and

(5) a plan for the state fund mutual insurance company to be the sole service company or insurer servicing policies or contract of coverage under the assigned risk plan.

The evaluation shall specifically focus on developing alternative insurance techniques for small employers in the assigned risk plan such as grouping or self-insurance that can be utilized to reduce insurance premiums.

The legislative auditor shall report findings of the evaluation to the legislature by January 15, 1996.

Sec. 2. [STATE FUND MUTUAL; ASSIGNED RISK PLAN.]

Upon the expiration of current contracts to service policies and contracts of coverage of the assigned risk plan, the commissioner of commerce shall contract with the state fund mutual insurance company to service that business.

Sec. 3. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 3

SAFETY

Section 1. [79.082] [SAFETY PREMIUM CREDIT.]

An insurer must provide a ten percent credit against the premium otherwise payable by an employer if the employer has been insured against workers' compensation liability under chapter 176 for the immediately preceding three calendar years and has had no accidents for which benefits were paid under Minnesota Statutes, section 176.101, in the immediately preceding three calendar years. This section applies only to an employer that is a "small business" as defined in Minnesota Statutes, section 645.445, subdivision 2. For the purpose of this section, insurer includes the assigned risk plan.

Sec. 2. Minnesota Statutes 1994, section 79.085, is amended to read:

79.085 [SAFETY AND RETURN TO WORK PROGRAMS.]

All insurers writing workers' compensation insurance in this state shall provide return to work and safety and occupational health loss control consultation services at no fee to each of their policyholders requesting the services in writing. Insurers must annually notify their policyholder of their right under this section to return to work and free safety and occupational health loss consultation services. The services must include the conduct of workplace surveys to identify health and safety problems, review of employer injury records with appropriate personnel, and development of plans to improve employer occupational health and safety loss records. Insurers shall notify each policyholder of the availability of those services and the telephone number and address where such services can be requested. The notification may be delivered with the policy of workers' compensation insurance.

Sec. 3. Minnesota Statutes 1994, section 176.232, is amended to read:

176.232 [SAFETY COMMITTEES.]

Every public or private employer of more than 25 employees shall establish and administer a joint labor-management safety committee.

Every public or private employer of 25 or fewer employees shall establish and administer a safety committee if:

(1) the employer has a lost workday cases incidence rate in the top ten percent of all rates for employers in the same industry; or

(2) the workers' compensation premium classification assigned to the greatest portion of the payroll for the employer has a pure premium rate as reported by the workers' compensation rating association in the top 25 percent of premium rates for all classes.

Employee safety committee members must be selected by employees. An employer that fails to establish or administer a safety committee as required by this section may be cited by the commissioner. A citation is punishable as a serious violation under Minnesota Statutes, section 182.666.

The commissioner may adopt rules regarding the training of safety committee members and the operation of safety committees.

Sec. 4. [176.233] [EMPLOYER SAFETY PROGRAMS.]

Subdivision 1. [PROGRAM REQUIREMENT.] Each public or private employer must establish and administer a safety program.

An employer who employs temporary workers shall include those workers in the employer's safety program. A temporary services contractor shall provide a safety program for employees not employed by other employers.

Subd. 2. [PROGRAM COMPONENTS.] Each safety program must include, but not be limited to:

- (1) new employee general safety orientation;
- (2) job- or task-specific safety training;
- (3) continuous refresher safety training, including periodic safety meetings;
- (4) periodic hazard assessment, with corrective actions identified; and
- (5) appropriate documentation of performance of the activities.

Subd. 3. [LARGER EMPLOYERS.] An employer of more than five employees must have:

- (1) procedures of reporting and investigating all work-related incidents, accidents, injuries, and illnesses; and
- (2) policies and procedures that assign specific safety responsibilities and safety performance accountability.

Subd. 4. [INSURANCE CONTRACT.] Each insurance contract or agreement must require each insured employer to implement a safety program as part of the contract or agreement to provide workers' compensation coverage.

Sec. 5. [SMALL BUSINESS WORKERS' COMPENSATION SAFETY PILOT PROJECT.]

The commissioner of commerce shall by July 1, 1995, contract with the division of environmental and occupational health of the school of public health of the University of Minnesota for a pilot injury prevention project. The contract shall require the department of environmental and occupational health to consult and provide assistance about ergonomic problems to small employers insured by the state assigned risk plan. The consultative and assistance services shall focus on employers having employees that can most benefit from the consultation and assistance. The contract shall be for the period July 1, 1995 to June 30, 1997. For the purpose of this section, small employer means an employer with less than 500 employees.

Sec. 6. [SMALL BUSINESS INJURY AND ILLNESS PREVENTION SURVEY.]

The division of environmental and occupational health of the school of public health of the University of Minnesota shall evaluate injury and illness prevention activities of small business by surveying small businesses to assess the following:

- (1) current use of occupational safety and health services by small businesses;
- (2) specific areas in which small business needs assistance;
- (3) in what form is desired assistance most helpful;
- (4) what services are sponsored by public and public sector programs;
- (5) what measures exist to assess the effectiveness of these programs; and
- (6) how can these programs be best adapted by Minnesota.

The division shall provide technical assistance and advice to small businesses as part of the survey process.

For the purpose of this section, small employer means an employer with less than 500 employees.

The survey shall be completed by January 1, 1997. The division shall report the survey results and any recommendations to the legislature and the commissioner of labor and industry by February 1, 1997.

Sec. 7. [APPROPRIATION; PILOT PROJECT.]

\$...... is appropriated from the assigned risk safety account in the special compensation fund to the commissioner of commerce for the biennium ending June 30, 1997, for the purpose of section 4.

Sec. 8. [APPROPRIATION; SURVEY.]

\$...... is appropriated for the biennium ending June 30, 1997, from the assigned risk safety account in the special compensation fund to the board of regents of the University of Minnesota for the purpose of section 5.

Sec. 9. [EFFECTIVE DATE.]

Sections 1, 2, and 4, subdivision 4, are effective for policies of insurance insured or renewed after August 1, 1995.

ARTICLE 4

INDEPENDENT CONTRACTORS

Section 1. Minnesota Statutes 1994, section 176.041, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYMENTS EXCLUDED.] This chapter does not apply to any of the following:

(a) a person employed by a common carrier by railroad engaged in interstate or foreign commerce and who is covered by the Federal Employers' Liability Act, United States Code, title 45, sections 51 to 60, or other comparable federal law;

(b) a person employed by a family farm as defined by section 176.011, subdivision 11a;

(c) the spouse, parent, and child, regardless of age, of a farmer-employer working for the farmer-employer;

(d) a sole proprietor, or the spouse, parent, and child, regardless of age, of a sole proprietor;

(e) a partner engaged in a farm operation or a partner engaged in a business and the spouse, parent, and child, regardless of age, of a partner in the farm operation or business;

(f) an executive officer of a family farm corporation;

(g) an executive officer of a closely held corporation having less than 22,880 hours of payroll in the preceding calendar year, if that executive officer owns at least 25 percent of the stock of the corporation;

(h) a spouse, parent, or child, regardless of age, of an executive officer of a family farm corporation as defined in section 500.24, subdivision 2, and employed by that family farm corporation;

(i) a spouse, parent, or child, regardless of age, of an executive officer of a closely held corporation who is referred to in paragraph (g);

(j) another farmer or a member of the other farmer's family exchanging work with the farmer-employer or family farm corporation operator in the same community;

(k) a person whose employment at the time of the injury is casual and not in the usual course of the trade, business, profession, or occupation of the employer;

(l) persons who are independent contractors as defined by rules adopted by the commissioner pursuant to section 176.83 except that this exclusion does not apply to an employee of an independent contractor nor to an independent contractor declared an employee under section 176.042;

(m) an officer or a member of a veterans' organization whose employment relationship arises solely by virtue of attending meetings or conventions of the veterans' organization, unless the veterans' organization elects by resolution to provide coverage under this chapter for the officer or member;

(n) a person employed as a household worker in, for, or about a private home or household who earns less than \$1,000 in cash in a three-month period from a single private home or household provided that a household worker who has earned \$1,000 or more from the household worker's present employer in a three-month period within the previous year is covered by this chapter regardless of whether or not the household worker has earned \$1,000 in the present quarter;

(o) persons employed by a closely held corporation who are related by blood or marriage, within the third degree of kindred according to the rules of civil law, to an officer of the corporation, who is referred to in paragraph (g), if the corporation files a written election with the commissioner to exclude such individuals. A written election is not required for a person who is otherwise excluded from this chapter by this section;

(p) a nonprofit association which does not pay more than \$1,000 in salary or wages in a year;

(q) persons covered under the Domestic Volunteer Service Act of 1973, as amended, United States Code, title 42, sections 5011, et seq.;

(r) a manager of a limited liability company having ten or fewer members and having less than 22,880 hours of payroll in the preceding calendar year, if that manager owns at least a 25 percent membership interest in the limited liability company;

(s) a spouse, parent, or child, regardless of age, of a manager of a limited liability company described in paragraph (r);

(t) persons employed by a limited liability company having ten or fewer members and having less than 22,880 hours of payroll in the preceding calendar year who are related by blood or marriage, within the third degree of kindred according to the rules of civil law, to a manager of a limited liability company described in paragraph (r), if the company files a written election with the commissioner to exclude these persons. A written election is not required for a person who is otherwise excluded from this chapter by this section; or

(u) members of limited liability companies who satisfy the requirements of paragraph (l).

Sec. 2. [176.042] [INDEPENDENT CONTRACTORS; BUILDING CONSTRUCTION OR IMPROVEMENTS.]

Subdivision 1. [GENERAL RULE; ARE EMPLOYEES.] Except as provided in subdivision 2, an independent contractor is an employee for the purposes of this chapter if:

(1) the independent contractor performs construction trade or craft services at a commercial or residential building construction or improvement project in the private or public sector; and

(2) those services are performed in the course of the trade or business of the person or business entity with whom the independent contractor has contracted.

Subd. 2. [EXCEPTION.] An independent contractor is not an employee pursuant to subdivision 1 if the independent contractor meets all of the following conditions:

(1) maintains a separate business with the independent contractor's own office, equipment, materials, and other facilities;

(2) holds or has applied for a federal employer identification number;

(3) operates under contracts to perform specific services or work for specific amounts of money

and under which the independent contractor controls the means of performing the services or work;

(4) incurs the main expenses related to the service or work that the independent contractor performs under contract;

(5) is responsible for the satisfactory completion of work or services that the independent contractor contracts to perform and is liable for a failure to complete the work or service;

(6) receives compensation for work or service performed under a contract on a commission or per job or competitive bid basis and not on any other basis;

(7) may realize a profit or suffer a loss under contracts to perform work or service;

(8) has continuing or recurring business liabilities or obligations; and

(9) the success or failure of the independent contractor's business depends on the relationship of business receipts to expenditures.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective October 1, 1995.

ARTICLE 5

FRAUD

Section 1. Minnesota Statutes 1994, section 13.69, subdivision 1, is amended to read:

Subdivision 1. [CLASSIFICATIONS.] (a) The following government data of the department of public safety are private data:

(1) medical data on driving instructors, licensed drivers, and applicants for parking certificates and special license plates issued to physically handicapped persons; and

(2) social security numbers in driver's license and motor vehicle registration records, except that social security numbers must be provided to the department of revenue for purposes of tax administration and the department of labor and industry for purposes of workers' compensation administration and enforcement.

(b) The following government data of the department of public safety are confidential data: data concerning an individual's driving ability when that data is received from a member of the individual's family.

Sec. 2. Minnesota Statutes 1994, section 175.16, is amended to read:

175.16 [DIVISIONS.]

Subdivision 1. [ESTABLISHED.] The department of labor and industry shall consist of the following divisions: division of workers' compensation, division of boiler inspection, division of occupational safety and health, division of statistics, division of steamfitting standards, division of voluntary apprenticeship, division of labor standards, and such other divisions as the commissioner of the department of labor and industry may deem necessary and establish. Each division of the department and persons in charge thereof shall be subject to the supervision of the commissioner of the department of labor and industry and, in addition to such duties as are or may be imposed on them by statute, shall perform such other duties as may be assigned to them by said commissioner.

Subd. 2. [FRAUD INVESTIGATION UNIT.] The department of labor and industry shall contain a fraud investigation unit for the purposes of investigating fraudulent or other illegal practices of health care providers, employers, insurers, attorneys, employees, and others related to workers' compensation and to investigate other matters under the jurisdiction of the department.

The director of the fraud investigation unit shall be appointed by and is subject to the control and direction of the commissioner. The director shall have full investigative powers, including the

power to issue subpoenas to compel the production of witnesses, books and records, and other documents. Subpoenas shall be served and enforced in the same manner as district court subpoenas. The director may administer oaths and take and record testimony of witnesses. Investigative data obtained by the fraud investigation unit shall be treated as other law enforcement and investigative data under chapter 13. The fraud unit director shall refer determinations of illegal activity to the attorney general or other appropriate prosecuting authority. The attorney general and other appropriate prosecuting authorities must give high priority to reviewing and prosecuting cases referred to them under this section.

The attorney general shall train personnel of the department of labor and industry in effective investigative practices and in the requisites for successful prosecution of illegal activity. Investigators with peace officer standards and training certification shall have the general powers of a peace officer.

Sec. 3. Minnesota Statutes 1994, section 176.181, subdivision 8, is amended to read:

Subd. 8. [DATA SHARING.] (a) The departments of labor and industry, economic security, human services, agriculture, transportation, and revenue are authorized to share information regarding the employment status of individuals, including but not limited to payroll and withholding and income tax information, and may use that information for purposes consistent with this section and regarding the employment or employer status of individuals, partnerships, limited liability companies, corporations, or employers, including, but not limited to, general contractors, intermediate contractors, and subcontractors. The commissioner shall request data in writing and the responding department shall respond to the request by producing the requested data within 30 days.

(b) The commissioner is authorized to inspect and to order the production of all payroll and other business records and documents of any alleged employer in order to determine the employment status of persons and compliance with this section. If any person or employer refuses to comply with such an order, the commissioner may apply to the district court of the county where the person or employer is located for an order compelling production of the documents.

Sec. 4. [176.861] [DISCLOSURE OF INFORMATION.]

Subdivision 1. [INSURANCE INFORMATION.] The commissioner may, in writing, require an insurance company to release to the commissioner any or all relevant information or evidence the commissioner deems important which the company may have in its possession relating to a workers' compensation claim including material relating to the investigation of the claim, statements of any person, and any other evidence relevant to the investigation.

Subd. 2. [INFORMATION RELEASED TO AUTHORIZED PERSONS.] If an insurance company has reason to believe that a claim may be suspicious, fraudulent, or illegal, the company shall, in writing, notify the commissioner and provide the commissioner with all relevant material related to the company's inquiry into the claim.

Subd. 3. [GOOD FAITH IMMUNITY.] An insurance company or its agent acting in its behalf who releases information, whether oral or written, acting in good faith, pursuant to subdivisions 1 and 2 is immune from any liability, civil or criminal, that might otherwise be incurred or imposed.

Subd. 4. [SELF-INSURER; ASSIGNED RISK PLAN.] For the purposes of this section "insurance company" includes a self-insurer and the assigned risk plan and their agents.

Sec. 5. Minnesota Statutes 1994, section 299C.46, subdivision 2, is amended to read:

Subd. 2. [CRIMINAL JUSTICE AGENCY DEFINED.] For the purposes of sections 299C.46 to 299C.49, "criminal justice agency" shall mean an agency of the state, including the fraud investigation unit of the department of labor and industry, or an agency of a political subdivision charged with detection, enforcement, prosecution, adjudication or incarceration in respect to the criminal or traffic laws of this state.

Sec. 6. Minnesota Statutes 1994, section 626.05, subdivision 2, is amended to read:

Subd. 2. [PEACE OFFICER.] The term "peace officer," as used in sections 626.04 to 626.17,

means a person who is licensed as a peace officer in accordance with section 626.84, subdivision 1, and who serves as a sheriff, deputy sheriff, police officer, constable, conservation officer, agent of the bureau of criminal apprehension, agent of the division of gambling enforcement, University of Minnesota peace officer, investigator of the fraud investigation unit of the department of labor or industry with peace officer standards and training certification, or state patrol trooper as authorized by section 299D.03.

Sec. 7. Minnesota Statutes 1994, section 626.11, is amended to read:

626.11 [ISSUANCE OF WARRANT.]

If the judge is satisfied of the existence of the grounds of the application, or that there is probable cause to believe their existence, the judge must issue a signed search warrant, naming the judge's judicial office, to a peace officer in the judge's county or, to an agent of the bureau of criminal apprehension, or to an investigator of the fraud investigation unit of the department of labor and industry with peace officer standards and training certification. The warrant shall direct the officer or agent to search the person or place named for the property or things specified, and to retain the property or things in the officer's or agent's custody subject to order of the court issuing the warrant.

Sec. 8. Minnesota Statutes 1994, section 626.13, is amended to read:

626.13 [SERVICE; PERSONS MAKING.]

A search warrant may in all cases be served by any of the officers mentioned in its directions, but by no other person, except in aid of the officer on the officer's requiring it, the officer being present and acting in its execution. If the warrant is to be served by an agent of the bureau of criminal apprehension, an agent of the division of gambling enforcement, an investigator of the fraud investigation unit of the department of labor and industry with peace officer standards and training certification, a state patrol trooper, or a conservation officer, the agent, investigator, state patrol trooper, or conservation officer shall notify the chief of police of an organized full-time police department of the municipality or, if there is no such local chief of police, the sheriff or a deputy sheriff of the county in which service is to be made prior to execution.

Sec. 9. Minnesota Statutes 1994, section 626.84, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of sections 626.84 to 626.863, the following terms have the meanings given them:

(a) "Board" means the board of peace officer standards and training.

(b) "Director" means the executive director of the board.

(c) "Peace officer" means an employee or an elected or appointed official of a political subdivision or law enforcement agency who is licensed by the board, charged with the prevention and detection of crime and the enforcement of the general criminal laws of the state and who has the full power of arrest, and shall also include the Minnesota state patrol, agents of the division of gambling enforcement, investigators of the fraud investigation unit of the department of labor and industry with peace officer standards and certification training, and state conservation officers.

(d) "Constable" has the meaning assigned to it in section 367.40.

(e) "Deputy constable" has the meaning assigned to it in section 367.40.

(f) "Part-time peace officer" means an individual licensed by the board whose services are utilized by law enforcement agencies no more than an average of 20 hours per week, not including time spent on call when no call to active duty is received, calculated on an annual basis, who has either full powers of arrest or authorization to carry a firearm while on active duty. The term shall apply even though the individual receives no compensation for time spent on active duty, and shall apply irrespective of the title conferred upon the individual by any law enforcement agency. The limitation on the average number of hours in which the services of a part-time peace officer may be utilized shall not apply to a part-time peace officer who has formally notified the board pursuant to rules adopted by the board of the part-time peace officer's intention to pursue the

specialized training for part-time peace officers who desire to become peace officers pursuant to sections 626.843, subdivision 1, clause (g), and 626.845, subdivision 1, clause (g).

(g) "Reserve officer" means an individual whose services are utilized by a law enforcement agency to provide supplementary assistance at special events, traffic or crowd control, and administrative or clerical assistance. A reserve officer's duties do not include enforcement of the general criminal laws of the state, and the officer does not have full powers of arrest or authorization to carry a firearm on duty.

(h) "Law enforcement agency" means a unit of state or local government that is authorized by law to grant full powers of arrest and to charge a person with the duties of preventing and detecting crime and enforcing the general criminal laws of the state.

(i) "Professional peace officer education" means a post-secondary degree program, or a nondegree program for persons who already have a college degree, that is offered by a college or university in Minnesota, designed for persons seeking licensure as a peace officer, and approved by the board.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective July 1, 1995.

ARTICLE 6

WORKERS' COMPENSATION REINSURANCE ASSOCIATION

Section 1. Minnesota Statutes 1994, section 79.34, subdivision 2, is amended to read:

Subd. 2. [LOSSES; RETENTION LIMITS.] The reinsurance association shall provide and each member shall accept indemnification for 100 percent of the amount of ultimate loss sustained in each loss occurrence relating to one or more claims arising out of a single compensable event, including aggregate losses related to a single event or occurrence which constitutes a single loss occurrence, under chapter 176 on and after October 1, 1979, in excess of ~~\$300,000 or \$100,000 a low, a high, or a super retention limit, at the option of the member.~~ In case of occupational disease causing disablement on and after October 1, 1979, each person suffering disablement due to occupational disease is considered to be involved in a separate loss occurrence. ~~The lower retention limit shall be increased to the nearest \$10,000, on January 1, 1982 and on each January 1 thereafter by the percentage increase in the statewide average weekly wage, as determined in accordance with section 176.011, subdivision 20. On January 1, 1982 and on each January 1 thereafter, the higher retention limit shall be increased by the amount necessary to retain a \$200,000 difference between the two retention limits.~~ On January 1, 1995, the lower retention limit is \$250,000, which shall also be known as the 1995 base retention limit. On each January 1 thereafter, the cumulative annual percentage changes in the statewide average weekly wage after October 1, 1994, as determined in accordance with section 176.011, subdivision 20, shall first be multiplied by the 1995 base retention limit, the result of which shall then be added to the 1995 base retention limit. The resulting figure shall be rounded to the nearest \$10,000, yielding the low retention limit for that year, provided that the low retention limit shall not be reduced in any year. The high retention limit shall be two times the low retention limit and shall be adjusted when the low retention limit is adjusted. The super retention limit shall be four times the low retention limit and shall be adjusted when the low retention limit is adjusted. Ultimate loss as used in this section means the actual loss amount which a member is obligated to pay and which is paid by the member for workers' compensation benefits payable under chapter 176 and shall not include claim expenses, assessments, damages or penalties. For losses incurred on or after January 1, 1979, any amounts paid by a member pursuant to sections 176.183, 176.221, 176.225, and 176.82 shall not be included in ultimate loss and shall not be indemnified by the reinsurance association. A loss is incurred by the reinsurance association on the date on which the accident or other compensable event giving rise to the loss occurs, and a member is liable for a loss up to its retention limit in effect at the time that the loss was incurred, except that members which are determined by the reinsurance association to be controlled by or under common control with another member, and which are liable for claims from one or more employees entitled to compensation for a single compensable event, including aggregate losses relating to a single loss occurrence, may aggregate their losses and obtain indemnification from the reinsurance association for the aggregate losses in

excess of the ~~higher~~ highest retention limit selected by any of the members in effect at the time the loss was incurred. Each member is liable for payment of its ultimate loss and shall be entitled to indemnification from the reinsurance association for the ultimate loss in excess of the member's retention limit in effect at the time of the loss occurrence.

A member that chooses the ~~higher~~ high or super retention limit shall retain the liability for all losses below the ~~higher~~ chosen retention limit itself and shall not transfer the liability to any other entity or reinsure or otherwise contract for reimbursement or indemnification for losses below its retention limit, except in the following cases: (a) when the reinsurance or contract is with another member which, directly or indirectly, through one or more intermediaries, control or are controlled by or are under common control with the member; (b) when the reinsurance or contract provides for reimbursement or indemnification of a member if and only if the total of all claims which the member pays or incurs, but which are not reimbursable or subject to indemnification by the reinsurance association for a given period of time, exceeds a dollar value or percentage of premium written or earned and stated in the reinsurance agreement or contract; (c) when the reinsurance or contract is a pooling arrangement with other insurers where liability of the member to pay claims pursuant to chapter 176 is incidental to participation in the pool and not as a result of providing workers' compensation insurance to employers on a direct basis under chapter 176; (d) when the reinsurance or contract is limited to all the claims of a specific insured of a member which are reimbursed or indemnified by a reinsurer which, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the insured of the member so long as any subsequent contract or reinsurance of the reinsurer relating to the claims of the insured of a member is not inconsistent with the bases of exception provided under clauses (a), (b) and (c); or (e) when the reinsurance or contract is limited to all claims of a specific self-insurer member which are reimbursed or indemnified by a reinsurer which, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the self-insurer member so long as any subsequent contract or reinsurance of the reinsurer relating to the claims of the self-insurer member are not inconsistent with the bases for exception provided under clauses (a), (b) and (c).

Whenever it appears to the commissioner of labor and industry that any member that chooses the ~~higher~~ high or super retention limit has participated in the transfer of liability to any other entity or reinsured or otherwise contracted for reimbursement or indemnification of losses below its retention limit in a manner inconsistent with the bases for exception provided under clauses (a), (b), (c), (d), and (e), the commissioner may, after giving notice and an opportunity to be heard, order the member to pay to the state of Minnesota an amount not to exceed twice the difference between the reinsurance premium for the ~~higher and lower~~ high or super retention limit, as appropriate, and the low retention limit applicable to the member for each year in which the prohibited reinsurance or contract was in effect. Any member subject to this penalty provision shall continue to be bound by its selection of the ~~higher~~ high or super retention limit for purposes of membership in the reinsurance association.

Sec. 2. Minnesota Statutes 1994, section 79.35, is amended to read:

79.35 [DUTIES; RESPONSIBILITIES; POWERS.]

The reinsurance association shall do the following on behalf of its members:

(a) Assume 100 percent of the liability as provided in section 79.34;

(b) Establish procedures by which members shall promptly report to the reinsurance association each claim which, on the basis of the injury sustained, may reasonably be anticipated to involve liability to the reinsurance association if the member is held liable under chapter 176. Solely for the purpose of reporting claims, the member shall in all instances consider itself legally liable for the injury. The member shall advise the reinsurance association of subsequent developments likely to materially affect the interest of the reinsurance association in the claim;

(c) Maintain relevant loss and expense data relative to all liabilities of the reinsurance association and require each member to furnish statistics in connection with liabilities of the reinsurance association at the times and in the form and detail as may be required by the plan of operation;

(d) Calculate and charge to members a total premium sufficient to cover the expected liability which the reinsurance association will incur ~~in excess of the higher retention limit but less than the prefunded limit~~, together with incurred or estimated to be incurred operating and administrative expenses for the period to which this premium applies and actual claim payments to be made by members, during the period to which this premium applies, for claims in excess of the prefunded limit in effect at the time the loss was incurred. Each member shall be charged a premium established by the board as sufficient to cover the reinsurance association's incurred liabilities and expenses between the member's selected retention limit and the prefunded limit. The prefunded limit shall be \$2,500,000 on and after October 1, 1979, provided that the prefunded limit shall be increased on January 1, 1983 and on each January 1 thereafter by the percentage increase in the statewide average weekly wage, to the nearest \$100,000, as determined in accordance with section 176.011, subdivision 20 times the lower retention limit established in section 79.34, subdivision 2. Each member shall be charged a proportion of the total premium calculated for its selected retention limit in an amount equal to its proportion of the exposure base of all members during the period to which the reinsurance association premium will apply. The exposure base shall be determined by the board and is subject to the approval of the commissioner of labor and industry. In determining the exposure base, the board shall consider, among other things, equity, administrative convenience, records maintained by members, amenability to audit, and degree of risk refinement. ~~Each member exercising the lower retention option shall also be charged a premium established by the board as sufficient to cover incurred or estimated to be incurred claims for the liability the reinsurance association is likely to incur between the lower and higher retention limits for the period to which the premium applies.~~ Each member shall also be charged a premium determined by the board to equitably distribute excess or deficient premiums from previous periods including any excess or deficient premiums resulting from a retroactive change in the prefunded limit. The premiums charged to members shall not be unfairly discriminatory as defined in section 79.074. All premiums shall be approved by the commissioner of labor and industry;

(e) Require and accept the payment of premiums from members of the reinsurance association;

(f) Receive and distribute all sums required by the operation of the reinsurance association;

(g) Establish procedures for reviewing claims procedures and practices of members of the reinsurance association. If the claims procedures or practices of a member are considered inadequate to properly service the liabilities of the reinsurance association, the reinsurance association may undertake, or may contract with another person, including another member, to adjust or assist in the adjustment of claims which create a potential liability to the association. The reinsurance association may charge the cost of the adjustment under this paragraph to the member, except that any penalties or interest incurred under sections 176.183, 176.221, 176.225, and 176.82 as a result of actions by the reinsurance association after it has undertaken adjustment of the claim shall not be charged to the member but shall be included in the ultimate loss and listed as a separate item; and

(h) Provide each member of the reinsurance association with an annual report of the operations of the reinsurance association in a form the board of directors may specify.

Sec. 3. [79.551] [WCRA PREMIUM REFUND; DETERMINATION.]

The commissioner must disallow as excessive any premium that does not include a pass-through to its policyholders of a refund to an insurer of excess premium from the workers' compensation reinsurance association. This section applies whether or not there is a competitive market for insurance. This section does not apply if the insurer has in some other manner than a premium reduction, passed through a refund to its policyholders. This section applies to a refund of excessive premiums made on or after the effective date of this act and to refunds made before the effective date of this act if the refund was the subject of a lawsuit that was not finally determined on appeal until on or after January 1, 1995.

Sec. 4. [EFFECTIVE DATE.]

Section 1 is effective January 1, 1996. Section 3 is effective the day following final enactment.

COLLECTIVE BARGAINING

Section 1. [176.1812] [COLLECTIVE BARGAINING AGREEMENTS.]

Subdivision 1. [REQUIREMENTS.] Upon appropriate filing, the commissioner, compensation judge, workers' compensation court of appeals, and courts shall recognize as valid and binding a provision in a collective bargaining agreement between a qualified employer or qualified groups of employers engaged in construction, construction maintenance, and related activities and the certified and exclusive representative of its employees to establish certain obligations and procedures relating to workers' compensation. For purposes of this section, "qualified employer" means any self-insured employer, any employer, through itself or any affiliate as defined in section 60D.15, subdivision 2, who is responsible for the first \$100,000 or more of any claim, or a private employer developing or projecting an annual workers' compensation premium, in Minnesota, of \$250,000 or more. For purposes of this section, a "qualified group of employers" means a group of private employers engaged in workers' compensation group self-insurance complying with section 79A.03, subdivision 6, which develops or projects annual workers' compensation insurance premiums of \$2,000,000 or more. This agreement must be limited to, but need not include, all of the following:

(a) an alternative dispute resolution system to supplement, modify, or replace the procedural or dispute resolution provisions of this chapter. The system may include mediation, arbitration, or other dispute resolution proceedings, the results of which may be final and binding upon the parties. A system of arbitration shall provide that the decision of the arbiter is subject to review either by the workers' compensation court of appeals in the same manner as an award or order of a compensation judge or, in lieu of review by the workers' compensation court of appeals, by the office of administrative hearings, by the district court, by the Minnesota court of appeals, or by the supreme court in the same manner as the workers' compensation court of appeals and may provide that any arbiter's award disapproved by a court be referred back to the arbiter for reconsideration and possible modification;

(b) an agreed list of providers of medical treatment that may be the exclusive source of all medical and related treatment provided under this chapter which need not be certified under section 176.1351;

(c) the use of a limited list of impartial physicians to conduct independent medical examinations;

(d) the creation of a light duty, modified job, or return to work program;

(e) the use of a limited list of individuals and companies for the establishment of vocational rehabilitation or retraining programs which list is not subject to the requirements of section 176.102;

(f) the establishment of safety committees and safety procedures; or

(g) the adoption of a 24-hour health care coverage plan if a 24-hour plan pilot project is authorized by law, according to the terms and conditions authorized by that law.

Subd. 2. [FILING AND REVIEW.] A copy of the agreement and the approximate number of employees who will be covered under it must be filed with the commissioner. Within 21 days of receipt of an agreement, the commissioner shall review the agreement for compliance with this section and the benefit provisions of this chapter and notify the parties of any additional information required or any recommended modification that would bring the agreement into compliance. Upon receipt of any requested information or modification, the commissioner must notify the parties within 21 days whether the agreement is in compliance with this section and the benefit provisions of this chapter.

In order for any agreement to remain in effect, it must provide for a timely and accurate method of reporting to the commissioner necessary information regarding service cost and utilization to enable the commissioner to annually report to the legislature. The information provided to the commissioner must include aggregate data on the:

(i) person hours and payroll covered by agreements filed;

(ii) number of claims filed;

(iii) average cost per claim;

(iv) number of litigated claims, including the number of claims submitted to arbitration, the workers' compensation court of appeals, the office of administrative hearings, the district court, the Minnesota court of appeals or the supreme court;

(v) number of contested claims resolved prior to arbitration;

(vi) projected incurred costs and actual costs of claims;

(vii) employer's safety history;

(viii) number of workers participating in vocational rehabilitation; and

(ix) number of workers participating in light-duty programs.

Subd. 3. [REFUSAL TO RECOGNIZE.] A person aggrieved by the commissioner's decision concerning an agreement may request in writing, within 30 days of the date the notice is issued, the initiation of a contested case proceeding under chapter 14. The request to initiate a contested case must be received by the department by the 30th day after the commissioner's decision. An appeal from the commissioner's final decision and order may be taken to the workers' compensation court of appeals pursuant to sections 176.421 and 176.442.

Subd. 4. [VOID AGREEMENTS.] Nothing in this section shall allow any agreement that diminishes an employee's entitlement to benefits as otherwise set forth in this chapter. For the purposes of this section, the procedural rights and dispute resolution agreements under subdivision 1, clauses (a) to (g), are not agreements which diminish an employee's entitlement to benefits. Any agreement that diminishes an employee's entitlement to benefits as set forth in this chapter is null and void.

Subd. 5. [NOTICE TO INSURANCE CARRIER.] If the employer is insured under this chapter, the collective bargaining agreement provision shall not be recognized by the commissioner, compensation judge, workers' compensation court of appeals, and other courts unless the employer has given notice to the employer's insurance carrier, in the manner provided in the insurance contract, of intent to enter into an agreement with its employees as provided in this section.

Subd. 6. [PILOT PROGRAM.] The commissioner shall establish a pilot program ending December 31, 1997, in which up to ten private employers not engaged in construction, construction maintenance, and related activities shall be authorized to enter into valid agreements under this section with their employees. The agreements shall be recognized and enforced as provided by this section. Private employers shall participate in the pilot program through collectively bargained agreements with the certified and exclusive representatives of their employees and without regard to the dollar insurance premium limitations in subdivision 1.

Subd. 7. [RULES.] The commissioner may adopt emergency or permanent rules necessary to implement this section.

ARTICLE 8

EQUITABLE APPORTIONMENT

Section 1. Minnesota Statutes 1994, section 176.191, is amended by adding a subdivision to read:

Subd. 1a. [EQUITABLE APPORTIONMENT.] Equitable apportionment of liability for an injury under this chapter is not allowed except that apportionment among employers and insurers is allowed in a settlement agreement filed pursuant to section 176.521, and an employer or insurer may require equitable apportionment of liability for workers' compensation benefits among employer and insurers by arbitration pursuant to subdivision 5. To the same extent limited by this subdivision, contribution and reimbursement actions based on equitable apportionment are not allowed under this chapter. If apportionment, contribution, or reimbursement issues are arbitrated

pursuant to this section, the arbitration proceeding is for the limited purpose of apportioning liability for workers' compensation benefits payable among employers and insurers. This subdivision applies without regard to whether one or more of the injuries results from cumulative trauma or a specific injury, but does not apply to an occupational disease. In the case of an occupational disease, section 176.66 applies. In the arbitration of equitable apportionment under this section, the parties and the arbitrator must be guided by general rules of arbitrator selection and presumptive apportionment among employers and insurers that are developed by the insurer's administrative task force and approved by the commissioner of the department of labor and industry. Apportionment against preexisting disability is allowed only for permanent partial disability as provided in section 176.101, subdivision 4a. Nothing in this subdivision shall be interpreted to repeal or in any way affect the law with respect to special compensation fund liability or benefits.

Sec. 2. Minnesota Statutes 1994, section 176.191, subdivision 5, is amended to read:

Subd. 5. [ARBITRATION.] Where a dispute exists between an employer, insurer, the special compensation fund, the reopened case fund, or the workers' compensation reinsurance association, regarding apportionment of liability for benefits payable under this chapter, the dispute and the requesting party has expended over \$10,000 in medical or 52 weeks worth of indemnity benefits and made the request within one year thereafter, a party may be submitted with consent of all interested parties request submission of the dispute as to apportionment of liability among employers and insurers to binding arbitration. The request is binding on all parties and mandates the submission to binding arbitration. The decision of the arbitrator shall be conclusive with respect to all issues presented except as provided in subdivisions 6 and 7 on the issue of apportionment among employers and insurers. Consent of the employee is not required for submission of a dispute to arbitration pursuant to this section and the employee is not bound by the results of the arbitration. An arbitration award shall not be admissible in any other proceeding under this chapter. Notice of the proceeding shall be given to the employee.

The employee, or any person with material information to the facts to be arbitrated, shall attend the arbitration proceeding if any party to the proceeding deems it necessary. Nothing said by an employee in connection with any arbitration proceeding may be used against the employee in any other proceeding under this chapter. Reasonable expenses of meals, lost wages, and travel of the employee or witnesses in attending shall be reimbursed on a pro rata basis. Arbitration costs shall be paid by the parties, except the employee, on a pro rata basis.

Sec. 3. Minnesota Statutes 1994, section 176.191, subdivision 7, is amended to read:

Subd. 7. [REPRESENTATION.] If an employee brings an action under the circumstances described in subdivision 6 in which there had been an arbitration proceeding under subdivisions 1a and 5, the parties to the previous arbitration may be represented at the new action by a common or joint attorney.

Sec. 4. [EFFECTIVE DATE.]

This article applies to all disputes regardless of the date of injury of an employee.

ARTICLE 9

CHAPTER 79A GROUP INSURANCE

Section 1. Minnesota Statutes 1994, section 79A.01, is amended by adding a subdivision to read:

Subd. 11. [TRADE ASSOCIATION.] "Trade association" means an association of businesses with common business interest whose members are engaged in similar employment activities and have joined together for the purpose of promoting their common interest. For the purposes of this chapter, "trade association" includes a cooperative organized under chapter 308A.

Sec. 2. Minnesota Statutes 1994, section 79A.01, is amended by adding a subdivision to read:

Subd. 12. [PREFERRED RISK GROUP.] "Preferred risk group" means a group of members of a trade association that has been in existence and operating for at least five consecutive years

before application to self-insure for workers' compensation and whose board membership consists of a manager of the trade association, and at least two of the trade association's board members. Members of the preferred risk group shall constitute a majority of the board of directors. No third-party administrators shall serve on the board.

Sec. 3. Minnesota Statutes 1994, section 79A.02, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] For the purposes of assisting the commissioner, there is established a workers' compensation self-insurers' advisory committee of five members that are employers or groups authorized to self-insure in Minnesota. Three of the members shall be elected by the members of the self-insurers' security fund and two shall be appointed by the commissioner. One of the members shall be a group.

Sec. 4. Minnesota Statutes 1994, section 79A.02, subdivision 4, is amended to read:

Subd. 4. [RECOMMENDATIONS TO COMMISSIONER REGARDING REVOCATION.] After each fifth anniversary from the date each individual and, group, or preferred risk group self-insurer becomes certified to self-insure, the committee shall review all relevant financial data filed with the department of commerce that is otherwise available to the public and make a recommendation to the commissioner about whether each self-insurer's certificate should be revoked.

Sec. 5. Minnesota Statutes 1994, section 79A.03, subdivision 2, is amended to read:

Subd. 2. [CERTIFIED FINANCIAL STATEMENT.] Each application for self-insurance shall be accompanied by a certified financial statement, except in the case of a group application. Certified financial statements for a period ending more than six months prior to the date of the application must be accompanied by an affidavit, signed by a company officer under oath, stating that there has been no material lessening of the net worth nor other adverse changes in its financial condition since the end of the period. The commissioner may require additional financial information necessary to carry out the purpose of this chapter.

Sec. 6. Minnesota Statutes 1994, section 79A.03, subdivision 6, is amended to read:

Subd. 6. [APPLICATIONS FOR GROUP SELF-INSURANCE.] (a) Two or more employers, or a trade association may apply to the commissioner for the authority to self-insure as a group or preferred risk group, using forms available from the commissioner. This initial application shall be accompanied by a copy of the bylaws or plan of operation adopted by the group. Such bylaws or plan of operation shall conform to the conditions prescribed by law or rule. The commissioner shall approve or disapprove the bylaws within 60 days unless a question as to the legality of a specific bylaw or plan provision has been referred to the attorney general's office. The commissioner shall make a determination as to the application within 15 days after receipt of the requested response from the attorney general's office.

(b) After the initial application and the bylaws or plan of operation have been approved by the commissioner or at the time of the initial application, the group or preferred risk group shall submit the names of employers that will be members of the group; an indemnity agreement providing for joint and several liability, and in the case of a preferred group, an individual and proportional liability assessment agreement for all group members for any and all workers' compensation claims incurred by any member of the group, as set forth in Minnesota Rules, part 2780.9920, signed by an officer of each member; and an accounting review performed by a certified public accountant. A certified financial audit may be filed in lieu of an accounting review. In the case of preferred risk group members, individual member financial statements need only be sent to the group, unless one member's premium exceeds 30 percent of the total group premium. If one member exceeds 30 percent, then that member must provide a reviewed or audited financial statement to the department.

Sec. 7. Minnesota Statutes 1994, section 79A.03, subdivision 7, is amended to read:

Subd. 7. [FINANCIAL STANDARDS.] A group or preferred group risk proposing to self-insure shall have and maintain:

(a) A combined net worth of all of the members of an amount at least equal to the greater of ten

times the retention selected with the workers' compensation reinsurance association or one-third of the current annual modified premium of the members. In the case of preferred risk group members, members shall have a combined net worth of all of the members of an amount at least equal to the greater of 15 times the retention selected with the workers' compensation reinsurance association or 100 percent of the current annual modified premium of the members, whichever is greater.

(b) Sufficient assets, net worth, and liquidity to promptly and completely meet all obligations of its members under chapter 176 or this chapter. In determining whether a group is in sound financial condition, consideration shall be given to the combined net worth of the member companies; the consolidated long-term and short-term debt to equity ratios of the member companies; any excess insurance other than reinsurance with the workers' compensation reinsurance association, purchased by the group from an insurer licensed in Minnesota or from an authorized surplus line carrier; other financial data requested by the commissioner or submitted by the group; and the combined workers' compensation experience of the group for the last four years.

Sec. 8. Minnesota Statutes 1994, section 79A.03, subdivision 8, is amended to read:

Subd. 8. [PROCESSING APPLICATION.] The commissioner shall grant or deny the group's application to self-insure within 60 days after a complete application has been filed, provided that the time may be extended for an additional 30 days upon 15 days' prior notice to the applicant. The commissioner shall grant approval for self-insurance upon a determination that the financial ability of the self-insurer's group is sufficient to fulfill all joint and several obligations of the member companies that may arise under chapter 176 or this chapter; the gross annual premium of the group members is at least \$300,000 and \$500,000 for preferred risk group members; the group has established a fund pursuant to Minnesota Rules, parts 2780.4100 to 2780.5000; the group has contracted with a licensed workers' compensation service company to administer its program; and the required securities or surety bond shall be on deposit prior to the effective date of coverage for any member. Approval shall be effective until revoked by order of the commissioner or until the employer members of the group become insured.

Sec. 9. Minnesota Statutes 1994, section 79A.03, subdivision 9, is amended to read:

Subd. 9. [FILING REPORTS.] (a) Incurred losses, paid and unpaid, specifying indemnity and medical losses by classification, payroll by classification, and current estimated outstanding liability for workers' compensation shall be reported to the commissioner by each self-insurer on a calendar year basis, in a manner and on forms available from the commissioner. Payroll information must be filed by April 1 of the following year, and loss information and total workers' compensation liability must be filed by August 1 of the following year.

(b) Each self-insurer shall, under oath, attest to the accuracy of each report submitted pursuant to paragraph (a). Upon sufficient cause, the commissioner shall require the self-insurer to submit a certified audit of payroll and claim records conducted by an independent auditor approved by the commissioner, based on generally accepted accounting principles and generally accepted auditing standards, and supported by an actuarial review and opinion of the future contingent liabilities. The basis for sufficient cause shall include the following factors: where the losses reported appear significantly different from similar types of businesses; where major changes in the reports exist from year to year, which are not solely attributable to economic factors; or where the commissioner has reason to believe that the losses and payroll in the report do not accurately reflect the losses and payroll of that employer. If any discrepancy is found, the commissioner shall require changes in the self-insurer's or workers' compensation service company record keeping practices.

(c) With the annual loss report due August 1, each self-insurer shall report to the commissioner any workers' compensation claim from the previous year where the full, undiscounted value is estimated to exceed \$50,000, in a manner and on forms prescribed by the commissioner.

(d) Each individual self-insurer shall, within four months after the end of its fiscal year, annually file with the commissioner its latest 10K report required by the Securities and Exchange Commission. If an individual self-insurer does not prepare a 10K report, it shall file an annual certified financial statement, together with such other financial information as the commissioner may require to substantiate data in the financial statement.

(e) Each member of the group shall, within four months after the end of each fiscal year for that group, file the most recent annual financial statement, reviewed by a certified public accountant in accordance with the Statements on Standards for Accounting and Review Services, Volume 2, the American Institute of Certified Public Accountants Professional Standards, or audited in accordance with generally accepted auditing standards, together with such other financial information the commissioner may require. In addition, the group shall file, within four months after the end of each fiscal year for that group, combining financial statements of the group members, compiled by a certified public accountant in accordance with the Statements on Standards for Accounting and Review Services, Volume 2, the American Institute of Certified Public Accountants Professional Standards. Payroll and loss information must also be provided to the Workers' Compensation Insurers Association. The combining financial statements shall include, but not be limited to, a balance sheet, income statement, statement of changes in net worth, and statement of cash flow. Each combining financial statement shall include a column for each individual group member along with a total column.

Where a group has 50 or more members, the group shall file, in lieu of the combining financial statements, a combined financial statement showing only the total column for the entire group's balance sheet, income statement, statement of changes in net worth, and statement of cash flow. Additionally, the group shall disclose, for each member, the total assets, net worth, revenue, and income for the most recent fiscal year. The combining and combined financial statements may omit all footnote disclosures.

Where members belong to a preferred risk group, the preferred group shall file, in lieu of the combining financial statements, a compiled combined financial statement prepared by a certified public accountant showing only the total column for the entire group's balance sheet, income statement, statement of changes in net worth, statement of cash flow, and a list of all members comprising the combined statement. Additionally, individual members constituting at least 75 percent of the premium shall submit to the preferred risk group reviewed or audited financial statements, and the remaining members may submit compilation level statements. The combined financial statement shall attest that financial statements of members representing 75 percent of the group's premium has been reviewed or audited. The preferred risk group shall also provide any footnote disclosures of individual members to the department of commerce which indicate contingent liabilities that could potentially exceed 30 percent of the combined net worth of all members of the group, and provide the financial statement of any individual member company whose premium exceeds 30 percent of the total group premium.

(f) In addition to the financial statements required by paragraphs (d) and (e), interim financial statements or 10Q reports required by the Securities and Exchange Commission may be required by the commissioner upon an indication that there has been deterioration in the self-insurer's financial condition, including a worsening of current ratio, lessening of net worth, net loss of income, the downgrading of the company's bond rating, or any other significant change that may adversely affect the self-insurer's ability to pay expected losses. Any self-insurer that files an 8K report with the Securities and Exchange Commission shall also file a copy of the report with the commissioner within 30 days of the filing with the Securities and Exchange Commission.

Sec. 10. Minnesota Statutes 1994, section 79A.03, subdivision 11, is amended to read:

Subd. 11. [JOINT AND SEVERAL LIABILITY.] All members of a private self-insurer group shall be jointly and severally liable for the obligations incurred by any member of the same group under chapter 176., except that preferred risk group members shall also be individually and proportionally liable. For assessment purposes, the proportional liability of each preferred risk member shall be based on the member's percentage of the group's total obligations. If a member of the group becomes insolvent, the remaining member liability must be adjusted upward, based on the member's proportion of the total group obligation, to satisfy the obligation. All preferred group marketing materials shall explain that members are jointly and severally liable, but individually and proportionally assessed should the group become insolvent.

Sec. 11. Minnesota Statutes 1994, section 79A.08, is amended to read:

79A.08 [LEGISLATIVE INTENT.]

It is the intent of the legislature in enacting sections 79A.08 to 79A.10 to provide for the

continuation of workers' compensation benefits delayed due to the failure of a an individual or group private self-insured employer to meet its compensation obligations, whenever the commissioner of commerce issues a certificate of default or there is a declaration of bankruptcy or insolvency by a court of competent jurisdiction. With respect to the continued liability of a surety for claims that arise under a bond after termination of that bond and to a surety's liability for the cost of administration of claims, it is the intent of the legislature to provide that that liability ceases upon lawful termination of that bond. This applies to all surety bonds which are purchased by the self-insured employer after July 1, 1988. The legislature finds and declares that the establishment of the self-insurers' security fund is a necessary component of a complete system of workers' compensation, required by chapter 176, to have adequate provisions for the comfort, health, safety, and general welfare of any and all workers and their dependents to the extent of relieving the consequences of any industrial injury or death, and full provision for securing the payment of compensation.

ARTICLE 10 BENEFITS

Section 1. Minnesota Statutes 1994, section 176.011, subdivision 18, is amended to read:

Subd. 18. [WEEKLY WAGE.] "Weekly wage" is arrived at by multiplying the daily wage by the number of days and fractional days normally worked in the business of the employer for the employment involved. If the employee normally works less than five days per week or works an irregular number of days per week, the number of days normally worked shall be computed by dividing the total number of days in which the employee actually performed any of the duties of employment in the last 26 weeks by the number of weeks in which the employee actually performed such duties, provided that the weekly wage for part time employment during a period of seasonal or temporary layoff shall be computed on the number of days and fractional days normally worked in the business of the employer for the employment involved. If, at the time of the injury, the employee was regularly employed by two or more employers, the employee's days of work for all such employments shall be included in the computation of weekly wage. Occasional overtime is not to be considered in computing the weekly wage, but if overtime is regular or frequent throughout the year it shall be taken into consideration. The maximum weekly compensation payable to an employee, or to the employee's dependents in the event of death, shall not exceed $66\frac{2}{3}$ percent of the product of the daily wage times the number of days normally worked, provided that the compensation payable for permanent partial disability under section 176.101, subdivision 3 3w, and for permanent total disability under section 176.101, subdivision 4, or death under section 176.111, shall not be computed on less than the number of hours normally worked in the employment or industry in which the injury was sustained, subject also to such maximums as are specifically otherwise provided.

Sec. 2. Minnesota Statutes 1994, section 176.021, subdivision 3, is amended to read:

Subd. 3. [COMPENSATION, COMMENCEMENT OF PAYMENT.] All employers shall commence payment of compensation at the time and in the manner prescribed by this chapter without the necessity of any agreement or any order of the division. Except for medical, burial, and other nonperiodic benefits, payments shall be made as nearly as possible at the intervals when the wage was payable, provided, however, that payments for permanent partial disability shall be governed by section 176.101. If doubt exists as to the eventual permanent partial disability, ~~payment for the economic recovery compensation or impairment compensation, whichever is due, pursuant to section 176.101, shall be then made when due for the minimum permanent partial disability ascertainable, and further payment shall be made upon any later ascertainment of greater permanent partial disability. Prior to or at the time of commencement of the payment of economic recovery compensation or lump sum or periodic payment of impairment compensation, permanent partial disability~~ the employee and employer shall be furnished with a copy of the medical report upon which the payment is based and all other medical reports which the insurer has that indicate a permanent partial disability rating, together with a statement by the insurer as to whether the tendered payment is for minimum permanent partial disability or final and eventual disability. After receipt of all reports available to the insurer that indicate a permanent partial disability rating, the employee shall make available or permit the insurer to obtain any medical report that the employee has or has knowledge of that contains a permanent partial disability rating which the insurer does not already have. ~~Economic recovery compensation or impairment compensation~~

~~Permanent partial disability compensation pursuant to section 176.101, subdivision 3w, is payable in addition to but not concurrently with compensation for temporary total disability but is payable pursuant to section 176.101. Impairment compensation Permanent partial disability is payable concurrently and in addition to compensation for permanent total disability pursuant to section 176.101. Economic recovery compensation or impairment compensation pursuant to section 176.101 shall be withheld pending completion of payment for temporary total disability, and No credit shall be taken for payment of economic recovery compensation or impairment compensation permanent partial disability compensation against liability for temporary total or future permanent total disability. Liability on the part of an employer or the insurer for disability of a temporary total, temporary partial, and permanent total nature shall be considered as a continuing product and part of the employee's inability to earn or reduction in earning capacity due to injury or occupational disease and compensation is payable accordingly, subject to section 176.101. Economic recovery compensation or impairment compensation Permanent partial disability compensation is payable for functional loss of use or impairment of function, permanent in nature, and payment therefore shall be separate, distinct, and in addition to payment for any other compensation, subject to section 176.101. The right to receive temporary total, temporary partial, or permanent total disability payments vests in the injured employee or the employee's dependents under this chapter or, if none, in the employee's legal heirs at the time the disability can be ascertained and the right is not abrogated by the employee's death prior to the making of the payment.~~

~~The right to receive economic recovery compensation or impairment compensation permanent partial disability compensation vests in an injured employee at the time the disability can be ascertained provided that the employee lives for at least 30 days beyond the date of the injury. Upon the death of an employee who is receiving economic recovery compensation or impairment compensation, further compensation is payable pursuant to section 176.101. Impairment compensation is payable under this paragraph if vesting has occurred, the employee dies prior to reaching maximum medical improvement, and the requirements and conditions under section 176.101, subdivision 3e, are not met. from causes unrelated to the injury, further permanent partial disability is payable to the employee's dependents. If the employee has no dependents, permanent partial disability is payable to the employee's adult children. If an employee dies without dependents or adult children, no further permanent partial disability is payable. Upon the death of an employee from causes related to the injury when permanent partial disability compensation is payable, no further permanent partial disability compensation is due and benefits are determined under section 176.111.~~

Disability ratings for permanent partial disability shall be based on objective medical evidence.

Sec. 3. Minnesota Statutes 1994, section 176.021, subdivision 3a, is amended to read:

Subd. 3a. [PERMANENT PARTIAL BENEFITS, PAYMENT.] Payments for permanent partial disability as provided in section 176.101, subdivision 3 3w, shall be made in the following manner:

- (a) ~~If the employee returns to work, payment shall be made by lump sum;~~
- (b) ~~If begin after temporary total payments have ceased, but the employee has not returned to work, payment and shall be made at the same intervals as temporary total payments were made;~~
- (c) ~~If temporary total disability payments cease because the employee is receiving payments for permanent total disability or because the employee is retiring or has retired from the work force, then payment shall be made by lump sum;~~
- (d) ~~If the employee completes a rehabilitation plan pursuant to section 176.102, but the employer does not furnish the employee with work the employee can do in a permanently partially disabled condition, and the employee is unable to procure such work with another employer, then payment shall be made by lump sum.~~

Sec. 4. Minnesota Statutes 1994, section 176.061, subdivision 10, is amended to read:

Subd. 10. [INDEMNITY.] Notwithstanding the provisions of chapter 65B or any other law to the contrary, an employer has a right of indemnity for any compensation paid or payable pursuant

to this chapter, including temporary total compensation, temporary partial compensation, permanent partial disability, ~~economic recovery compensation, impairment compensation~~ permanent partial disability compensation, medical compensation, rehabilitation, death, and permanent total compensation.

Sec. 5. Minnesota Statutes 1994, section 176.101, subdivision 1, is amended to read:

Subdivision 1. [TEMPORARY TOTAL DISABILITY.] (a) For injury producing temporary total disability, the compensation is 66-2/3 percent of the weekly wage at the time of injury.

(b) During the year commencing on October 1, 1992, and each year thereafter, the maximum weekly compensation payable is 105 percent of the statewide average weekly wage for the period ending December 31 of the preceding year.

(c) The minimum weekly compensation payable is 20 percent of the statewide average weekly wage for the period ending December 31 of the preceding year or the injured employee's actual weekly wage, whichever is less.

(d) ~~Subject to subdivisions 3a to 3u~~ This compensation shall be paid during the period of disability, except as provided in this section, payment to be made at the intervals when the wage was payable, as nearly as may be.

(e) Except as provided in section 176.102, subdivision 11, paragraph (b), temporary total disability compensation may be paid during the period of disability, for up to a maximum of 100 weeks of actual payment, regardless of when payment is made. Temporary total disability compensation may be extended and paid beyond 100 weeks to an employee who is medically disabled because of the injury. Each week of temporary total disability compensation extended beyond 100 weeks reduces the number of weeks of temporary partial disability compensation available under subdivision 2, by an equivalent amount. In no event may an employee receive more than 450 weeks of a combination of temporary total disability and temporary partial disability.

Sec. 6. Minnesota Statutes 1994, section 176.101, subdivision 2, is amended to read:

Subd. 2. [TEMPORARY PARTIAL DISABILITY.] (a) In all cases of temporary partial disability the compensation shall be 66-2/3 percent of the difference between the weekly wage of the employee at the time of injury and the wage the employee is able to earn in the employee's partially disabled condition. This compensation shall be paid during the period of disability except as provided in this section, payment to be made at the intervals when the wage was payable, as nearly as may be, and subject to the maximum rate for temporary total compensation.

(b) Except as provided ~~under subdivision 3k in paragraph (e)~~, temporary partial compensation may be paid only while the employee is employed, earning less than the employee's weekly wage at the time of the injury, and the reduced wage the employee is able to earn in the employee's partially disabled condition is due to the injury. An employer may establish that an employee's ability to earn exceeds the employee's actual wages.

(c) Except as provided in subdivision 1, paragraph (e), and section 176.102, subdivision 11, paragraph (b), temporary partial compensation may ~~not be paid for more than 225~~ for up to a maximum of 350 weeks, or after 450 weeks after the date of injury, whichever occurs first of actual payment, regardless of when payment is made.

(e) (d) Temporary partial compensation must be reduced to the extent that the wage the employee is able to earn in the employee's partially disabled condition plus the temporary partial disability payment otherwise payable under this subdivision exceeds 500 percent of the statewide average weekly wage.

(e) An employee may receive temporary partial disability based on the wage the employee is able to earn if the employee is not eligible for temporary total disability because of the 100-week limitation of subdivision 1, paragraph (e); and the employee is not earning a wage because the employer has not furnished the employee with work the employee can perform in the employee's partially disabled condition and the employee is unable to find work after a reasonably diligent effort.

Sec. 7. Minnesota Statutes 1994, section 176.101, is amended by adding a subdivision to read:

Subd. 3w. [PERMANENT PARTIAL DISABILITY COMPENSATION.] An employee who suffers a permanent partial disability due to a personal injury shall receive permanent partial disability compensation in an amount provided by this subdivision. The amount shall be equal to the proportion that the loss of function of the disabled part bears to the whole body multiplied by \$100,000.

Payments for permanent disability of more than one body part due to a personal injury in a single occurrence may not exceed 100 percent of the whole body.

Sec. 8. Minnesota Statutes 1994, section 176.101, subdivision 6, is amended to read:

Subd. 6. [MINORS; APPRENTICES.] (a) If any employee entitled to the benefits of this chapter is an apprentice of any age and sustains a personal injury arising out of and in the course of employment resulting in permanent total or a compensable permanent partial disability, for the purpose of computing the compensation to which the employee is entitled for the injury, the compensation rate for temporary total, temporary partial, or a permanent total disability or ~~economic recovery compensation~~ shall be the maximum rate for temporary total disability under subdivision 1.

(b) If any employee entitled to the benefits of this chapter is a minor and sustains a personal injury arising out of and in the course of employment resulting in permanent total disability, for the purpose of computing the compensation to which the employee is entitled for the injury, the compensation rate for a permanent total disability shall be the maximum rate for temporary total disability under subdivision 1.

Sec. 9. Minnesota Statutes 1994, section 176.105, subdivision 2, is amended to read:

Subd. 2. [RULES; INTERNAL ORGANS.] The commissioner shall by rule establish a schedule of internal organs that are compensable and indicate in the schedule to what extent the organs are compensable under section 176.101, subdivision 3 ~~3~~ 3w.

Sec. 10. Minnesota Statutes 1994, section 176.105, subdivision 4, is amended to read:

Subd. 4. [LEGISLATIVE INTENT; RULES; LOSS OF MORE THAN ONE BODY PART.] ~~(a) For the purpose of establishing a disability schedule pursuant to clause (b), the legislature declares its intent that the commissioner establish a disability schedule which, assuming the same number and distribution of severity of injuries, the aggregate total of impairment compensation and economic recovery compensation benefits under section 176.101, subdivisions 3a to 3u be approximately equal to the total aggregate amount payable for permanent partial disabilities under section 176.101, subdivision 3, provided, however, that awards for specific injuries under the proposed schedule need not be the same as they were for the same injuries under the schedule pursuant to section 176.101, subdivision 3. The schedule shall be determined by sound actuarial evaluation and shall be based on the benefit level which exists on January 1, 1983.~~

~~(b) The commissioner shall by rulemaking adopt procedures setting forth rules for the evaluation and rating of functional disability and the schedule for permanent partial disability and to determine the percentage of loss of function of a part of the body based on the body as a whole, including internal organs, described in section 176.101, subdivision 3, and any other body part not listed in section 176.101, subdivision 3, which the commissioner deems appropriate.~~

The rules shall promote objectivity and consistency in the evaluation of permanent functional impairment due to personal injury and in the assignment of a numerical rating to the functional impairment.

Prior to adoption of rules the commissioner shall conduct an analysis of the current permanent partial disability schedule for the purpose of determining the number and distribution of permanent partial disabilities and the average compensation for various permanent partial disabilities. The commissioner shall consider setting the compensation under the proposed schedule for the most serious conditions higher in comparison to the current schedule and shall consider decreasing awards for minor conditions in comparison to the current schedule.

The commissioner may consider, among other factors, and shall not be limited to the following factors in developing rules for the evaluation and rating of functional disability and the schedule for permanent partial disability benefits:

(1) the workability and simplicity of the procedures with respect to the evaluation of functional disability;

(2) the consistency of the procedures with accepted medical standards;

(3) rules, guidelines, and schedules that exist in other states that are related to the evaluation of permanent partial disability or to a schedule of benefits for functional disability provided that the commissioner is not bound by the degree of disability in these sources but shall adjust the relative degree of disability to conform to the expressed intent of ~~clause (a)~~ this section;

(4) rules, guidelines, and schedules that have been developed by associations of health care providers or organizations provided that the commissioner is not bound by the degree of disability in these sources but shall adjust the relative degree of disability to conform to the expressed intent of ~~clause (a)~~ this section;

(5) the effect the rules may have on reducing litigation;

(6) the treatment of preexisting disabilities with respect to the evaluation of permanent functional disability provided that any preexisting disabilities must be objectively determined by medical evidence; and

(7) symptomatology and loss of function and use of the injured member.

The factors in paragraphs (1) to (7) shall not be used in any individual or specific workers' compensation claim under this chapter but shall be used only in the adoption of rules pursuant to this section.

Nothing listed in paragraphs (1) to (7) shall be used to dispute or challenge a disability rating given to a part of the body so long as the whole schedule conforms with the expressed intent of ~~clause (a)~~ this section.

(e) If an employee suffers a permanent functional disability of more than one body part due to a personal injury incurred in a single occurrence, the percent of the whole body which is permanently partially disabled shall be determined by the following formula so as to ensure that the percentage for all functional disability combined does not exceed the total for the whole body:

$$A + B (1 - A)$$

where: A is the greater percentage whole body loss of the first body part; and B is the lesser percentage whole body loss otherwise payable for the second body part. $A + B (1 - A)$ is equivalent to $A + B - AB$.

For permanent partial disabilities to three body parts due to a single occurrence or as the result of an occupational disease, the above formula shall be applied, providing that A equals the result obtained from application of the formula to the first two body parts and B equals the percentage for the third body part. For permanent partial disability to four or more body parts incurred as described above, A equals the result obtained from the prior application of the formula, and B equals the percentage for the fourth body part or more in arithmetic progressions.

Sec. 11. Minnesota Statutes 1994, section 176.106, subdivision 7, is amended to read:

Subd. 7. [REQUEST FOR HEARING.] Any party aggrieved by the decision of the commissioner may request a formal hearing by filing the request with the commissioner no later than 30 days after the decision. The request shall be referred to the office of administrative hearings for a de novo hearing before a compensation judge. The commissioner shall refer a timely request to the office of administrative hearings within five working days after filing of the request and. If the request for hearing concerns a claim for rehabilitation services, retraining, or surgery, the hearing at the office of administrative hearings must be held on the first date that all parties are available but not later than 60 days after the office of administrative hearings receives

the matter. Following the hearing, the compensation judge must issue the decision within 30 days. The decision of the compensation judge is appealable pursuant to section 176.421.

Sec. 12. Minnesota Statutes 1994, section 176.132, subdivision 2, is amended to read:

Subd. 2. [AMOUNT.] (a) The supplementary benefit payable under this section shall be the difference between the amount the employee receives on or after January 1, 1976, under section 176.101, subdivision 1 or 4, and 65 percent of the statewide average weekly wage as computed annually. For injuries that occur on or after October 1, 1995, the supplementary benefit payable under this section shall be the difference between the amount the employee receives under section 176.101, subdivision 4, and 60 percent of the statewide average weekly wage as computed annually. For injuries that occur on or after October 1, 1997, the supplementary benefit payable under this section shall be the difference between the amount the employee receives under section 176.101, subdivision 4, and 55 percent at the statewide average weekly wage as computed annually.

(b) In the event an eligible recipient is currently receiving no compensation or is receiving a reduced level of compensation because of a credit being applied as the result of a third party liability or damages, the employer or insurer shall compute the offset credit as if the individual were entitled to the actual benefit or 65 percent of the statewide average weekly wage as computed annually, whichever is greater. If this results in the use of a higher credit than otherwise would have been applied and the employer or insurer becomes liable for compensation benefits which would otherwise not have been paid, the additional benefits resulting shall be handled according to this section.

(c) In the event an eligible recipient is receiving no compensation or is receiving a reduced level of compensation because of a valid agreement in settlement of a claim, no supplementary benefit shall be payable under this section. Attorney's fees shall be allowed in settlements of claims for supplementary benefits in accordance with this chapter.

(d) In the event an eligible recipient is receiving no compensation or is receiving a reduced level of compensation because of prior limitations in the maximum amount payable for permanent total disability or because of reductions resulting from the simultaneous receipt of old age or disability benefits, the supplementary benefit shall be payable for the difference between the actual amount of compensation currently being paid and 65 percent of the statewide average weekly wage as computed annually.

(e) In the event that an eligible recipient is receiving simultaneous benefits from any government disability program, the amount of supplementary benefits payable under this section shall be reduced by five percent. If the individual does not receive the maximum benefits for which the individual is eligible under other governmental disability programs due to the provisions of United States Code, title 42, section 424a(d), this reduction shall not apply.

(f) Notwithstanding any other provision in this subdivision to the contrary, if the individual does not receive the maximum benefits for which the individual is eligible under other governmental disability programs due to the provision of United States Code, title 42, section 424a(d), the calculation of supplementary benefits payable to the individual shall be as provided under this section in Minnesota Statutes 1988.

Sec. 13. Minnesota Statutes 1994, section 176.135, subdivision 2, is amended to read:

Subd. 2. [CHANGE OF PHYSICIANS, PODIATRISTS, OR CHIROPRACTORS.] An employee is entitled to only one change of physician, podiatrist, or chiropractor as a matter of right. For employees receiving treatment under section 176.1351, the change as a matter of right shall be to another provider within the plan in accordance with the rules governing managed care. The commissioner shall adopt rules establishing standards and criteria to be used when a dispute arises over a change of physicians, podiatrists, or chiropractors in the case that either the employee or the employer desire a change. If a change is required as a matter of right, agreed upon, or ordered, the medical expenses shall be borne by the employer upon the same terms and conditions as provided in subdivision 1.

Sec. 14. Minnesota Statutes 1994, section 176.179, is amended to read:

176.179 [RECOVERY OF OVERPAYMENTS.]

Notwithstanding section 176.521, subdivision 3, or any other provision of this chapter to the contrary, except as provided in this section, no lump sum or weekly payment, or settlement, which is voluntarily paid to an injured employee or the survivors of a deceased employee in apparent or seeming accordance with the provisions of this chapter by an employer or insurer, or is paid pursuant to an order of the workers' compensation division, a compensation judge, or court of appeals relative to a claim by an injured employee or the employee's survivors, and received in good faith by the employee or the employee's survivors shall be refunded to the paying employer or insurer in the event that it is subsequently determined that the payment was made under a mistake in fact or law by the employer or insurer. When the payments have been made to a person who is entitled to receive further payments of compensation for the same injury, the mistaken compensation may be taken as a full credit against future lump sum benefit entitlement and as a partial credit against future weekly benefits. The credit applied against further payments of temporary total disability, temporary partial disability, permanent total disability, retraining benefits, death benefits, or weekly payments of ~~economic recovery or impairment compensation~~ permanent partial disability shall not exceed 20 percent of the amount that would otherwise be payable.

A credit may not be applied against medical expenses due or payable.

Where the commissioner or compensation judge determines that the mistaken compensation was not received in good faith, the commissioner or compensation judge may order reimbursement of the compensation. For purposes of this section, a payment is not received in good faith if it is obtained through fraud, or if the employee knew that the compensation was paid under mistake of fact or law, and the employee has not refunded the mistaken compensation.

Sec. 15. Minnesota Statutes 1994, section 176.221, subdivision 1, is amended to read:

Subdivision 1. [COMMENCEMENT OF PAYMENT.] Within 14 days of notice to or knowledge by the employer of an injury compensable under this chapter the payment of temporary total compensation shall commence. Within 14 days of notice to or knowledge by an employer of a new period of temporary total disability which is caused by an old injury compensable under this chapter, the payment of temporary total compensation shall commence; provided that the employer or insurer may file for an extension with the commissioner within this 14-day period, in which case the compensation need not commence within the 14-day period but shall commence no later than 30 days from the date of the notice to or knowledge by the employer of the new period of disability. Commencement of payment by an employer or insurer does not waive any rights to any defense the employer has on any claim or incident either with respect to the compensability of the claim under this chapter or the amount of the compensation due. Where there are multiple employers, the first employer shall pay, unless it is shown that the injury has arisen out of employment with the second or subsequent employer. Liability for compensation under this chapter may be denied by the employer or insurer by giving the employee written notice of the denial of liability. If liability is denied for an injury which is required to be reported to the commissioner under section 176.231, subdivision 1, the denial of liability must be filed with the commissioner within 14 days after notice to or knowledge by the employer of an injury which is alleged to be compensable under this chapter. If the employer or insurer has commenced payment of compensation under this subdivision but determines within ~~30~~ 120 days of notice to or knowledge by the employer of the injury that the disability is not a result of a personal injury, payment of compensation may be terminated upon the filing of a notice of denial of liability within ~~30~~ 120 days of notice or knowledge. After the ~~30-day~~ 120-day period, payment may be terminated only by the filing of a notice as provided under section 176.239. Upon the termination, payments made may be recovered by the employer if the commissioner or compensation judge finds that the employee's claim of work related disability was not made in good faith. A notice of denial of liability must state in detail the facts forming the basis for the denial and specific reasons explaining why the claimed injury or occupational disease was determined not to be within the scope and course of employment and shall include the name and telephone number of the person making this determination.

Sec. 16. Minnesota Statutes 1994, section 176.221, subdivision 6a, is amended to read:

Subd. 6a. [~~MEDICAL, REHABILITATION, ECONOMIC RECOVERY, AND IMPAIRMENT PERMANENT PARTIAL DISABILITY COMPENSATION.~~] The penalties provided by this section apply in cases where payment for treatment under section 176.135, rehabilitation expenses under section 176.102, subdivisions 9 and 11, ~~economic recovery compensation or impairment~~ or permanent partial disability compensation are not made in a timely manner as required by law or by rule adopted by the commissioner.

Sec. 17. Minnesota Statutes 1994, section 176.238, subdivision 6, is amended to read:

Subd. 6. [EXPEDITED HEARING BEFORE A COMPENSATION JUDGE.] A hearing before a compensation judge shall be held within ~~30~~ 60 calendar days after the office receives the file from the commissioner if:

(a) an objection to discontinuance has been filed under subdivision 4 within 60 calendar days after the notice of discontinuance was filed and where no administrative conference has been held;

(b) an objection to discontinuance has been filed under subdivision 4 within 60 calendar days after the commissioner's decision under this section has been issued;

(c) a petition to discontinue has been filed by the insurer in lieu of filing a notice of discontinuance; or

(d) a petition to discontinue has been filed within 60 calendar days after the commissioner's decision under this section has been issued.

If the petition or objection is filed later than the deadlines listed above, the expedited procedures in this section apply only where the employee is unemployed at the time of filing the objection and shows, to the satisfaction of the chief administrative judge, by sworn affidavit, that the failure to file the objection within the deadlines was due to some infirmity or incapacity of the employee or to circumstances beyond the employee's control. The hearing shall be limited to the issues raised by the notice or petition unless all parties agree to expanding the issues. If the issues are expanded, the time limits for hearing and issuance of a decision by the compensation judge under this subdivision shall not apply.

Once a hearing date has been set, a continuance of the hearing date will be granted only under the following circumstances:

(a) the employer has agreed, in writing, to a continuation of the payment of benefits pending the outcome of the hearing; or

(b) the employee has agreed, in a document signed by the employee, that benefits may be discontinued pending the outcome of the hearing.

Absent a clear showing of surprise at the hearing or the unexpected unavailability of a crucial witness, all evidence must be introduced at the hearing. If it is necessary to accept additional evidence or testimony after the scheduled hearing date, it must be submitted no later than 14 days following the hearing, unless the compensation judge, for good cause, determines otherwise.

The compensation judge shall issue a decision pursuant to this subdivision within 30 days following the close of the hearing record.

Sec. 18. Minnesota Statutes 1994, section 268.08, subdivision 3, is amended to read:

Subd. 3. [NOT ELIGIBLE.] An individual shall not be eligible to receive benefits for any week with respect to which the individual is receiving, has received, or has filed a claim for remuneration in an amount equal to or in excess of the individual's weekly benefit amount in the form of:

(1) termination, severance, or dismissal payment or wages in lieu of notice whether legally required or not; provided that if a termination, severance, or dismissal payment is made in a lump sum, such lump sum payment shall be allocated over a period equal to the lump sum divided by the employee's regular pay while employed by such employer; provided such payment shall be applied for a period immediately following the last day of employment but not to exceed 28

calendar days provided that 50 percent of the total of any such payments in excess of eight weeks shall be similarly allocated to the period immediately following the 28 days; or

(2) vacation allowance paid directly by the employer for a period of requested vacation, including vacation periods assigned by the employer under the provisions of a collective bargaining agreement, or uniform vacation shutdown; or

(3) compensation for loss of wages under the workers' compensation law of this state or any other state or under a similar law of the United States, or under other insurance or fund established and paid for by the employer ~~except that this does not apply to an individual who is receiving temporary partial compensation pursuant to section 176.101, subdivision 3k; or~~

(4) 50 percent of the pension payments from any fund, annuity or insurance maintained or contributed to by a base period employer including the armed forces of the United States if the employee contributed to the fund, annuity or insurance and all of the pension payments if the employee did not contribute to the fund, annuity or insurance; or

(5) 50 percent of a primary insurance benefit under title II of the Social Security Act, as amended, or similar old age benefits under any act of Congress or this state or any other state.

Provided, that if such remuneration is less than the benefits which would otherwise be due under sections 268.03 to 268.231, the individual shall be entitled to receive for such week, if otherwise eligible, benefits reduced by the amount of such remuneration; provided, further, that if the appropriate agency of such other state or the federal government finally determines that the individual is not entitled to such benefits, this provision shall not apply. If the computation of reduced benefits, required by this subdivision, is not a whole dollar amount, it shall be rounded down to the next lower dollar amount.

Sec. 19. [REPEALER.]

Minnesota Statutes 1994, sections 176.011, subdivisions 25 and 26; and 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, and 3u, are repealed.

Sec. 20. [EFFECTIVE DATE.]

Sections 1 to 9, and 16, are effective October 1, 1995, and apply to injuries occurring on or after that date. Sections 10, 11, 13 to 15, 17, and 18, are effective August 1, 1995.

ARTICLE 11

MISCELLANEOUS

Section 1. Minnesota Statutes 1994, section 79.211, subdivision 1, is amended to read:

Subdivision 1. [CERTAIN WAGES ~~EXCLUDED~~ INCLUDED FOR RATEMAKING.] The rating association or an insurer shall ~~not~~ include wages paid for a vacation, holiday, or sick leave in the determination of a workers' compensation insurance premium.

An insurer, including the assigned risk plan, shall not include wages paid for work performed in an adjacent state in the determination of a workers' compensation premium if the employer paid a workers' compensation insurance premium to the exclusive state fund of the adjacent state on the wages earned in the adjacent state.

Sec. 2. [176.187] [RETURN TO WORK.]

All employers must develop and maintain an inventory of temporary alternative work opportunities for injured employees. The alternative work opportunities can be with the employer or with other employers.

Sec. 3. [REPEALER.]

Laws 1990, chapter 521, section 4, is repealed.

Sec. 4. [EFFECTIVE DATE.]

Section 2 is effective the day following final enactment.

ARTICLE 12
INSURANCE REGULATION

Section 1. [79.64] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purpose of sections 79.64 to 79.78, the terms defined in this section have the meanings given them.

Subd. 2. [ASSOCIATION.] "Association" or "rating association" means the Minnesota Workers' Compensation Insurers Association.

Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of commerce.

Subd. 4. [INTERESTED PARTY.] "Interested party" means any person or association acting on behalf of its members who is directly affected by a change in the schedule of rates and includes the staff of the department of commerce.

Subd. 5. [RATE SERVICE ORGANIZATION.] "Rate service organization" means any person, other than an employee of an insurer, who assists insurers in ratemaking or filing by:

- (1) collecting, compiling, and furnishing loss or expense statistics;
- (2) recommending, making, or filing rates or supplementary rate information; or
- (3) advising about rate questions, except as an attorney giving legal advice.

Sec. 2. [79.65] [SCOPE OF APPLICATION.]

Sections 79.64 to 79.78 apply to all workers' compensation insurance written on risks or operations in this state, employer's liability insurance when written in connection with workers' compensation insurance, or insurance covering any part of the liability of an employer exempted from insuring the employer's liability for compensation under section 176.181.

Sec. 3. [79.66] [RATING ASSOCIATION.]

The rating association is continued and every insurer, including the assigned risk plan, writing any insurance specified under section 79.65 is a member of it.

Sec. 4. [79.67] [GENERAL PROVISIONS CONCERNING THE ASSOCIATION.]

The association has the following purposes:

(1) to establish, maintain, and administer rules, regulations, classifications, rates, and rating plans to govern the transaction of insurance included in section 79.65;

(2) to cooperate with other rate service organizations and with insurers in the development of rules, rates, and rating plans and insurance policies and forms;

(3) to secure and analyze statistical and other data required to accomplish these purposes;

(4) to inspect and classify risks;

(5) to file with the commissioner on behalf of its members every manual of classifications, rules, and rates, every rating plan and every modification of any of them proposed for use in this state;

(6) to assist the commissioner and insurers in the promotion of safety in industry; and

(7) to assist in any matter necessary for the accomplishment of these purposes.

Sec. 5. [79.68] [RATE STANDARDS.]

Subdivision 1. [GENERAL.] Rates determined under sections 79.64 to 79.78 shall not be excessive, inadequate, or unfairly discriminatory.

Subd. 2. [EXCESSIVENESS.] Rates determined under sections 79.64 to 79.78 are not excessive merely because a reasonable margin is allowed for a profit. Premiums are excessive if the expected underwriting profit, together with expected income from invested reserves for the market in question, that would accrue to an insurer would be unreasonably high in relation to the risk undertaken by the insurer in transacting the business.

Subd. 3. [UNFAIR DISCRIMINATION.] Premiums are unfairly discriminatory if differentials for insureds fail to reasonably reflect the differences in expected losses and expenses to the insurer attributable to the insureds.

Subd. 4. [INADEQUACY.] Premiums are inadequate if, together with the investment income associated with an insurer's Minnesota workers' compensation insurance business, they are clearly insufficient to sustain projected losses and expenses of the insurer and (a) if their continued use could lead to an insolvent situation for the insurer; or (b) if their use destroys or lessens competition or is likely to destroy or lessen competition.

Sec. 6. [79.69] [RATING METHODS.]

Subdivision 1. [CRITERIA.] In determining whether rates comply with the standards under section 79.68, the criteria in this section shall be applied.

Subd. 2. [BASIC FACTORS IN RATES.] Due consideration must be given to past and prospective loss and expense experience within and outside this state, to catastrophe hazards and contingencies, to a reasonable margin for profit, to dividends, savings, or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members or subscribers, and to all other relevant factors.

Subd. 3. [CLASSIFICATION.] Risks may be classified in any reasonable way for the establishment of rates. Classification rates may be modified to produce rates for individual risks in accordance with rating plans which established standards for measuring variations in hazards or expense provisions, or both. The standards may measure any differences among risks that can be demonstrated to have a probable effect upon losses or expenses.

Subd. 4. [PHYSICAL IMPAIRMENT.] Rates or rating plans may not take into account the physical impairment of employees. Any employer who applies or promotes any oppressive plan of physical examination and rejection of employees or applicants for employment shall forfeit the right to experience rating. If the commissioner determines that grounds exist for forfeiture, it shall suspend any experience rating credit for the employer. Restoration of an employer to the advantages of experience rating may be allowed upon cessation of the oppressive plan.

Sec. 7. [79.70] [APPROVAL OF RATES AND RATING PLANS.]

The association must file with the commissioner on behalf of its members every manual of classifications, rules, and every rating plan and every modification of any of them proposed for use in this state. Modifications allowed include dividends, merit or experience rating, retrospective rating, and premium discounts. Every filing shall state a proposed effective date. The association shall also file the information upon which it supports the filings. All filings must comply with law and shall not be effective nor used until approved by the commissioner. A filing that has been on file for 30 days is deemed to meet the requirements of sections 79.68 and 79.69 unless the commissioner earlier disapproves in a written order.

Sec. 8. [79.71] [FILINGS OPEN TO INSPECTION.]

Rate filings are open for public inspection.

Sec. 9. [79.72] [DISAPPROVAL OF RATES.]

Subdivision 1. [ORDER IN EVENT OF VIOLATION.] If the commissioner finds after a hearing that a filing already in effect under section 79.70 fails to meet the requirements of law, the commissioner shall order that its use be discontinued for any policy issued or renewed after a date specified in the order.

Subd. 2. [TIMING OF ORDER.] The commissioner shall issue an order under subdivision 1

within 30 days after the close of the hearing. In either case, the commissioner may extend the period for a reasonable time by written order prior to the expiration of the time limit.

Subd. 3. [INTERIM RATES.] Whenever an insurer has no legally effective rates as a result of an order by the commissioner under subdivision 1 or section 79.70, the commissioner shall on request specify interim rates for the insurer and may order that a specified portion of the premiums be placed in an escrow account approved by the commissioner. When new rates become legally effective, the commissioner shall order the escrowed funds or any overcharge in the interim rates to be distributed appropriately, except that refunds that are trifling shall not be required.

Subd. 4. [HEARING.] If negotiations between the association and the commissioner fail to result in the approval of all or part of a filing under section 79.70, the association may at any time after the disapproval, request a contested case hearing to address issues in dispute. An interested party may intervene in the hearing. The burden is on the association to demonstrate that a proposed filing meets the requirements of sections 79.68 and 79.69.

Sec. 10. [79.73] [USE OF RATES.]

Subdivision 1. [APPROVAL REQUIRED.] An insurer writing any insurance specified under section 79.65 may not use a rate, rating plan, classification, or an expense loading unless approved by the commissioner.

Subd. 2. [UNFAIR DISCRIMINATION.] No insurer writing any insurance specified under section 79.65 may make or charge any rate which discriminates unfairly between risks or classes, nor discriminates unfairly between risks in the application of rating plans, nor discriminates by granting to any employer insurance against other hazards except in accordance with its rates and rating plans filed and which are in effect for the insurer.

Sec. 11. [79.74] [OPERATION AND CONTROL OF ASSOCIATION.]

Subdivision 1. [ASSOCIATION ADMINISTRATION.] The association shall make bylaws for its government which, with amendments thereto, shall be filed with and approved by the commissioner before they are effective.

One-half of the members of the managing committee and of the rating committee shall be chosen by stock insurers and one-half by mutual insurers. Both classes of insurers shall be represented on all other committees. Each committee member shall have one vote, with the commissioner deciding the matter in the event of a tie.

The services of the association must be supplied to members without discrimination. Each member of the association shall pay an equitable share of the cost of operating the association including assessments by the commissioner against the association.

Subd. 2. [INFORMATION TO BE SUPPLIED.] Upon demand the association must furnish to any employer upon whose risk a survey has been made under section 79.75 and to any insurer full information about the survey.

The association must, within a reasonable time after receiving a written request and upon payment of a reasonable charge, furnish information as to any rate to the insured affected by it or to an authorized representative.

Subd. 3. [REVIEW BY ASSOCIATION.] The following persons or their authorized representatives shall be heard by the association upon written request:

(1) any insurer or employer on any matter affecting the risk in connection with a survey under section 79.75, subdivision 2;

(2) any person or employer aggrieved by the application of the association's rating system to the person; and

(3) any member alleging discrimination as to services or charges of the association.

The association shall provide within this state a specified procedure for review of the matters under this subdivision.

The commissioner may disapprove the review procedure if the commissioner finds that it does not provide adequate notice and fair hearing to the person asking for review.

The person asking for review may appeal to the commissioner under subdivision 4 from a decision of the association or from its failure to provide a review and decision within 30 days after a written request.

Subd. 4. [APPEALS FROM THE ASSOCIATION.] The following persons or their authorized representatives may petition the commissioner in writing for review of an association action or decision:

- (1) any member aggrieved by an apportionment of costs made by the association under subdivision 1, or by the association's failure to make an apportionment;
- (2) any member aggrieved by discrimination in the supplying of services by the association;
- (3) any member aggrieved by the association's rejection of proposed changes in or additions to its filings that would affect the member;
- (4) any insurer or employer aggrieved by findings made in a survey under subdivision 2; and
- (5) any insurer or employer aggrieved by the application of the association's rating system to that person or agency.

Subd. 5. [PROCEDURE FOR APPEAL.] An appeal is initiated by a written petition to the commissioner, which must be filed within 30 days after the adverse decision of the association on review or, if the association has not announced a decision within the specified 30 days, within 60 days after the written request for review. If the association announces a decision after the specified 30 days but before filing of the petition, the petitioner has 30 days after announcement of the decision to petition the commissioner.

The commissioner shall give not less than ten days' notice of hearing to the appellant and the association, and in cases under subdivision 4, clause (1), to all other members of the association.

Procedure in the hearing shall be as provided for other hearings before the commissioner or as provided by rule.

The commissioner shall mail a copy of the commissioner's decision to the appellant and the association.

Subd. 6. [RELIEF AUTHORIZED.] The commissioner's decision shall be by order, with findings of fact and conclusions of law, which order may:

- (1) approve the action or decision of the association;
- (2) direct the association within a reasonable time the commissioner designates to give further consideration to the matter and to reach a conclusion consistent with the commissioner's order; or
- (3) direct the association within a reasonable time the commissioner designates to take specified action consistent with the commissioner's findings.

Sec. 12. [79.75] [DEVELOPMENT OF RATES BY ASSOCIATION.]

Subdivision 1. [ACQUISITION OF INFORMATION.] (a) Every insurer writing any insurance specified under section 79.65 shall report its insurance in this state to the association at least annually, on forms and under rules prescribed by the association. The association must file, pursuant to rules adopted by the commissioner, a record of its reports with the department. No such information may be made public by the association or any of its employees except as required by law and in accordance with its rules.

(b) Payroll audits by insurers shall show information classified under the statistical plan and shall be correct as to amount in each classification. The commissioner or the association may check any payroll audit and upon written complaint alleging facts that if true would create serious doubt about the accuracy of the payroll audit shall check it.

Subd. 2. [CLASSIFICATIONS AND PLANS.] The commissioner shall promulgate a statistical plan, which shall give due consideration to the rating system on file with the commissioner and seek to make the plan as uniform among the several states as is practicable. The statistical plan may be modified from time to time. It shall be used thereafter by each insurer in the recording and reporting under subdivision 1 of its Minnesota loss and countrywide expense experience. The rules and statistical plan may also provide for the recording and reporting of expense experience items which are specially applicable to this state. The association shall assign each compensation risk to its proper class, and its classification shall be used by all insurers writing any insurance specified under section 79.65. On behalf of all members the association shall inspect and make a written survey of compensation risks to determine their proper classifications, shall maintain a record of its classification of risks, and the written surveys of all risks inspected by it showing such facts as are material in the writing of insurance thereon.

Subd. 3. [AIDS IN RATEMAKING.] The commissioner and every insurer and rate service organization may exchange information and experience data with insurance supervisory officials, insurers, and rate service organizations in other states and may consult with them with respect to ratemaking and the application of rates. The commissioner may designate one or more rate service organizations to assist the commissioner in gathering experience and making compilations thereof, and the compilations shall be made available to insurers and rating organizations.

Sec. 13. [79.76] [OTHER RATE SERVICE ORGANIZATIONS.]

Any group, association, or other organization which assists the association in ratemaking by the collection and furnishing of loss and expense statistics or by the submission of recommendations is a rate service organization and shall be governed by sections 79.74 and 79.75.

Sec. 14. [79.77] [COSTS OF REGULATION.]

The costs for carrying out the commissioner's duties under sections 79.64 to 79.78, including the costs of any hearings and hearing officers, shall be paid by the special compensation fund and assessed to the association quarterly. The assessment must be paid to the commissioner within 30 days and deposited into the special compensation fund.

Sec. 15. [79.78] [RULES.]

The commissioner may adopt rules necessary to implement and administer sections 79.64 to 79.77.

Sec. 16. Minnesota Statutes 1994, section 176.185, subdivision 1, is amended to read:

Subdivision 1. [NOTICE OF COVERAGE, TERMINATION, CANCELLATION.] (a) Within ten days after the issuance of a policy of insurance covering the liability to pay compensation under this chapter written by an insurer licensed to insure such liability in this state, the insurer shall file notice of coverage with the commissioner under rules and on forms prescribed by the commissioner. No policy shall be canceled by the insurer within the policy period nor terminated upon its expiration date until a notice in writing is delivered or mailed to the insured and filed with the commissioner, fixing the date on which it is proposed to cancel it, or declaring that the insurer does not intend to renew the policy upon the expiration date. A cancellation or termination is not effective until 30 days after written notice has been filed with the commissioner in a manner prescribed by the commissioner unless prior to the expiration of the 30-day period the employer obtains other insurance coverage or an order exempting the employer from carrying insurance as provided in section 176.181. Upon receipt of the notice, the commissioner shall notify the insured that the insured must obtain coverage from some other licensed carrier and that, if unable to do so, the insured shall request the commissioner of commerce to require the issuance of a policy as provided in section 79.251, subdivision 4. Upon a cancellation or termination of a policy by the insurer, the employer is entitled to be assigned a policy in accordance with sections 79.251 and 79.252.

(b) Notice of cancellation or termination by the insured shall be served upon the insurer by written statement mailed or delivered to the insurer. Upon receipt of the notice, the insurer shall notify the commissioner of the cancellation or termination and the commissioner shall ask the employer for the reasons for the cancellation or termination and notify the employer of the duty under this chapter to insure the employer's employees.

(c) In addition to the requirements under paragraphs (a) and (b), with respect to any trucker employer in classification 7219, 7230, 7231, or 7360 pursuant to the classification plan required to be filed under section 79.61 chapter 79, if the insurer or its agent has delivered or mailed a written certificate of insurance certifying that a policy in the name of a trucker employer under this paragraph is in force, then the insurer or its agent shall also deliver or mail written notice of any midterm cancellation to the trucker employer recipient of the certificate of insurance at the address listed on the certificate. If an insurer or its agent fails to mail or deliver notice of any midterm cancellation of the trucker employer's policy to the trucker employer recipient of the certificate of insurance, then the special compensation fund shall indemnify and hold harmless the recipient from any award of benefits or other damages under this chapter resulting from the failure to give notice.

Sec. 17. [PRIOR RATES; PRESUMPTION.]

Unless disapproved by the commissioner, rates, schedules of rates, and rating plans that have been filed with the commissioner of commerce before April 1, 1995, are conclusively presumed to satisfy the requirements of this article.

Sec. 18. [APPROPRIATION.]

\$..... is appropriated from the special compensation fund for the biennium ending June 30, 1997, to the department of commerce for the purpose of this article.

Sec. 19. [REPEALER.]

Minnesota Statutes 1994, sections 79.01, subdivision 8; 79.50; 79.51; 79.52; 79.53; 79.54; 79.55; 79.56; 79.57; 79.58; 79.59; 79.60; 79.61; and 79.62, are repealed.

Sec. 20. [EFFECTIVE DATE.]

This article is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to workers' compensation; providing for comprehensive reform of the workers' compensation system; providing a group insurance mechanism; regulating benefits; providing safety incentives and assistance; strengthening antifraud tools; regulating independent contractors; regulating the reinsurance association; appropriating money; amending Minnesota Statutes 1994, sections 13.69, subdivision 1; 79.085; 79.211, subdivision 1; 79.34, subdivision 2; 79.35; 79A.01, by adding subdivisions; 79A.02, subdivisions 1 and 4; 79A.03, subdivisions 2, 6, 7, 8, 9, and 11; 79A.08; 175.16; 176.011, subdivision 18; 176.021, subdivisions 3 and 3a; 176.041, subdivision 1; 176.061, subdivision 10; 176.101, subdivisions 1, 2, 6, and by adding a subdivision; 176.105, subdivisions 2 and 4; 176.106, subdivision 7; 176.132, subdivision 2; 176.135, subdivision 2; 176.179; 176.181, subdivision 8; 176.185, subdivision 1; 176.191, subdivisions 5, 7, and by adding a subdivision; 176.221, subdivisions 1 and 6a; 176.232; 176.238, subdivision 6; 268.08, subdivision 3; 299C.46, subdivision 2; 626.05, subdivision 2; 626.11; 626.13; and 626.84, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 79; and 176; proposing coding for new law as Minnesota Statutes, chapter 79B; repealing Minnesota Statutes 1994, sections 79.01, subdivision 8; 79.50; 79.51; 79.52; 79.53; 79.54; 79.55; 79.56; 79.57; 79.58; 79.59; 79.60; 79.61; 79.62; 176.011, subdivisions 25 and 26; 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, and 3u; Laws 1990, chapter 521, section 4."

And when so amended the bill do pass and be re-referred to the Committee on Commerce and Consumer Protection. Amendments adopted. Report adopted.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

S.F. No. 956: A bill for an act relating to state departments; abolishing the department of public safety, the higher education coordinating board, the Minnesota racing commission, the gambling control board, the state lottery board, and the department of public service; transferring certain

responsibilities and personnel to other agencies; creating new agencies; reducing certain appropriations; amending Minnesota Statutes 1994, sections 3.732, subdivision 1; 8.33; 10A.01, subdivision 18; 10A.09, subdivision 1; 15.01; 15A.081, subdivisions 1 and 7b; 16B.14; 16B.46; 16B.54, subdivision 2; 43A.05, subdivision 4; 43A.34, subdivision 4; 65B.28, subdivision 2; 116C.03, subdivision 2; 126.663, subdivision 3; 126A.02, subdivision 2; 135A.10, subdivision 1; 136A.01; 136A.03; 136A.08; 136A.101, subdivisions 2 and 3; 136A.15, subdivisions 3 and 4; 136A.16, subdivision 1; 136A.233, subdivision 2; 136A.62, subdivision 2; 136C.042, subdivision 1; 161.125, subdivision 3; 161.20, subdivision 4; 161.465; 168.011, by adding subdivisions; 168.126, subdivision 3; 168.325; 169.751; 169.783, subdivision 1; 170.23; 170.24; 171.015; 216A.01; 216A.035; 216A.036; 216A.04; 216A.05, by adding a subdivision; 216A.07; 216A.085; 216A.095; 216B.02, subdivision 7, and by adding subdivisions; 216B.16, subdivision 2; 216B.162, subdivision 7; 216B.241, subdivisions 1 and 2; 216B.62; 216B.64; 216B.65; 216C.01, subdivisions 2, 3, and by adding a subdivision; 216C.10; 216C.19, subdivision 1; 216C.37, subdivision 1; 218.031, subdivision 2; 237.02; 237.075, subdivision 2; 237.295; 237.30; 239.01; 239.05, subdivisions 6c, 7a, and 8; 240.01, by adding subdivisions; 240.011; 240.03; 240.04; 240.05, subdivision 2; 240.06, subdivisions 3, 7, and 8; 240.07, subdivision 2; 240.08; 240.09, subdivision 3a; 240.155; 240.16; 240.18, subdivision 2; 240.21; 240.24; 240.28; 270.73, subdivision 1; 297B.01, subdivision 3; 297C.09; 297C.10, subdivision 1; 298.2214, subdivision 5; 299A.02; 299A.30; 299A.31, subdivision 1; 299A.331, subdivision 1; 299A.38, subdivision 1; 299C.01; 299C.03; 299C.06; 299C.13; 299C.50; 299F.01; 299F.05, subdivision 2; 299L.01; 299L.02, subdivisions 2, 3, 4, and 5; 299L.03, subdivisions 1, 4, 5, and 7; 340A.201; 347.51, subdivision 2a; 349.12, subdivision 10, and by adding subdivisions; 349.13; 349.151, subdivisions 2 and 8; 349.152, subdivision 1; 349.153; 349.155, subdivision 4; 349.162, subdivisions 2 and 6; 349.163, subdivision 6; 349.165, subdivision 2; 349.18, subdivision 1; 349.19, subdivision 6; 349A.01, by adding a subdivision; 349A.02, subdivisions 1 and 8; 349A.03, subdivision 2; 349A.04; 349A.05; 349A.06, subdivision 2; 349A.08, subdivision 7; 349A.11; 349A.12, subdivision 4; 352B.01, subdivision 2; 360.0752, subdivision 7; 360.0753, subdivision 6; 611A.20, subdivision 2; 624.7151; 626.5531, subdivision 2; 626.562, subdivision 1; and 634.16; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; 216C; and 349B; repealing Minnesota Statutes 1994, sections 135A.052, subdivisions 2 and 3; 135A.08; 135A.12, subdivision 5; 136A.02; 136A.04; 136A.041; 136A.043; 136A.85; 136A.86; 136A.87; 136A.88; 216A.06; 216B.02, subdivision 8; 237.69, subdivision 3; 240.01, subdivision 4; 240.02; 270B.12, subdivision 4; 299A.01; 349.12, subdivision 6; 349.151, subdivisions 1, 2, and 3a; 349.152, subdivision 4; 349A.01, subdivision 2; and 349A.03, subdivision 1; Laws 1987, chapter 315, section 4, subdivision 2; Laws 1990, chapters 571, section 39; and 594, article 3, sections 6 and 7.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

PUBLIC SERVICE ABOLISHED

Section 1. [DEPARTMENT OF PUBLIC SERVICE ABOLISHED; RESPONSIBILITIES TRANSFERRED.]

Subdivision 1. [DEPARTMENT ABOLISHED; RESPONSIBILITIES TRANSFERRED.] The department of public service is abolished. The responsibilities held by the department are transferred to a receiving agency as designated in this article. Except as otherwise provided by this article, the responsibilities of the department must be transferred under Minnesota Statutes, section 15.039. For the purposes of this article, "responsibilities" means the powers, duties, rights, obligations, rules, court actions, contracts, records, property of every description, unexpended funds, personnel, and authority imposed by law of the department of public service. For the purposes of this article, "receiving agency" has the meaning given it in Minnesota Statutes, section 15.039, subdivision 1.

Subd. 2. [SPECIFIC POSITIONS ABOLISHED.] The following positions in the department of public service are not transferred to a receiving agency and are specifically abolished:

(1) commissioner;

- (2) deputy commissioner;
- (3) assistant commissioner; and
- (4) executive assistant.

Subd. 3. [ATTORNEY GENERAL.] The responsibility for intervention as a party in all public utility and telecommunications matters before the public utilities commission is transferred to the utility consumers division of the attorney general's office.

Subd. 4. [PUBLIC UTILITIES COMMISSION.] (a) The following responsibilities are transferred to the public utilities commission:

(1) the intervention office that represents the interests of Minnesota residents, businesses, and governments before bodies and agencies outside the state that make, interpret, or implement national and international energy policy;

(2) enforcement of Minnesota Statutes, chapters 216A, 216B, 216C, and 237, and orders of the public utilities commission under those chapters;

(3) conservation improvement; and

(4) all other responsibilities related to energy production, transportation, transmission, consumption, conservation, and efficiency.

(b) The positions and personnel of the department of public service related to the responsibilities listed in paragraph (a) are transferred to the public utilities commission.

Subd. 5. [DEPARTMENT OF AGRICULTURE.] The division of weights and measures is transferred to the department of agriculture.

Subd. 6. [RULES.] All rules adopted by the department of public service before the effective date of this article become rules of the agency to which the appropriate rulemaking authority is transferred by this article.

ARTICLE 2

CONFORMING AMENDMENTS

Section 1. Minnesota Statutes 1994, section 8.33, is amended to read:

8.33 [REPRESENTATION OF CONSUMER AND SMALL BUSINESS INTEREST IN PUBLIC UTILITY MATTERS.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:

(1) "Public utility" means a publicly or privately owned entity engaged in supplying utility services to residential utility consumers in this state or to another public utility for ultimate distribution to residential utility consumers in this state and whose rates or charges are subject to approval by the public utilities commission or an agency of the federal government. No municipal or cooperative utility shall be considered a "public utility" for the purposes of this clause.

(2) ~~"Residential and small business~~ Utility consumer" or "consumer" means a person ~~or small business, firm, association, partnership, or corporation~~ that uses utility services at ~~the person's~~ a residence or business location in this state and who is billed by or pays a public utility for these services.

(3) "Small business" has the meaning given it in section 645.445.

~~(3)~~ (4) "Utility services" means electricity, natural gas, or telephone services distributed to residential utility consumers by a public utility.

A utility consumers division is established in the office of the attorney general to carry out the duties assigned to the attorney general under this section.

Subd. 2. [DIVISION ESTABLISHED; DUTIES.] (a) A utility consumers division is established in the office of the attorney general to carry out the duties assigned to the attorney general under this section.

(b) The attorney general is responsible for representing and furthering the interests of residential and small-business utility consumers, other than utility consumers who represent their own interests, through participation in matters before the public utilities commission involving utility rates and adequacy of utility services to residential or small-business utility consumers. The attorney general shall expend a reasonable portion of effort among all three kinds of utility services and shall identify and promote the needs of each class of residential and small-business consumers with respect to each of the utility services.

Subd. 3. [RIGHT OF INTERVENTION.] Subject to the limitations of subdivision 2, the attorney general may intervene as of right or participate as an interested party in matters pending before the public utilities commission which affect the distribution by a public utility of utility services to residential or small-business utility consumers. When intervening in gas or electric hearings, the attorney general shall prepare and defend testimony designed to encourage energy conservation improvements as defined in section 216B.241. The right of the attorney general to participate or intervene does not affect the obligation of the public utilities commission to protect the public interest.

Subd. 4. [NOTICE; PROCEDURES.] The public utilities commission shall give reasonable notice to the attorney general of any matter scheduled to come before the commission affecting a public utility's rates or adequacy of services to residential or small-business utility consumers. Rules of the commission governing procedures before the commission apply to the attorney general and the attorney general's employees or representatives. The attorney general has the same rights and privileges accorded other intervenors or participants in matters pending before the commission.

Subd. 5. [APPEALS.] The attorney general has an interest sufficient to maintain, intervene as of right in, or otherwise participate in any civil action in the courts of this state for the review or enforcement of any public utilities commission action which affects a public utility's rates or adequacy of service to residential or small-business utility consumers.

Subd. 6. [INTERVENTION IN FEDERAL PROCEEDINGS.] The attorney general and the public utilities commission shall jointly represent and further the interests of residential and small-business utility consumers through participation as an intervenor or interested party in federal proceedings relating to the regulation of: (a) wholesale rates for energy delivered through interstate facilities; or (b) fuel used in generation of electricity or the manufacture of gas. The attorney general may maintain, intervene in, or otherwise participate in civil actions relating to the federal proceedings.

Subd. 7. [ADDITIONAL POWERS.] The power granted by this section is in addition to powers otherwise provided by law to the attorney general.

Sec. 2. Minnesota Statutes 1994, section 15.01, is amended to read:

15.01 [DEPARTMENTS OF THE STATE.]

The following agencies are designated as the departments of the state government: the department of administration; the department of agriculture; the department of commerce; the department of corrections; the department of education; the department of economic security; the department of trade and economic development; the department of finance; the department of health; the department of human rights; the department of labor and industry; the department of military affairs; the department of natural resources; the department of employee relations; the department of public safety; ~~the department of public service~~; the department of human services; the department of revenue; the department of transportation; the department of veterans affairs; and their successor departments.

Sec. 3. Minnesota Statutes 1994, section 116C.03, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] The members of the board are the director of the office of strategic

and long-range planning, the ~~commissioner of public service~~ director of the division of energy in the public utilities commission, the commissioner of the pollution control agency, the commissioner of natural resources, the director of the office of environmental assistance, the commissioner of agriculture, the commissioner of health, the commissioner of transportation, the chair of the board of water and soil resources, and a representative of the governor's office designated by the governor. The governor shall appoint five members from the general public to the board, subject to the advice and consent of the senate. At least two of the five public members must have knowledge of and be conversant in water management issues in the state. Notwithstanding the provisions of section 15.06, subdivision 6, members of the board may not delegate their powers and responsibilities as board members to any other person.

Sec. 4. Minnesota Statutes 1994, section 216A.01, is amended to read:

216A.01 [ESTABLISHMENT OF DEPARTMENT AND COMMISSION.]

There ~~are~~ is hereby created and established the ~~department of public service, and the public utilities commission. The department of public service~~ utility consumers division of the attorney general's office shall have and possess all of the rights and powers and perform all of the duties vested in it by this chapter. The public utilities commission shall have and possess all of the rights and powers and perform all of the duties vested in it by this chapter, and those formerly vested by law in the railroad and warehouse commission.

Sec. 5. Minnesota Statutes 1994, section 216A.035, is amended to read:

216A.035 [CONFLICT OF INTEREST.]

(a) No person, while a member of the public utilities commission, while acting as executive ~~secretary~~ director of the commission, or while employed in a professional capacity by the commission, shall receive any income, other than dividends or other earnings from a mutual fund or trust if these earnings do not constitute a significant portion of the person's income, directly or indirectly from any public utility or other organization subject to regulation by the commission.

(b) No person is eligible to be appointed as a member of the commission if the person has been employed with an entity, or an affiliated company of an entity, that is subject to rate regulation by the commission within one year from the date when the person's term on the commission will begin.

(c) No person who is an employee of the ~~public service department~~ utility consumers division of the attorney general's office shall participate in any manner in any decision or action of the commission where that person has a direct or indirect financial interest. Each commissioner or employee of the ~~public service department~~ utility consumers division who is in the general professional, supervisory, or technical units established in section 179A.10 or who is a professional, supervisory, or technical employee defined as confidential in section 179A.03, subdivision 4, or who is a management classification employee and whose duties are related to public utilities or transportation regulation shall report to the ethical practices board annually before April 15 any interest in an industry or business regulated by the commission. Each commissioner shall file a statement of economic interest as required by section 10A.09 with the ethical practices board and the public utilities commission before taking office. The statement of economic interest must state any interest that the commissioner has in an industry or business regulated by the commission.

(d) A professional employee of the commission or department must immediately disclose to the commission or to the commissioner of the department, respectively, any communication, direct or indirect, with a person who is a party to a pending proceeding before the commission regarding future benefits, compensation, or employment to be received from that person.

Sec. 6. Minnesota Statutes 1994, section 216A.036, is amended to read:

216A.036 [EMPLOYMENT RESTRICTIONS.]

(a) A person who serves as ~~(1) a commissioner member of the public utilities commission, (2) commissioner of the department of public service, or (3) deputy commissioner of the department,~~ shall not, while employed with or within one year after leaving the commission, ~~or department,~~

accept employment with, receive compensation directly or indirectly from, or enter into a contractual relationship with an entity, or an affiliated company of an entity, that is subject to rate regulation by the commission.

(b) An entity or an affiliated company of an entity that is subject to rate regulation by the commission, or a person acting on behalf of the entity, shall not negotiate or offer to employ or compensate a commissioner of the public utilities commission, ~~the commissioner of public service, or the deputy commissioner,~~ while the person is ~~so employed~~ a member of the commission or within one year after the person leaves ~~that employment~~ the commission.

(c) For the purposes of this section, "affiliated company" means a company that controls, is controlled by, or is under common control with an entity subject to rate regulation by the commission.

(d) A person who violates this section is subject to a civil penalty not to exceed \$10,000 for each violation. The attorney general may bring an action in district court to collect the penalties provided in this section.

Sec. 7. Minnesota Statutes 1994, section 216A.04, is amended to read:

216A.04 [EXECUTIVE ~~SECRETARY~~ DIRECTOR; EMPLOYEES.]

Subdivision 1. [SELECTION OF EXECUTIVE ~~SECRETARY~~ DIRECTOR.] The commission shall appoint an executive ~~secretary~~ director, not a member, who shall be in the unclassified service of the state and shall serve at the pleasure of the commission. The executive ~~secretary~~ director shall take, subscribe and file an oath similar to that required of the commissioners, and shall be subject to the same disqualifications as commissioners.

Subd. 1a. [POWERS AND DUTIES OF EXECUTIVE ~~SECRETARY~~ DIRECTOR.] The executive ~~secretary~~ director shall:

(1) cause to be kept full and correct records of all transactions and proceedings of the commission;

(2) appoint, subject to chapter 43A and the approval of the commission, the director of the energy division and all other classified employees of the commission and supervise and direct their activities;

(3) have custody of the seal of the commission;

(4) serve as the administrative officer of the commission with responsibility for personnel, budget and other administrative details related to the work of the commission or as required by state law;

(5) prepare orders, reports, and other materials as assigned by the commission and recommend to the commission such measures as may be appropriate to achieve the objectives of the commission;

(6) advise the commission of its financial position and recommend a budget for its approval; and

(7) perform other duties as the commission directs.

Subd. 2. [ACTING ~~SECRETARY~~ EXECUTIVE DIRECTOR.] The commission may designate any responsible employee to serve as acting ~~secretary~~ director in the absence of the ~~secretary~~ director.

Subd. 3. [OFFICERS AND EMPLOYEES.] The commission may establish other positions in the unclassified service if the positions meet the criteria of section 43A.08, subdivision 1a, clauses (a) to (g). The commission may employ other persons as may be necessary to carry out its functions.

Hearing reporters may provide transcripts of proceedings before the commission to persons requesting transcripts who pay a reasonable charge therefor to the reporter. The amount of the

charge shall be fixed by the commission and retained by the reporter, any other law to the contrary notwithstanding.

Sec. 8. Minnesota Statutes 1994, section 216A.05, is amended by adding a subdivision to read:

Subd. 1a. [ADMINISTRATIVE FUNCTIONS.] The commission shall delegate to the executive director, to the greatest extent practicable, performance of any administrative functions assigned to the commission by the legislature.

Sec. 9. Minnesota Statutes 1994, section 216A.07, is amended to read:

216A.07 [COMMISSIONER EXECUTIVE DIRECTOR; POWERS AND DUTIES.]

Subdivision 1. [ADMINISTRATIVE DUTIES.] The commissioner shall be the executive and administrative head of the public service department and shall have and possess executive director of the commission has and possesses all the rights and powers and shall perform all the duties relating to the administrative function of the department as functions set forth in this chapter and chapters 216B and 237. The commissioner executive director may:

(1) prepare all forms or blanks for the purpose of obtaining information which the commissioner may deem necessary or useful in the proper exercise of the authority and duties of the commissioner in connection with regulated businesses;

(2) prescribe the time and manner within which forms or blanks shall be filed with the department;

(3) inspect at all reasonable times, and copy the books, records, memoranda and correspondence or other documents and records of any person relating to any regulated business; and

(4) cause the deposition to be taken of any person concerning the business and affairs of any business regulated by the ~~department~~ commission. Information sought through said deposition shall be for a lawfully authorized purpose and shall be relevant and material to the investigation or hearing before the commission. Information obtained from said deposition shall be used by the ~~department~~ commission only for a lawfully authorized purpose and pursuant to powers and responsibilities conferred upon the ~~department~~ commission. Said deposition is to be taken in the manner prescribed by law for taking depositions in civil actions in the district court.

Subd. 2. [ENFORCEMENT.] The ~~commissioner~~ executive director is responsible for the enforcement of chapters 216A, 216B and 237 and the orders of the commission issued pursuant to those chapters.

~~Subd. 3. [INTERVENTION IN PROCEEDINGS.] The commissioner may intervene as a party in all proceedings before the commission. When intervening in gas or electric hearings, the commissioner shall prepare and defend testimony designed to encourage energy conservation improvements as defined in section 216B.241. The attorney general shall act as counsel in the proceedings.~~

Subd. 4. [INVESTIGATIONS.] The ~~commissioner~~ executive director may, on the ~~commissioner's~~ executive director's own initiative, investigate any matter subject to the jurisdiction of the ~~department or~~ commission.

Subd. 5. [RULEMAKING.] The ~~commissioner~~ executive director shall make substantive and procedural rules to implement the provisions of this chapter and chapters 216B and 237. Rules adopted under this authority shall be promulgated pursuant to the administrative procedure act and shall have the force and effect of law.

Sec. 10. Minnesota Statutes 1994, section 216A.085, is amended to read:

216A.085 [ENERGY ISSUES INTERVENTION OFFICE.]

Subdivision 1. [CREATION.] There is created within the ~~department of public service~~ energy division of the public utilities commission an intervention office to represent the interests of

Minnesota residents, businesses, and governments before bodies and agencies outside the state that make, interpret, or implement national and international energy policy.

Subd. 2. [DUTIES.] The intervention office shall determine those areas in which state intervention is most needed, most likely to have a positive impact, and most effective for the broad public interest of the state. The office shall seek recommendations from appropriate public and private sources before deciding which cases merit intervention.

Subd. 3. [STAFFING.] The intervention office shall be under the control and supervision of the ~~commissioner of the department of public service~~ director of the energy division. On approval by the executive director of the commission, the ~~commissioner~~ director may hire staff or contract for outside services as needed to carry out the purposes of this section. The attorney general shall act as counsel in all intervention proceedings.

Sec. 11. Minnesota Statutes 1994, section 216A.095, is amended to read:

216A.095 [INTERAGENCY COOPERATION BETWEEN DEPARTMENT AND COMMISSION.]

Nothing in this chapter prevents the ~~department~~ attorney general or the commission from entering into agreements with each other or with other agencies to coordinate and share services, to conduct joint projects or investigations on matters within the authority and jurisdiction of the parties thereto, or to temporarily assign staff to projects requested by each other or by other agencies. The cooperative agreements may provide for the sharing of costs between the parties thereto or the reimbursement of the department or commission operating budget for expenditures made on behalf of the department or commission or agency. No cooperative effort shall interfere with the independence and integrity of either the commission or the department or any other agency that is a party.

Sec. 12. Minnesota Statutes 1994, section 216B.02, subdivision 7, is amended to read:

Subd. 7. [COMMISSION.] "Commission" means the public utilities commission ~~of the department of public service~~.

Sec. 13. Minnesota Statutes 1994, section 216B.02, is amended by adding a subdivision to read:

Subd. 8a. [DIRECTOR.] "Director" means the director of the energy division.

Sec. 14. Minnesota Statutes 1994, section 216B.02, is amended by adding a subdivision to read:

Subd. 8b. [ENERGY DIVISION.] "Energy division" means the energy division established in chapter 216C.

Sec. 15. Minnesota Statutes 1994, section 216B.02, is amended by adding a subdivision to read:

Subd. 8c. [EXECUTIVE DIRECTOR.] "Executive director" means the executive director of the public utilities commission.

Sec. 16. Minnesota Statutes 1994, 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 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~~ utility consumers division of the attorney general's office 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 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. 17. Minnesota Statutes 1994, section 216B.162, subdivision 7, is amended to read:

Subd. 7. [COMMISSION DETERMINATION.] Except as provided under subdivision 6, competitive rates offered by electric utilities under this section must be filed with the commission and must be approved, modified, or rejected by the commission within 90 days. The utility's filing must include statements of fact demonstrating that the proposed rates meet the standards of this subdivision. The filing must be served on ~~the department of public service and~~ the office of the attorney general at the same time as it is served on the commission. In reviewing a specific rate proposal, the commission shall determine:

(1) that the rate meets the terms and conditions in subdivision 4, unless the commission determines that waiver of one or more terms and conditions would be in the public interest;

(2) that the consumer can obtain its energy requirements from an energy supplier not rate-regulated by the commission under section 216B.16;

(3) that the customer is not likely to take service from the electric utility seeking to offer the competitive rate if the customer was charged the electric utility's standard tariffed rate; and

(4) that after consideration of environmental and socioeconomic impacts it is in the best interest of all other customers to offer the competitive rate to the customer subject to effective competition.

If the commission approves the competitive rate, it becomes effective as agreed to by the electric utility and the customer. If the competitive rate is modified by the commission, the commission shall issue an order modifying the competitive rate subject to the approval of the electric utility and the customer. Each party has ten days in which to reject the proposed modification. If no party rejects the proposed modification, the commissioner's order becomes final. If either party rejects the commission's proposed modification, the electric utility, on its behalf or on the behalf of the customer, may submit to the commission a modified version of the commission's proposal. The commission shall accept or reject the modified version within 30

days. If the commission rejects the competitive rate, it shall issue an order indicating the reasons for the rejection.

Sec. 18. Minnesota Statutes 1994, section 216B.241, subdivision 1, is amended to read:

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

(a) "Commission" means the public utilities commission.

(b) ~~"Commissioner"~~ "Director" means the ~~commissioner of public service~~ director of the energy division.

(c) ~~"Department"~~ "Division" means the ~~department of public service~~ energy division.

(d) "Energy conservation improvement" means the purchase or installation of a device, method, or material that reduces consumption of or increases efficiency in the use of electricity or natural gas, including, but not limited to:

- (1) insulation and ventilation;
- (2) storm or thermal doors or windows;
- (3) caulking and weatherstripping;
- (4) furnace efficiency modifications;
- (5) thermostat or lighting controls;
- (6) awnings; or

(7) systems to turn off or vary the delivery of energy. The term "energy conservation improvement" includes a device or method that creates, converts, or actively uses energy from renewable sources such as solar, wind, and biomass, provided that the device or method conforms with national or state performance and quality standards whenever applicable.

(e) "Investments and expenses of a public utility" includes the investments and expenses incurred by a public utility in connection with an energy conservation improvement including, but not limited to:

(1) the differential in interest cost between the market rate and the rate charged on a no interest or below market interest loan made by a public utility to a customer for the purchase or installation of an energy conservation improvement;

(2) the difference between the utility's cost of purchase or installation of energy conservation improvements and any price charged by a public utility to a customer for such improvements.

Sec. 19. Minnesota Statutes 1994, section 216B.241, subdivision 2, is amended to read:

Subd. 2. [PROGRAMS.] The ~~commissioner~~ director may by rule require public utilities to make investments and expenditures in energy conservation improvements, explicitly setting forth the interest rates, prices, and terms under which the improvements must be offered to the customers. The required programs must cover a two-year period. The ~~commissioner~~ director shall require at least one public utility to establish a pilot program to make investments in and expenditures for energy from renewable resources such as solar, wind, or biomass and shall give special consideration and encouragement to programs that bring about significant net savings through the use of energy-efficient lighting. The ~~commissioner~~ director shall evaluate the program on the basis of cost-effectiveness and the reliability of technologies employed. The rules of the ~~department~~ division must provide to the extent practicable for a free choice, by consumers participating in the program, of the device, method, or material constituting the energy conservation improvement and for a free choice of the seller, installer, or contractor of the energy conservation improvement, provided that the device, method, material, seller, installer, or contractor is duly licensed, certified, approved, or qualified, including under the residential conservation services program, where applicable. The ~~commissioner~~ director may require a utility

to make an energy conservation improvement investment or expenditure whenever the ~~commissioner~~ director finds that the improvement will result in energy savings at a total cost to the utility less than the cost to the utility to produce or purchase an equivalent amount of new supply of energy. The ~~commissioner~~ director shall nevertheless ensure that every public utility operate one or more programs under periodic review by the department. Load management may be used to meet the requirements for energy conservation improvements under this section if it results in a demonstrable reduction in consumption of energy. The ~~commissioner~~ director shall consider and may require a utility to undertake a program suggested by an outside source, including a political subdivision or a nonprofit or community organization. No utility may make an energy conservation improvement under this section to a building envelope unless:

- (1) it is the primary supplier of energy used for either space heating or cooling in the building;
- (2) the ~~commissioner~~ director determines that special circumstances, which would unduly restrict the availability of conservation programs, warrant otherwise; or
- (3) the utility has been awarded a contract under subdivision 2a.

The ~~commissioner~~ director shall ensure that a portion of the money spent on residential conservation improvement programs is devoted to programs that directly address the needs of renters and low-income persons unless an insufficient number of appropriate programs are available.

A utility, a political subdivision, or a nonprofit or community organization that has suggested a program, ~~the attorney general acting on behalf of consumers and small business interests~~, or a utility customer that has suggested a program ~~and is not represented by the attorney general under section 8.33~~, may petition the commission to modify or revoke a ~~department~~ division decision under this section, and the commission may do so if it determines that the program is not cost-effective, does not adequately address the residential conservation improvement needs of low-income persons, has a long-range negative effect on one or more classes of customers, or is otherwise not in the public interest. The person petitioning for commission review has the burden of proof. The commission shall reject a petition that, on its face, fails to make a reasonable argument that a program is not in the public interest.

Sec. 20. Minnesota Statutes 1994, section 216B.62, is amended to read:

216B.62 [REGULATORY EXPENSES.]

Subd. 2. [ASSESSING SPECIFIC UTILITY.] Whenever the attorney general or the commission ~~or department~~, in a proceeding upon ~~its~~ the commission's own motion, on complaint, or upon an application to it, shall deem it necessary, in order to carry out the duties imposed under this chapter and section 216A.085, to investigate the books, accounts, practices, and activities of, or make appraisals of the property of any public utility, or to render any engineering or accounting services to any public utility, or to intervene before an energy regulatory agency, the public utility shall pay the expenses reasonably attributable to the investigation, appraisal, service, or intervention. The attorney general and commission ~~and department~~ shall ascertain the expenses, and the ~~department~~ attorney general or commission shall render a bill therefor to the public utility, either at the conclusion of the investigation, appraisal, or services, or from time to time during its progress, which bill shall constitute notice of the assessment and a demand for payment. The amount of the bills so rendered by the department shall be paid by the public utility into the state treasury within 30 days from the date of rendition. The total amount, in any one calendar year, for which any public utility shall become liable, by reason of costs incurred by the attorney general or commission within that calendar year, shall not exceed two-fifths of one percent of the gross operating revenue from retail sales of gas, or electric service by the public utility within the state in the last preceding calendar year. Where, pursuant to this subdivision, costs are incurred within any calendar year which are in excess of two-fifths of one percent of the gross operating revenues, the excess costs shall not be chargeable as part of the remainder under subdivision 3, but shall be paid out of the general appropriation to the ~~department~~ attorney general and commission. In the case of public utilities offering more than one public utility service only the gross operating revenues from the public utility service in connection with which the investigation is being conducted shall be considered when determining this limitation.

Subd. 3. [ASSESSING ALL PUBLIC UTILITIES.] ~~(a)~~ The department attorney general and commission shall quarterly, at least 30 days before the start of each quarter, estimate the total of their expenditures in the performance of their duties relating to ~~(1)~~ public utilities under section 216A.085, sections 216B.01 to 216B.67, other than amounts chargeable to public utilities under subdivision 2 or 6, and alternative energy engineering activity under section 216C.261. The remainder, except the amount assessed against cooperatives and municipalities for alternative energy engineering activity under subdivision 5, shall be assessed by the attorney general and commission ~~and department~~ to the several public utilities in proportion to their respective gross operating revenues from retail sales of gas or electric service within the state during the last calendar year. The assessment shall be paid into the state treasury within 30 days after the bill has been mailed to the several public utilities, which shall constitute notice of the assessment and demand of payment thereof. The total amount which may be assessed to the public utilities, under authority of this subdivision, shall not exceed one-sixth of one percent of the total gross operating revenues of the public utilities during the calendar year from retail sales of gas or electric service within the state. The assessment for the third quarter of each fiscal year shall be adjusted to compensate for the amount by which actual expenditures by the attorney general and commission ~~and department~~ for the preceding fiscal year were more or less than the estimated expenditures previously assessed.

Subd. 4. [OBJECTIONS.] Within 30 days after the date of the mailing of any bill as provided by subdivisions 2 and 3, the public utility against which the bill has been rendered may file with the commission objections setting out the grounds upon which it is claimed the bill is excessive, erroneous, unlawful or invalid. The commission shall within 60 days hold a hearing and issue an order in accordance with its findings. The order shall be appealable in the same manner as other final orders of the commission.

Subd. 5. [ASSESSING COOPERATIVES AND MUNICIPALS.] The attorney general and commission ~~and department~~ may charge cooperative electric associations and municipal electric utilities their proportionate share of the expenses incurred in the review and disposition of resource plans, adjudication of service area disputes and the costs incurred in the adjudication of complaints over service standards, practices, and rates. Cooperative electric associations electing to become subject to rate regulation by the commission pursuant to section 216B.026, subdivision 4, are also subject to this section. Neither a cooperative electric association nor a municipal electric utility is liable for costs and expenses in a calendar year in excess of the limitation on costs that may be assessed against public utilities under subdivision 2. A cooperative electric association or municipal electric utility may object to and appeal bills of the commission and department as provided in subdivision 4.

The department shall assess cooperatives and municipalities for the costs of alternative energy engineering activities under section 216C.261. Each cooperative and municipality shall be assessed in proportion that its gross operating revenues for the sale of gas and electric service within the state for the last calendar year bears to the total of those revenues for all public utilities, cooperatives, and municipalities.

Subd. 6. [ADMINISTRATIVE HEARING COSTS.] Any amounts billed to the attorney general or commission ~~or the department~~ by the office of administrative hearings for public utility contested case hearings shall be assessed by the commission or the department or attorney general against the public utility. The assessment shall be paid into the state treasury within 30 days after a bill, which constitutes notice of the assessment and demand for payment of it, has been mailed to the public utility. Money received shall be credited to a special account and is appropriated to the attorney general or commission ~~or the department~~ for payment to the office of administrative hearings.

Sec. 21. Minnesota Statutes 1994, section 216B.64, is amended to read:

216B.64 [ATTORNEY GENERAL'S RESPONSIBILITIES.]

The attorney general of the state shall, upon request of the commission or department, represent and appear for the commission or department in all actions and proceedings involving any question under Laws 1974, chapter 429, and shall aid in any investigation or hearing had under the provisions of Laws 1974, chapter 429. The attorney general shall perform all duties and services in

connection with Laws 1974, chapter 429 and the enforcement thereof as the commission or department may require. The attorney general shall also bring all actions to collect penalties herein provided.

Sec. 22. Minnesota Statutes 1994, section 216B.65, is amended to read:

216B.65 [~~DEPARTMENT~~ COMMISSION TO EMPLOY NECESSARY STAFF.]

The ~~department~~ commission may employ experts, engineers, statisticians, accountants, inspectors, clerks, hearing examiners who may be attorneys and employees it deems necessary to carry out the provisions of Laws 1974, chapter 429.

Sec. 23. Minnesota Statutes 1994, section 216C.01, subdivision 2, is amended to read:

Subd. 2. [~~COMMISSIONER~~ COMMISSION.] "~~Commissioner~~" ~~means the commissioner of the department of public service~~ "Commission" means the public utilities commission.

Sec. 24. Minnesota Statutes 1994, section 216C.01, subdivision 3, is amended to read:

Subd. 3. [~~DEPARTMENT~~ DIRECTOR.] "~~Department~~" ~~means the department of public service~~ "Director" means the director of the division of energy in the public utilities commission.

Sec. 25. Minnesota Statutes 1994, section 216C.01, is amended by adding a subdivision to read:

Subd. 3a. [EXECUTIVE DIRECTOR.] "Executive director" means the executive director of the public utilities commission.

Sec. 26. [216C.011] [DIVISION OF ENERGY.]

A division of energy is established in the public utilities commission under the control and supervision of a director, appointed by the executive director and serving at the pleasure of the executive director in the unclassified service. The director shall employ in the division personnel in the classified service necessary to carry out the duties under this chapter.

Sec. 27. Minnesota Statutes 1994, section 216C.10, is amended to read:

216C.10 [POWERS.]

The ~~commissioner~~ director may:

(1) adopt rules under chapter 14 as necessary to carry out the purposes of sections 216C.05 to 216C.30 and, when necessary for the purposes of section 216C.15, adopt emergency rules under sections 14.29 to 14.36;

(2) make all contracts under sections 216C.05 to 216C.30 and do all things necessary to cooperate with the United States government, and to qualify for, accept, and disburse any grant intended for the administration of sections 216C.05 to 216C.30;

(3) provide on-site technical assistance to units of local government in order to enhance local capabilities for dealing with energy problems;

(4) administer for the state, energy programs under federal law, regulations, or guidelines, except for the low-income home energy assistance program and low-income weatherization programs administered by the department of economic security, and coordinate the programs and activities with other state agencies, units of local government, and educational institutions;

(5) develop a state energy investment plan with yearly energy conservation and alternative energy development goals, investment targets, and marketing strategies;

(6) perform market analysis studies relating to conservation, alternative and renewable energy resources, and energy recovery;

(7) assist with the preparation of proposals for innovative conservation, renewable, alternative, or energy recovery projects;

(8) manage and disburse funds made available for the purpose of research studies or demonstration projects related to energy conservation or other activities deemed appropriate by the commissioner;

(9) ~~intervene~~ appear in certificate of need proceedings before the public utilities commission;

(10) collect fees from recipients of loans, grants, or other financial aid from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations, which fees must be used to pay the department's costs in administering those financial aids; and

(11) collect fees from proposers and operators of conservation and other energy-related programs that are reviewed, evaluated, or approved by the department, other than proposers that are political subdivisions or community or nonprofit organizations, to cover the department's cost in making the review, evaluation, or approval and in developing additional programs for others to operate.

Notwithstanding any other law, the commissioner is designated the state agent to apply for, receive, and accept federal or other funds made available to the state for the purposes of sections 216C.05 to 216C.30.

Sec. 28. Minnesota Statutes 1994, section 216C.37, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] In this section:

(a) ~~"Commissioner"~~ "Authority" means the ~~commissioner of public service~~ Minnesota public facilities authority.

(b) "Energy conservation investments" means all capital expenditures that are associated with conservation measures identified in an energy project study, and that have a ten-year or less payback period.

(c) "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.

(d) "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. 29. Minnesota Statutes 1994, section 237.02, is amended to read:

237.02 [GENERAL AUTHORITY OF ~~DEPARTMENT~~ AND COMMISSION; DEFINITIONS.]

The ~~department of public service and the public utilities commission~~, now existing under the laws of this state, ~~are~~ is hereby vested with the same jurisdiction and supervisory power over telephone companies doing business in this state as it now has over railroad and express companies and over public utilities under chapter 216B. The definitions set forth in ~~section~~ sections 216A.02 ~~shall~~ and 216B.02 apply also to this chapter.

Sec. 30. Minnesota Statutes 1994, section 237.075, subdivision 2, is amended to read:

Subd. 2. [SUSPENSION OF PROPOSED RATES; HEARING; FINAL DETERMINATION DEFINED.] (a) Whenever there is filed with the commission as provided in subdivision 1 a schedule modifying or resulting in a change in any rate then in force, the commission may suspend the operation of the schedule by filing with the schedule of rates and delivering to the affected telephone company 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). 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 utility~~

consumers division of the attorney general's office 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 telephone company'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~~ utility consumers division. 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 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.

(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 216B.16, 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. 31. Minnesota Statutes 1994, section 237.295, is amended to read:

237.295 [ASSESSMENT OF REGULATORY EXPENSES.]

Subdivision 1. [PAYMENT FOR INVESTIGATIONS.] Whenever the ~~department~~ attorney general or commission, in a proceeding upon its own motion, on complaint, or upon an application to it, considers it necessary, in order to carry out the duties imposed on it, to investigate the books, accounts, practices, and activities of, or make appraisals of the property of, a telephone company, or to render engineering or accounting services to a telephone company, the telephone company shall pay the expenses reasonably attributable to the investigation, appraisal, or service. The ~~department~~ attorney general and commission shall ascertain the expenses, and the ~~department~~ attorney general shall render a bill for those expenses to the telephone company, either at the conclusion of the investigation, appraisal, or services, or from time to time during its progress. The bill constitutes notice of the assessment and a demand for payment. The amount of the bills assessed by the department under this subdivision must be paid by the telephone company into the state treasury within 30 days from the date of assessment. The total amount, in a calendar year, for which a telephone company may become liable, by reason of costs incurred by the ~~department~~ attorney general and commission within that calendar year, may not exceed two-fifths of one percent of the gross jurisdictional operating revenue of the telephone company in the last preceding calendar year. Direct charges may be assessed without regard to this limitation until the gross jurisdictional operating revenue of the telephone company for the preceding calendar year has been reported for the first time. Where, under this subdivision, costs are incurred within a calendar year that are in excess of two-fifths of one percent of the gross jurisdictional operating revenues, the excess costs are not chargeable as part of the remainder under subdivision 2, but must be paid out of the general appropriation of the ~~department~~ attorney general or commission.

Subd. 2. [ASSESSMENT OF COSTS.] The ~~department~~ attorney general and commission shall quarterly, at least 30 days before the start of each quarter, estimate the total of their expenditures in the performance of their duties relating to telephone companies, other than amounts chargeable to telephone companies under subdivision 1, 5, or 6. The remainder must be assessed by the department to the telephone companies operating in this state in proportion to their respective gross jurisdictional operating revenues during the last calendar year. The assessment must be paid

into the state treasury within 30 days after the bill has been mailed to the telephone companies. The bill constitutes notice of the assessment and demand of payment. The total amount that may be assessed to the telephone companies under this subdivision may not exceed one-eighth of one percent of the total gross jurisdictional operating revenues during the calendar year. The assessment for the third quarter of each fiscal year must be adjusted to compensate for the amount by which actual expenditures by the attorney general and commission ~~and department~~ for the preceding fiscal year were more or less than the estimated expenditures previously assessed. A telephone company with gross jurisdictional operating revenues of less than \$5,000 is exempt from assessments under this subdivision.

Subd. 3. [OBJECTIONS.] Within 30 days after the date of the mailing of any bill as provided by subdivisions 1 and 2, the telephone company against which the bill has been assessed may file with the commission objections setting out the grounds upon which it is claimed the bill is excessive, erroneous, unlawful or invalid. The commission shall within 60 days provide for a contested case hearing and issue an order in accordance with its findings. The order shall be appealable in the same manner as other final orders of the commission.

Subd. 4. [INTEREST IMPOSED.] The amounts assessed against any telephone company not paid after 30 days after the mailing of a notice advising the telephone company of the amount assessed against it, shall draw interest at the rate of six percent per annum, and upon failure to pay the assessment the attorney general shall proceed by action in the name of the state against the telephone company to collect the amount due, together with interest and the cost of the suit.

Subd. 5. [ADMINISTRATIVE HEARING COSTS; APPROPRIATION.] Any amounts billed to the commission ~~or the department~~ by the office of administrative hearings for telephone contested case hearings shall be assessed by the commissioner ~~or the department~~ against the telephone company. The assessment shall be paid into the state treasury within 30 days after a bill, which constitutes notice of the assessment and demand for payment of it, has been mailed to the telephone company. Money received shall be credited to a special account and is appropriated to the ~~commissioner or the department~~ director for payment to the office of administrative hearings.

Subd. 6. [EXTENDED AREA SERVICE BALLOTING ACCOUNT; APPROPRIATION.] The extended area service balloting account is created as a separate account in the special revenue fund in the state treasury. The commission shall render separate bills to telephone companies only for direct balloting costs incurred by the commission under section 237.161. The bill constitutes notice of the assessment and demand of payment. The amount of a bill assessed by the commission under this subdivision must be paid by the telephone company into the state treasury within 30 days from the date of assessment. Money received under this subdivision must be credited to the extended area service balloting account and is appropriated to the commission.

Sec. 32. Minnesota Statutes 1994, section 237.30, is amended to read:

237.30 [TELEPHONE INVESTIGATION FUND; APPROPRIATION.]

The sum of \$25,000 is hereby appropriated out of any moneys in the state treasury not otherwise appropriated, to establish and provide a revolving fund to be known as the Minnesota Telephone Investigation Fund for the use of the ~~department of public service and of the attorney general~~ in investigations, valuations, and revaluations under section 237.295. All sums paid by the telephone companies to reimburse the ~~department of public service~~ attorney general for its attorney general's expenses pursuant to section 237.295 shall be credited to the revolving fund and shall be deposited in a separate bank account and not commingled with any other state funds or moneys, but any balance in excess of \$25,000 in the revolving fund at the end of each fiscal year shall be paid into the state treasury and credited to the general fund. The sum of \$25,000 herein appropriated and all subsequent credits to said revolving fund shall be paid upon the warrant of the commissioner of finance upon application of the ~~department or of the attorney general~~ to an aggregate amount of not more than one-half of such sums to each of them, which proportion shall be constantly maintained in all credits and withdrawals from the revolving fund.

Sec. 33. Minnesota Statutes 1994, section 239.01, is amended to read:

239.01 [WEIGHTS AND MEASURES DIVISION; JURISDICTION.]

The weights and measures division, referred to in this chapter as the division, is created under the jurisdiction of the department of ~~public service~~ agriculture. The division has supervision and control over all weights, weighing devices, and measures in the state.

Sec. 34. Minnesota Statutes 1994, section 239.05, subdivision 6c, is amended to read:

Subd. 6c. [COMMISSIONER.] "Commissioner" means the commissioner of the department of ~~public service~~ agriculture.

Sec. 35. Minnesota Statutes 1994, section 239.05, subdivision 7a, is amended to read:

Subd. 7a. [DEPARTMENT.] "Department" means the department of ~~public service~~ agriculture.

Sec. 36. Minnesota Statutes 1994, section 239.05, subdivision 8, is amended to read:

Subd. 8. [DIRECTOR.] "Director" means the director of the division of weights and measures of the department of ~~public service~~ agriculture.

Sec. 37. [INSTRUCTION TO REVISOR.]

(a) The revisor of statutes, in the next and subsequent editions of Minnesota Statutes and Minnesota Rules, shall make the changes in paragraphs (b) to (j), and shall also make any stylistic and conforming changes necessary to incorporate the following changes:

(b) Change the terms "commissioner" and "commissioner of public service," or similar terms, to "director," or similar term, and the term "department," or similar term, to "commission," or similar term, in Minnesota Statutes, section 137.14.

(c) Change the terms "commissioner" and "commissioner of public service" to "authority" in Minnesota Statutes, section 216C.37.

(d) Change the terms "commissioner" or "commissioner of public service," or similar terms, to "director of the division of energy in the public utilities commission," or similar term, in Minnesota Statutes, sections 13.68, subdivision 1; 13.99, subdivision 65; 16B.165; 16B.56, subdivision 1; 17.86; 18.024, subdivision 1; 103F.325, subdivisions 2 and 3; 115A.15, subdivision 5; 116D.11, subdivision 4; 174.03, subdivision 7; 216B.162, subdivision 9; 216B.241; 216C.02; 216C.07; 216C.08; 216C.09; 216C.11; 216C.12; 216C.13; 216C.14; 216C.15; 216C.16; 216C.17; 216C.18; 216C.19; 216C.195; 216C.20; 216C.21; 216C.22; 216C.23; 216C.24; 216C.25; 216C.26; 216C.261; 216C.262; 216C.27; 216C.29; 216C.30; 216C.31; 216C.315; 216C.32; 216C.33; 216C.35; 216C.373; 216C.38; 216C.381; 446A.03, subdivision 1; and 446A.21, subdivision 2.

(e) Change the terms "department" and "department of public service" to "commission" and "public utilities commission" in Minnesota Statutes, sections 13.692; 116O.06, subdivision 2; 161.45; 469.164, subdivision 2; and 484.50.

(f) Change the terms "department" and "department of public service" to "division of energy in the public utilities commission" in Minnesota Statutes, sections 16B.32, subdivision 2; 160.262, subdivision 3; 161.45; and 326.243.

(g) Change the term "department of public service" to "department of agriculture" in Minnesota Statutes, sections 17A.04, subdivisions 6, 7, and 8; 17A.10, subdivision 1; 41A.09, subdivision 7; 93.38; 137.14; 325E.11; 325E.115, subdivision 2; and 325F.733, subdivision 7.

(h) Change the term "department of public service" to "department of transportation" in Minnesota Statutes, sections 168.61, subdivision 1; 169.073; and 181.30.

(i) Delete references to "commissioner," "commissioner of public service," and "department of public service" in Minnesota Statutes, sections 15.06, subdivision 1; 15A.081, subdivision 1; 43A.08, subdivision 1a; 237.59, subdivision 2; and 237.70, subdivision 7.

(j) Change the title of Minnesota Statutes, chapter 216A to "PUBLIC UTILITIES COMMISSION; ADMINISTRATION."

Sec. 38. [REPEALER.]

Minnesota Statutes 1994, sections 216A.06; 216B.02, subdivision 8; and 237.69, subdivision 3, are repealed.

Sec. 39. [EFFECTIVE DATE.]

This article is effective January 1, 1996."

Delete the title and insert:

"A bill for an act relating to state departments; abolishing the department of public service; transferring certain responsibilities and personnel to other agencies; amending Minnesota Statutes 1994, sections 8.33; 15.01; 116C.03, subdivision 2; 216A.01; 216A.035; 216A.036; 216A.04; 216A.05, by adding a subdivision; 216A.07; 216A.085; 216A.095; 216B.02, subdivision 7, and by adding subdivisions; 216B.16, subdivision 2; 216B.162, subdivision 7; 216B.241, subdivisions 1 and 2; 216B.62; 216B.64; 216B.65; 216C.01, subdivisions 2, 3, and by adding a subdivision; 216C.10; 216C.37, subdivision 1; 237.02; 237.075, subdivision 2; 237.295; 237.30; 239.01; and 239.05, subdivisions 6c, 7a, and 8; proposing coding for new law in Minnesota Statutes, chapter 216C; repealing Minnesota Statutes 1994, sections 216A.06; 216B.02, subdivision 8; and 237.69, subdivision 3."

And when so amended the bill be re-referred to the Committee on Jobs, Energy and Community Development without recommendation. Amendments adopted. Report adopted.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

S.F. No. 503: A bill for an act relating to state government; providing for the Minnesota collection enterprise; imposing duties and providing powers; providing for the disclosure of certain data; imposing a collection penalty; appropriating money; amending Minnesota Statutes 1994, sections 16D.02, subdivision 6, and by adding a subdivision; 16D.04, subdivisions 1 and 3; 16D.06, subdivision 2; and 16D.08, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 16D.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 11, insert:

"Section 1. Minnesota Statutes 1994, section 8.16, is amended by adding a subdivision to read:

Subd. 1a. [SUBPOENAS.] The attorney general may in any county of the state subpoena and require the production of any records relating to the location of a debtor or the assets of a debtor, as that term is defined in section 16D.02, subdivision 4. Subpoenas may be issued only for records that are relevant to an investigation related to debt collection."

Page 1, line 15, strike ", the University of Minnesota," and delete the new language

Page 1, line 16, delete the new language

Page 1, lines 22 and 23, delete "within the department of revenue"

Page 1, line 26, after the period, insert "New employees of the enterprise are in unclassified positions."

Page 2, line 13, after the period, insert "An audited financial statement may not be required as a condition of debt placement with a private agency if the private agency: (1) has errors and omissions coverage under a professional liability policy in an amount of at least \$1,000,000; or (2) has a fidelity bond to cover actions of its employees, in an amount of at least \$100,000."

Pages 2 and 3, delete section 5 and insert:

"Sec. 6. Minnesota Statutes 1994, section 16D.06, is amended to read:

16D.06 [DEBTOR INFORMATION.]

Subdivision 1. [ACCESS TO GOVERNMENT DATA NOT PUBLIC.] Notwithstanding chapter 13 or any other state law classifying or restricting access to government data, upon request from the commissioner or the attorney general, state agencies, political subdivisions, and statewide systems shall disseminate not public data to the commissioner or the attorney general for the sole purpose of collecting debt. Not public data disseminated under this subdivision is limited to financial data of the debtor or data related to the location of the debtor or the assets of the debtor.

Subd. 2. [DISCLOSURE OF DATA.] Data received, collected, created, or maintained by the commissioner or the attorney general to collect debts are classified as private data on individuals under section 13.02, subdivision 12, or nonpublic data under section 13.02, subdivision 9. The commissioner or the attorney general may disclose not public data:

- (1) under section 13.05;
- (2) under court order;
- (3) under a statute specifically authorizing access to the not public data;
- (4) to provide notices required or permitted by statute;
- (5) to an agent of the commissioner, including a law enforcement person, attorney, or investigator acting for the commissioner in the investigation or prosecution of a criminal or civil proceeding relating to collection of a debt;
- (6) to report names of debtors, amount of debt, date of debt, and the agency to whom debt is owed to credit bureaus and private collection agencies under contract with the commissioner; and
- (7) when necessary to locate the debtor, locate the assets of the debtor, or to enforce or implement the collection of a debt; and
- (8) to the commissioner of revenue for tax administration purposes.

The commissioner and the attorney general may not disclose data that is not public to a private collection agency or other entity with whom the commissioner has contracted under section 16D.04, subdivision 4, unless disclosure is otherwise authorized by law."

Page 4, line 18, delete "In such cases,"

Page 4, delete lines 19 to 25

Page 4, line 28, after "commissioner" insert "or private collection agency"

Page 4, lines 29 and 33, after "commissioner" insert "or private agency"

Page 4, line 35, after "collected" insert "by the commissioner"

Page 5, line 5, after "commissioner" insert "or private collection agency"

Page 5, line 9, before the period, insert "or by referring the debt on for additional collection activity by a private collection agency. If, after referral of a debt to a private collection agency, the debtor requests cancellation of the penalty under section 16D.11, subdivision 3, the debt must be returned to the commissioner for resolution of the request"

Page 6, line 21, delete "16A.128" and insert "16A.1285"

Page 6, after line 21, insert:

"Sec. 9. [16D.12] [INTEREST.]

Subdivision 1. [AUTHORITY.] Unless otherwise provided by contract out of which the debt arises or by state or federal law, a state agency shall charge simple interest on debts owed to the state at the rate provided in subdivision 2 if notice has been given in accordance with this subdivision. Interest charged under this section begins to accrue on the 30th calendar day

following the state agency's first written demand for payment that includes notification to the debtor that interest will begin to accrue on the debt in accordance with this section.

Subd. 2. [COMPUTATION.] Notwithstanding chapter 334, the rate of interest is the rate determined by the state court administrator under section 549.09, subdivision 1, paragraph (c).

Subd. 3. [EXCLUSION.] A state agency may not charge interest under this section on overpayments of assistance benefits under sections 256.031 to 256.0361, 256.72 to 256.87, chapters 256D and 256I, or the federal food stamp program. Notwithstanding this prohibition, any debts that have been reduced to judgment under these programs are subject to the interest charges provided under section 549.09.

Sec. 10. [16D.13] [VENUE.]

The commissioner or attorney general may bring an action to recover debts owed to the state in Ramsey county district court or Ramsey county conciliation court, or a district or conciliation court of any other county at the discretion of the state. Before bringing an action under this section in any county other than the county in which the defendant resides or where the cause of action arose, the commissioner or the attorney general must notify the debtor, in writing, of the intent to bring an action in the specified county and enclose a form for the debtor to use to request that the action be brought in the county of either the debtor's residence or the county where the cause of action arose. If the debtor, within 20 days of the receipt of the notice of intent to bring an action in a specified county, requests in writing that the action be brought in the county of either the debtor's residence or the county where the cause of action arose, that request must be granted by the commissioner or the attorney general, and any subsequent action must be venued in accordance with the request of the debtor. If the debtor does not make a timely request under this section, venue is as chosen by the commissioner or attorney general. No court filing fees, docketing fees, or release of judgment fees may be assessed against the state for collection actions filed under this chapter.

Sec. 11. [16D.14] [COMPROMISE OF DEBT.]

Unless expressly prohibited by other federal or state law, a state agency may compromise debts owed to the state, whether reduced to judgment or not, where the state agency determines that it is in the best interests of the state to do so.

Sec. 12. [16D.16] [SETOFFS.]

Subdivision 1. [AUTHORIZATION.] The commissioner or a state agency may automatically deduct the amount of a debt owed to the state from any state payment due to the debtor, except that funds exempt under section 550.37 or funds owed an individual who receives assistance under the provisions of chapter 256 are not subject to setoff. If a debtor has entered into a written payment plan with respect to payment of a specified debt, the right of setoff may not be used to satisfy that debt. Notwithstanding section 181.79, the state may deduct from the wages due or earned by a state employee to collect a debt, subject to the limitations in section 571.922.

Subd. 2. [NOTICE AND HEARING.] The commissioner or state agency shall mail written notice to the debtor, addressed to the debtor's last known address, that the commissioner or state agency intends to set off a debt owed to the state by the debtor against future payments due the debtor from the state. The commissioner or state agency shall notify the debtor within ten days that a setoff has occurred. The debtor has 30 days from the date of that notice to make a written request for a contested case hearing to contest the validity of the debt or the right to setoff. The debtor's request must state the debtor's reasons for contesting the debt or the right to setoff. If the commissioner or state agency desires to pursue the right to setoff following receipt of the debtor's request for a hearing, the commissioner or state agency shall schedule a contested case hearing within 30 days of the receipt of the request for the hearing. If the commissioner or state agency decides not to pursue the right to setoff, the debtor must be notified of that decision.

Sec. 13. [COLLECTION; REPORT.]

The commissioner of finance shall attempt to collect 90 percent of debt older than 120 days owed to the state and report back to the legislature by January 15, 1997.

Sec. 14. [PILOT PROGRAM.]

The commissioner of finance shall initiate a pilot program to compare effectiveness and efficiencies of the Minnesota collection enterprise and private collection agencies. The commissioner shall issue a request for proposals and place at least \$35,000,000 of state debt with private collection agencies no later than September 1, 1995. In placing debt with private collection agencies, the commissioner must consider the following factors in comparison to the enterprise; age and size of the debt, type of debt, and direct and indirect costs of collecting the debt. Eligible private collection agencies include those not currently under contract with the commissioner. The commissioner shall report back to the legislature by February 1, 1996."

Page 6, line 23, delete "1" and insert "2"

Page 6, line 24, delete "6" and insert "7"

Page 6, line 26, delete "7" and insert "8"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 7, after "sections" insert "8.16, by adding a subdivision;"

Page 1, lines 8 and 9, delete ", subdivision 2"

And when so amended the bill do pass and be re-referred to the Committee on Judiciary. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 410: A bill for an act relating to health; giving the commissioner of administration authority to negotiate contract prices for all prescription drugs sold in Minnesota; allowing correction orders to be issued; establishing a statewide drug formulary; requiring a pharmacy to post a sign on generic substitution; amending Minnesota Statutes 1994, sections 151.21, subdivisions 2, 3, and by adding a subdivision; and 256B.0625, subdivision 13; proposing coding for new law in Minnesota Statutes, chapters 16B; and 256.

Reports the same back with the recommendation that the report from the Committee on Governmental Operations and Veterans, shown in the Journal for April 5, 1995, be amended to read:

"the bill be amended and when so amended the bill do pass and be re-referred to the Committee on Commerce and Consumer Protection". Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

H.F. No. 446: A bill for an act relating to occupations and professions; establishing licensure for acupuncture practitioners by the board of medical practice; providing penalties; proposing coding for new law as Minnesota Statutes, chapter 147B.

Reports the same back with the recommendation that the report from the Committee on Governmental Operations and Veterans, shown in the Journal for April 5, 1995, be amended to read:

"the bill do pass and be re-referred to the Committee on Finance". Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 399: A bill for an act relating to recreational vehicles; driving while intoxicated;

providing for forfeiture of snowmobiles, all-terrain vehicles, and motorboats for designated, DWI-related offenses; extending vehicle forfeiture law by expanding the definition of prior conviction to include other types of vehicles; amending Minnesota Statutes 1994, sections 84.83, subdivision 2; and 169.1217, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 84; and 86B.

Reports the same back with the recommendation that the report from the Committee on Crime Prevention, shown in the Journal for April 5, 1995, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass and be re-referred to the Committee on Finance". Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 1570: A bill for an act relating to taxes; freezing property tax values, levies, and rates for taxes payable in 1996; limiting increases in property tax values, levies, and rates for taxes payable in 1997; appropriating money; repealing Minnesota Statutes 1994, sections 124.01; 124.05; 124.06; 124.07; 124.76; 124.82; 124.829; 124.83; 124.84; 124.85; 124.86; 124.90; 124.91; 124.912; 124.914; 124.916; 124.918; 124.95; 124.961; 124.962; 124.97; 124A.02, subdivisions 16, 23, and 24; 124A.03, subdivisions 1b, 1c, 1d, 1e, 1f, 1g, 1h, and 1i; 124A.0311; 124A.032; 124A.04; 124A.22, subdivisions 1, 2, 3, 4, 4a, 4b, 6, 6a, 8, and 9; 124A.23; 124A.24; 124A.26, subdivisions 1, 2, and 3; 124A.27; 124A.28; 124A.29, subdivision 2; 273.13; 273.1398; 473F.001; 473F.01; 473F.02; 473F.03; 473F.05; 473F.06; 473F.07; 473F.08; 473F.09; 473F.10; 473F.11; 473F.13; 477A.011; 477A.012; 477A.0121; 477A.0122; 477A.013; 477A.0132; 477A.014; 477A.015; 477A.016; 477A.017; 477A.03; 477A.11; 477A.12; 477A.13; 477A.14; and 477A.15; Laws 1991, chapter 265, article 7, section 35.

Reports the same back with the recommendation that the report from the Committee on Taxes and Tax Laws, shown in the Journal for April 5, 1995, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass". Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,

S.F. No. 1103: A bill for an act relating to children's services; establishing the department of children, families, and learning; making related changes; proposing coding for new law as Minnesota Statutes, chapter 119A; repealing Minnesota Statutes 1994, sections 121.02, subdivisions 1, 2a, and 3; 121.03; and 121.04, subdivision 2.

Reports the same back with the recommendation that the report from the Committee on Jobs, Energy and Community Development, shown in the Journal for April 5, 1995, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass and be re-referred to the Committee on Health Care". Amendments adopted. Report adopted.

Mr. Bertram from the Committee on Agriculture and Rural Development, to which was referred

S.F. No. 1551: A bill for an act relating to agricultural economics; providing loans and incentives for agricultural energy resources development for family farms and cooperatives; amending Minnesota Statutes 1994, sections 41B.02, subdivision 19; 41B.046, subdivision 1, and by adding a subdivision; and 216C.41, subdivisions 1, 2, 3, and 4.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Jobs, Energy and Community Development. Report adopted.

Ms. Flynn from the Committee on Judiciary, to which was re-referred

S.F. No. 462: A bill for an act relating to the environment; implementing the transfer of solid waste management duties of the metropolitan council to the office of environmental assistance; providing for the management of waste; providing penalties; amending Minnesota Statutes 1992, section 115A.33, as reenacted; Minnesota Statutes 1994, sections 16B.122, subdivision 3; 115.071, subdivision 1; 115A.055; 115A.07, subdivision 3; 115A.072, subdivisions 1, 3, and 4; 115A.12; 115A.14, subdivision 4; 115A.15, subdivision 9; 115A.191, subdivisions 1 and 2; 115A.32; 115A.411; 115A.42; 115A.45; 115A.46, subdivisions 1 and 5; 115A.55, by adding a subdivision; 115A.5501, subdivisions 2, 3, and 4; 115A.5502; 115A.551, subdivisions 2a, 4, 5, 6, and 7; 115A.554; 115A.557, subdivisions 3 and 4; 115A.558; 115A.63, subdivision 3; 115A.84, subdivision 3; 115A.86, subdivision 2; 115A.919, subdivision 3; 115A.921, subdivision 1; 115A.923, subdivision 1; 115A.9302, subdivisions 1 and 2; 115A.951, subdivision 4; 115A.96, subdivision 2; 115A.965, subdivision 1; 115A.9651, subdivision 3; 115A.97, subdivisions 5 and 6; 115A.981, subdivision 3; 116.07, subdivision 4j; 116.072; 116.66, subdivisions 2 and 4; 116.92, subdivision 4; 400.16; 400.161; 473.149, subdivisions 1, 2d, 2e, 3, 4, and 6; 473.151; 473.516, subdivision 2; 473.801, subdivision 1, and by adding subdivisions; 473.8011; 473.803, subdivisions 1, 1c, 2, 2a, 3, 4, and 5; 473.804; 473.811, subdivisions 1, 4a, 5, 5c, 7, and 8; 473.813, subdivision 2; 473.823, subdivisions 3, 5, and 6; 473.843, subdivision 1; 473.844, subdivisions 1a and 4; 473.8441, subdivisions 2, 4, and 5; 473.845, subdivision 4; 473.846; and 473.848, subdivisions 2 and 4; Laws 1994, chapter 628, article 3, section 209; proposing coding for new law in Minnesota Statutes, chapters 16B; 115A; 116; and 480; repealing Minnesota Statutes 1994, sections 115A.81, subdivision 3; 115A.90, subdivision 3; 116.94; 383D.71, subdivision 2; 473.149, subdivisions 2, 2a, 2c, 2f, and 5; 473.181, subdivision 4; and 473.803, subdivisions 1b and 1e.

Reports the same back with the recommendation that the bill be amended as follows:

Page 21, line 27, after "orders" insert "and may issue orders"

And when so amended the bill do pass and be re-referred to the Committee on Governmental Operations and Veterans. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 777, 903, 1140, 1469, 1268, 995, 870, 1420 and 1570 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 813, 226, 843 and 1211 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Belanger moved that the name of Mr. Marty be added as a co-author to S.F. No. 1199. The motion prevailed.

Mr. Belanger moved that the name of Ms. Hanson be added as a co-author to S.F. No. 1163. The motion prevailed.

Mr. Samuelson moved that the name of Mr. Kleis be added as a co-author to S.F. No. 1254. The motion prevailed.

Mr. Johnson, D.J. moved that the name of Mr. Limmer be added as a co-author to S.F. No. 1626. The motion prevailed.

Mr. Kroening moved that the names of Ms. Hanson and Mr. Kramer be added as co-authors to S.F. No. 1636. The motion prevailed.

Mr. Bertram moved that the name of Mr. Metzen be added as a co-author to Senate Resolution No. 51. The motion prevailed.

Mr. Marty moved that S.F. No. 1617 be withdrawn from the Committee on Metropolitan and Local Government and re-referred to the Committee on Taxes and Tax Laws. The motion prevailed.

Ms. Johnson, J.B. moved that S.F. No. 1551 be withdrawn from the Committee on Jobs, Energy and Community Development and re-referred to the Committee on Environment and Natural Resources. The motion prevailed.

Ms. Lesewski moved that S.F. No. 1140, on General Orders, be stricken and re-referred to the Committee on Jobs, Energy and Community Development. The motion prevailed.

Mr. Vickerman moved that S.F. No. 995, on General Orders, be stricken and re-referred to the Committee on Taxes and Tax Laws. The motion prevailed.

MEMBERS EXCUSED

Messrs. Day and Sams were excused from the Session of today. Ms. Krentz and Mr. Larson were excused from this afternoon's session.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 8:30 a.m., Thursday, April 6, 1995. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

THIRTY-FIFTH DAY

St. Paul, Minnesota, Thursday, April 6, 1995

The Senate met at 8:30 a.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by Senator Pat Piper.

The roll was called, and the following Senators answered to their names:

Anderson	Frederickson	Kroening	Neuville	Runbeck
Beckman	Hanson	Laidig	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berg	Janezich	Larson	Olson	Scheevel
Berglin	Johnson, D.E.	Lesewski	Ourada	Solon
Bertram	Johnson, D.J.	Lessard	Pappas	Spear
Betzold	Johnson, J.B.	Limmer	Pariseau	Stevens
Chandler	Johnston	Marty	Piper	Stumpf
Chmielewski	Kelly	Merriam	Pogemiller	Terwilliger
Cohen	Kiscaden	Metzen	Price	Vickerman
Day	Kleis	Moe, R.D.	Ranum	Wiener
Dille	Knutson	Mondale	Reichgott Junge	
Finn	Kramer	Morse	Riveness	
Flynn	Krentz	Murphy	Robertson	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Solon from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 973: A bill for an act relating to insurance; automobile; permitting users of rental vehicles to benefit from lower price rental periods without losing coverage; amending Minnesota Statutes 1994, section 65B.49, subdivision 5a.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Solon from the Committee on Commerce and Consumer Protection, to which was referred

H.F. No. 1371: A bill for an act relating to commerce; securities; regulating disclosure of payment received for directing order flow; amending Minnesota Statutes 1994, section 80A.06, subdivision 5.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Ms. Flynn from the Committee on Judiciary, to which was referred

S.F. No. 864: A bill for an act relating to domestic abuse; eliminating hearing requirements in certain cases; providing for notices; amending Minnesota Statutes 1994, section 518B.01, subdivisions 5 and 7.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 101c. [DOMESTIC ABUSE PETITIONER'S RESIDENCE.] Court records on the location or residence of a petitioner in a domestic abuse proceeding are governed by section 518B.01, subdivision 3b.

Sec. 2. Minnesota Statutes 1994, section 518B.01, is amended by adding a subdivision to read:

Subd. 3b. [INFORMATION ON PETITIONER'S LOCATION OR RESIDENCE.] The court shall maintain information regarding the petitioner's location or residence separate from the documents contained in the court file. Information maintained by the court regarding the petitioner's location or residence is not accessible to the public and may be disclosed only to court personnel or law enforcement for purposes of service of process, conducting an investigation, or enforcing an order.

Sec. 3. Minnesota Statutes 1994, section 518B.01, subdivision 4, is amended to read:

Subd. 4. [ORDER FOR PROTECTION.] There shall exist an action known as a petition for an order for protection in cases of domestic abuse.

(a) A petition for relief under this section may be made by any family or household member personally or on behalf of minor family or household members.

(b) A petition for relief shall allege the existence of domestic abuse, and shall be accompanied by an affidavit made under oath stating the specific facts and circumstances from which relief is sought.

(c) A petition for relief must state whether there is an existing order for protection in effect under this chapter governing both the parties and whether there is a pending lawsuit, complaint, petition or other action between the parties under chapter 257, 518, 518A, 518B, or 518C. The court administrator shall verify the terms of any existing order governing the parties. The court may not delay granting relief because of the existence of a pending action between the parties or the necessity of verifying the terms of an existing order. A subsequent order in a separate action under this chapter may modify only the provision of an existing order that grants relief authorized under subdivision 6, paragraph (a), clause (1). A petition for relief may be granted, regardless of whether there is a pending action between the parties.

(d) The court shall provide simplified forms and clerical assistance to help with the writing and filing of a petition under this section.

(e) The court shall advise a petitioner under paragraph (d) of the right to file a motion and affidavit and to sue in forma pauperis pursuant to section 563.01 and shall assist with the writing and filing of the motion and affidavit.

(f) The court shall advise a petitioner under paragraph (d) of the right to serve the respondent by published notice under subdivision 5, paragraph (b), if the respondent is avoiding personal service by concealment or otherwise, and shall assist with the writing and filing of the affidavit.

(g) The court shall advise the petitioner of the right to seek restitution under the petition for relief.

(h) The court shall advise the petitioner of the right to request a hearing under subdivision 7, paragraph (c). If the petitioner does not request a hearing, the court shall advise the petitioner that the respondent may request a hearing and that notice of the hearing date and time will be provided to the petitioner by mail at least five days before the hearing.

Sec. 4. Minnesota Statutes 1994, section 518B.01, subdivision 5, is amended to read:

Subd. 5. [HEARING ON APPLICATION; NOTICE.] (a) Upon receipt of the petition, the court shall order a hearing which shall be held not later than 14 days from the date of the order. If an ex parte order has been issued under subdivision 7 and a hearing requested, the time periods under subdivision 7 for holding a hearing apply. Personal service shall be made upon the respondent not less than five days prior to the hearing, if the hearing was requested by the petitioner. If the hearing was requested by the respondent after issuance of an ex parte order under subdivision 7, service of the notice of hearing must be made upon the petitioner not less than five days prior to the hearing. The court shall serve the notice of hearing upon the petitioner by mail in the manner provided in the rules of civil procedure for pleadings subsequent to a complaint and motions and shall also mail notice of the date and time of the hearing to the respondent. In the event that personal service cannot be completed in time to give the respondent or petitioner the minimum notice required under this paragraph, the court may set a new hearing date.

(b) Notwithstanding the provisions of paragraph (a), service on the respondent may be made by one week published notice, as provided under section 645.11, provided the petitioner files with the court an affidavit stating that an attempt at personal service made by a sheriff was unsuccessful because the respondent is avoiding service by concealment or otherwise, and that a copy of the petition and notice of hearing has been mailed to the respondent at the respondent's residence or that the residence is not known to the petitioner. Service under this paragraph is complete seven days after publication. The court shall set a new hearing date if necessary to allow the respondent the five-day minimum notice required under paragraph (a).

Sec. 5. Minnesota Statutes 1994, section 518B.01, subdivision 7, is amended to read:

Subd. 7. [~~TEMPORARY EX PARTE ORDER.~~] (a) Where an application under this section alleges an immediate and present danger of domestic abuse, the court may grant an ex parte ~~temporary~~ order for protection, ~~pending a full hearing~~, and granting relief as the court deems proper, including an order:

- (1) restraining the abusing party from committing acts of domestic abuse;
- (2) excluding any party from the dwelling they share or from the residence of the other except by further order of the court;
- (3) excluding the abusing party from the place of employment of the petitioner or otherwise limiting access to the petitioner by the abusing party at the petitioner's place of employment; and
- (4) continuing all currently available insurance coverage without change in coverage or beneficiary designation.

(b) A finding by the court that there is a basis for issuing an ex parte ~~temporary~~ order for protection constitutes a finding that sufficient reasons exist not to require notice under applicable court rules governing applications for ex parte ~~temporary~~ relief.

(c) Subject to paragraph (d), an ex parte ~~temporary~~ order for protection shall be effective for a fixed period not to exceed 14 days, except for good cause as provided under paragraph (d) set by the court, as provided in subdivision 6, paragraph (b), or until modified or vacated by the court pursuant to a hearing. Upon request, a full hearing, as provided by this section, shall be set for not later than seven days from the issuance of the ~~temporary~~ ex parte order, if a hearing is requested by the petitioner, or not later than ten days or earlier than eight days from receipt by the court of a request for a hearing by the respondent. Except as provided in paragraph (d), the respondent shall be personally served forthwith with a copy of the ex parte order along with a copy of the petition and, if requested by the petitioner, notice of the date set for the hearing. If the petitioner does not request

a hearing, an order served on a respondent under this subdivision must include a notice advising the respondent of the right to request a hearing, must be accompanied by a form that can be used by the respondent to request a hearing and must include a conspicuous notice that a hearing will not be held unless requested by the respondent within five days of service of the order.

(d) ~~When Service is of the ex parte order may be made by published notice, as provided under subdivision 5, the petitioner may apply for an extension of the period of the ex parte order at the same time provided that the petitioner files the affidavit required under that subdivision. The court may extend the ex parte temporary order for an additional period not to exceed 14 days. The respondent shall be served forthwith a copy of the modified ex parte order along with a copy of the notice of the new date set for the hearing. If personal service is not made or the affidavit is not filed within 14 days of issuance of the ex parte order, the order expires. If the petitioner does not request a hearing, the petition mailed to the respondent's residence, if known, must be accompanied by the form for requesting a hearing and notice described in paragraph (c). Unless personal service is completed, if service by published notice is not completed within 28 days of issuance of the ex parte order, the order expires.~~

(e) If the petitioner seeks relief under subdivision 6 other than the relief described in paragraph (a), the petitioner must request a hearing to obtain the additional relief.

(f) Nothing in this subdivision affects the right of a party to seek modification of an order under subdivision 11."

Delete the title and insert:

"A bill for an act relating to domestic abuse; eliminating hearing requirements in certain cases; providing for notices; amending Minnesota Statutes 1994, sections 13.99, by adding a subdivision; and 518B.01, subdivisions 4, 5, 7, and by adding a subdivision."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Ms. Flynn from the Committee on Judiciary, to which was referred

H.F. No. 323: A bill for an act relating to housing; making the landlord the bill payer and customer of record on utility accounts in single-metered multiunit residential buildings; amending Minnesota Statutes 1994, section 504.185, subdivision 1, and by adding a subdivision.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 25, delete "In a"

Page 1, delete line 26

And when so amended the bill do pass. Amendments adopted. Report adopted.

Ms. Flynn from the Committee on Judiciary, to which was referred

H.F. No. 32: A bill for an act relating to marriage; authorizing retired court administrators to solemnize marriages; amending Minnesota Statutes 1994, section 517.04.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 11, after "administrator" insert "with the approval of the chief judge of the judicial district"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Ms. Flynn from the Committee on Judiciary, to which was referred

S.F. No. 565: A bill for an act relating to the federal lien registration act; imposing duties on filing officers; providing for filing of notices and of certificates of discharge; designating an official index; providing for the transmission of certain information; amending Minnesota Statutes

1994, sections 272.481; 272.482; 272.483; and 272.488, subdivisions 1, 2, 3, 4, and by adding subdivisions.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 11, delete "file" and insert "present" and delete "in the office of" and insert "for filing to"

Page 2, line 13, after the period, insert "The county recorder shall file the certificate of discharge in the real property records of the county."

Page 2, line 33, strike the comma and insert a semicolon

Page 3, line 2, delete "who" and insert "; the county recorder"

Page 3, line 7, reinstate the stricken period and delete the semicolon

Page 3, line 8, delete "(3) each" and insert "Each"

Page 3, line 11, delete the semicolon and insert a period

Page 3, line 12, delete "(4) for" and insert "For"

Page 4, line 36, strike everything after "system"

Page 5, line 1, strike everything before the period

Page 5, line 25, delete "date of filing is the date" and insert "filing officer must file the notices the day"

Page 5, line 26, delete "the notices" and insert "they"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 957 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS

CONSENT CALENDAR

CALENDAR

H.F. No.

S.F. No.

H.F. No.

S.F. No.

H.F. No.

S.F. No.

957

777

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 973, 864 and 565 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 1371, 323, 32 and 957 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Solon moved that the name of Mr. Lessard be added as a co-author to S.F. No. 1444. The motion prevailed.

Ms. Johnson, J.B. moved that S.F. No. 1551 be withdrawn from the Committee on Environment and Natural Resources and re-referred to the Committee on Finance. The motion prevailed.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate proceeded to the Consent Calendar.

CONSENT CALENDAR

S.F. No. 1118: A bill for an act relating to Minnesota Statutes; correcting erroneous, ambiguous, and omitted text and obsolete references; eliminating certain redundant, conflicting, and superseded provisions; making miscellaneous technical corrections to statutes and other laws; amending Minnesota Statutes 1994, sections 3A.01, subdivision 7; 3A.02, subdivision 1; 3A.11, subdivision 4; 3C.10, subdivision 3; 9.071; 11A.18, subdivision 10; 13.99, subdivision 92c; 15.061; 15.56, subdivision 5; 17.1015; 29.021; 31.495, subdivisions 1 and 5; 32.01, subdivision 6; 60B.02; 72A.20, subdivision 29; 72C.03; 72C.04, subdivision 4; 82.34, subdivision 6; 84.025, subdivision 7; 84.0895, subdivision 2; 84.0911, subdivision 2; 85.016; 90.251, subdivision 4; 92.46, subdivision 1; 97A.115, subdivision 2; 103F.516, subdivision 2; 103G.2365; 116.03, subdivision 2; 116C.724, subdivision 2; 116C.98, subdivision 3; 116J.035, subdivision 1; 116J.402; 116J.70, subdivision 2a; 124.916, subdivision 1; 126.25, subdivision 3; 134.341; 136A.40; 144.3831, subdivision 1; 145A.07, subdivision 1; 147.01, subdivision 5; 154.161, subdivision 3; 162.09, subdivision 1; 192.261, subdivision 3; 192.501, subdivision 2; 193.36, subdivision 2; 201.15, subdivision 1; 270.69, subdivision 10; 271.21, subdivision 6; 275.066; 290.01, subdivisions 3a and 19d; 290.05, subdivision 3; 294.03, subdivision 2; 297A.25, subdivision 21; 299F.72, subdivision 1; 299L.05; 299L.07, subdivision 2a; 308A.503, subdivision 3; 317A.733, subdivisions 1 and 2; 340A.503, subdivision 1; 349.12, subdivision 25; 349.17, subdivision 6; 352.01, subdivision 2a; 354.07, subdivision 7; 360.305, subdivisions 1, 2, and 5; 365.125, subdivision 2; 383A.90, subdivision 2; 383D.71, subdivision 2; 462C.12, subdivision 2; 473.121, subdivision 11; 473.149, subdivision 4; 473.192, subdivision 4; 473.3993, subdivision 1; 473.405, subdivisions 1 and 12; 473.598, subdivision 4; 473.599, subdivision 8; 473.811, subdivisions 1a and 5; 473.834, subdivision 2; 474A.061, subdivision 2a; 518.551, subdivision 5; 518C.101; 524.2-210; 525.011, subdivision 1; 554.04, subdivision 2; 609.342, subdivision 1; 609.561, subdivision 3; and 609.66, subdivision 1d; Laws 1993, chapter 273, section 1, as amended; Laws 1994, chapter 628, article 2, section 5; and Laws 1994, chapter 647, article 7, section 19, subdivision 4; repealing Minnesota Statutes 1994, sections 13.99, subdivision 71; 103B.151, subdivision 3; 134.32, subdivision 2; 256B.0925; 297A.25, subdivision 50; 383B.614, subdivision 5; 469.110, subdivision 9; 469.170, subdivision 9; 611A.032; 624.01; and 624.03; Laws 1986, First Special Session chapter 1, article 9, section 18; First Special Session chapter 2, article 3, section 1; Laws 1987, chapter 254, section 8; Laws 1988, chapter 486, section 59; Laws 1990, chapter 562, article 10, section 1; Laws 1993, chapter 146, article 5, section 15; Laws 1994, chapter 485, section 14; chapter 647, article 1, section 4; article 8, section 46, paragraph (b); article 13, sections 3 and 14.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Berglin	Chmielewski	Flynn	Janezich
Beckman	Bertram	Day	Frederickson	Johnson, D.E.
Belanger	Betzold	Dille	Hanson	Johnson, D.J.
Berg	Chandler	Finn	Hottinger	Johnson, J.B.

Johnston	Larson	Murphy	Price	Spear
Kelly	Lesewski	Neuville	Ranum	Stevens
Kiscaden	Lessard	Novak	Reichgott Junge	Stumpf
Kleis	Limmer	Oliver	Riveness	Terwilliger
Knutson	Marty	Olson	Robertson	Vickerman
Kramer	Merriam	Ourada	Runbeck	Wiener
Krentz	Metzen	Pappas	Sams	
Kroening	Moe, R.D.	Pariseau	Samuelson	
Laidig	Mondale	Piper	Scheevel	
Langseth	Morse	Pogemiller	Solon	

So the bill passed and its title was agreed to.

S.F. No. 171: A bill for an act relating to state lands; requiring the sale of certain school trust lands bordering public waters in St. Louis county.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Laidig	Neuville	Robertson
Beckman	Hottinger	Langseth	Novak	Runbeck
Belanger	Janezich	Larson	Oliver	Sams
Berg	Johnson, D.E.	Lesewski	Olson	Samuelson
Bertram	Johnson, J.B.	Lessard	Ourada	Scheevel
Betzold	Johnston	Limmer	Pappas	Solon
Chandler	Kelly	Marty	Pariseau	Spear
Chmielewski	Kiscaden	Merriam	Piper	Stevens
Day	Kleis	Metzen	Pogemiller	Stumpf
Dille	Knutson	Moe, R.D.	Price	Terwilliger
Finn	Kramer	Mondale	Ranum	Vickerman
Flynn	Krentz	Morse	Reichgott Junge	Wiener
Frederickson	Kroening	Murphy	Riveness	

So the bill passed and its title was agreed to.

S.F. No. 1023: A bill for an act relating to public lands; notice requirements for sales of tax-forfeited lands; leasing of tax-forfeited lands; roads used by counties on tax-forfeited lands; amending Minnesota Statutes 1994, sections 282.02; and 282.04, subdivision 1, and by adding a subdivision.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Murphy	Robertson
Beckman	Hanson	Laidig	Neuville	Runbeck
Belanger	Hottinger	Langseth	Novak	Sams
Berg	Janezich	Larson	Oliver	Samuelson
Berglin	Johnson, D.E.	Lesewski	Olson	Scheevel
Bertram	Johnson, J.B.	Lessard	Ourada	Solon
Betzold	Johnston	Limmer	Pappas	Spear
Chandler	Kelly	Marty	Pariseau	Stevens
Chmielewski	Kiscaden	Merriam	Piper	Stumpf
Day	Kleis	Metzen	Pogemiller	Terwilliger
Dille	Knutson	Moe, R.D.	Price	Vickerman
Finn	Kramer	Mondale	Ranum	Wiener
Flynn	Krentz	Morse	Riveness	

So the bill passed and its title was agreed to.

S.F. No. 1280: A bill for an act relating to state lands; authorizing public sale of certain tax-forfeited land that borders public water in Meeker county.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Laidig	Neuville	Robertson
Beckman	Hanson	Langseth	Novak	Runbeck
Belanger	Hottinger	Larson	Oliver	Sams
Berg	Janezich	Lesewski	Olson	Samuelson
Berglin	Johnson, D.E.	Lessard	Ourada	Scheevel
Bertram	Johnson, J.B.	Limmer	Pappas	Solon
Betzold	Johnston	Marty	Pariseau	Spear
Chandler	Kelly	Merriam	Piper	Stevens
Chmielewski	Kiscaden	Metzen	Pogemiller	Stumpf
Day	Kleis	Moe, R.D.	Price	Terwilliger
Dille	Knutson	Mondale	Ranum	Vickerman
Finn	Kramer	Morse	Reichgott Junge	Wiener
Flynn	Krentz	Murphy	Riveness	

So the bill passed and its title was agreed to.

S.F. No. 1255: A bill for an act relating to corrections; authorizing use of force in defense of assault in correctional facilities under the control of or licensed by the commissioner; amending Minnesota Statutes 1994, section 243.52.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Murphy	Robertson
Beckman	Hanson	Laidig	Neuville	Runbeck
Belanger	Hottinger	Langseth	Novak	Sams
Berg	Janezich	Larson	Oliver	Samuelson
Berglin	Johnson, D.E.	Lesewski	Olson	Scheevel
Bertram	Johnson, J.B.	Lessard	Pappas	Solon
Betzold	Johnston	Limmer	Pariseau	Spear
Chandler	Kelly	Marty	Piper	Stevens
Chmielewski	Kiscaden	Merriam	Pogemiller	Stumpf
Day	Kleis	Metzen	Price	Terwilliger
Dille	Knutson	Moe, R.D.	Ranum	Vickerman
Finn	Kramer	Mondale	Reichgott Junge	Wiener
Flynn	Krentz	Morse	Riveness	

So the bill passed and its title was agreed to.

S.F. No. 349: A bill for an act relating to state government; classifying certain data of the economic security department; modifying plain language requirements; amending Minnesota Statutes 1994, section 268.0124.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Betzold	Finn	Johnson, D.E.	Knutson
Beckman	Chandler	Flynn	Johnson, J.B.	Kramer
Belanger	Chmielewski	Frederickson	Johnston	Krentz
Berg	Cohen	Hanson	Kelly	Kroening
Berglin	Day	Hottinger	Kiscaden	Laidig
Bertram	Dille	Janezich	Kleis	Langseth

Larson	Mondale	Pappas	Robertson	Stumpf
Lesewski	Morse	Pariseau	Runbeck	Terwilliger
Lessard	Murphy	Piper	Sams	Vickerman
Limmer	Neuville	Pogemiller	Samuelson	Wiener
Marty	Novak	Price	Scheevel	
Merriam	Oliver	Ranum	Solon	
Metzen	Olson	Reichgott Junge	Spear	
Moe, R.D.	Ourada	Riveness	Stevens	

So the bill passed and its title was agreed to.

SUSPENSION OF RULES

Mr. Moe, R.D. moved that the rules of the Senate be so far suspended as to waive the lie-over requirement on the remainder of the Consent Calendar. The motion prevailed.

H.F. No. 564: A bill for an act relating to notaries; providing licensed peace officers with the powers of a notary public for administering oaths upon information submitted to establish probable cause; amending Minnesota Statutes 1994, section 358.15.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Krentz	Murphy	Riveness
Beckman	Frederickson	Kroening	Neuville	Robertson
Belanger	Hanson	Laidig	Novak	Runbeck
Berg	Hottinger	Langseth	Oliver	Sams
Berglin	Janezich	Lesewski	Olson	Samuelson
Bertram	Johnson, D.E.	Lessard	Ourada	Scheevel
Betzold	Johnson, J.B.	Limmer	Pappas	Solon
Chandler	Johnston	Marty	Pariseau	Spear
Chmielewski	Kelly	Merriam	Piper	Stevens
Cohen	Kiscaden	Metzen	Pogemiller	Terwilliger
Day	Kleis	Moe, R.D.	Price	Vickerman
Dille	Knutson	Mondale	Ranum	Wiener
Finn	Kramer	Morse	Reichgott Junge	

So the bill passed and its title was agreed to.

H.F. No. 567: A bill for an act relating to data practices; providing for disclosure of certain hospital and health care provider tax data to the commissioner of human services and the United States Department of Health and Human Services; amending Minnesota Statutes 1994, section 270B.14, subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 3, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Kiscaden	Limmer	Pariseau
Beckman	Finn	Kleis	Metzen	Piper
Belanger	Flynn	Knutson	Mondale	Pogemiller
Berg	Hanson	Kramer	Morse	Price
Berglin	Hottinger	Krentz	Murphy	Ranum
Bertram	Janezich	Kroening	Neuville	Reichgott Junge
Betzold	Johnson, D.E.	Laidig	Novak	Robertson
Chandler	Johnson, D.J.	Langseth	Oliver	Runbeck
Chmielewski	Johnson, J.B.	Larson	Olson	Sams
Cohen	Johnston	Lesewski	Ourada	Samuelson
Day	Kelly	Lessard	Pappas	Scheevel

Solon
SpearStevens
Stumpf

Terwilliger

Vickerman

Wiener

Messrs. Marty, Merriam and Riveness voted in the negative.

So the bill passed and its title was agreed to.

S.F. No. 1520: A bill for an act relating to the environment; extending the notification requirements for landfarming contaminated soil; amending Minnesota Statutes 1994, section 116.07, subdivision 11.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Neuville	Runbeck
Beckman	Hanson	Laidig	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berg	Janezich	Larson	Olson	Scheevel
Berglin	Johnson, D.E.	Lesewski	Ourada	Spear
Bertram	Johnson, D.J.	Lessard	Pappas	Stevens
Betzold	Johnson, J.B.	Limmer	Pariseau	Stumpf
Chandler	Johnston	Marty	Piper	Terwilliger
Chmielewski	Kelly	Merriam	Pogemiller	Vickerman
Cohen	Kiscaden	Metzen	Price	Wiener
Day	Kleis	Moe, R.D.	Ranum	
Dille	Knutson	Mondale	Reichgott Junge	
Finn	Kramer	Morse	Riveness	
Flynn	Krentz	Murphy	Robertson	

So the bill passed and its title was agreed to.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Messrs. Belanger and Lessard introduced--

S.F. No. 1640: A bill for an act relating to taxation; exempting used watercraft from the sales and use tax; amending Minnesota Statutes 1994, section 297A.25, by adding a subdivision.

Referred to the Committee on Taxes and Tax Laws.

Mr. Johnson, D.J. introduced--

S.F. No. 1641: A bill for an act relating to taxation; property taxes; providing for an aid reduction to offset the transfer of certain Hennepin county court employees to the state.

Referred to the Committee on Taxes and Tax Laws.

Mr. Novak introduced--

S.F. No. 1642: A bill for an act relating to utilities; exempting large electric power generating plant from certificate of need proceeding when selected by the public utilities commission from a bidding process to select resources to meet the utility's projected energy demand; amending Minnesota Statutes 1994, section 216B.2422, subdivision 5.

Referred to the Committee on Jobs, Energy and Community Development.

Mr. Chandler introduced--

S.F. No. 1643: A bill for an act relating to education; establishing the project extend pilot program; appropriating money.

Referred to the Committee on Education.

Messrs. Marty and Hottinger introduced--

S.F. No. 1644: A bill for an act relating to taxation; eliminating the sales tax exemption for special tooling and the reduced sales tax rate for replacement capital equipment; using the proceeds to increase education funding; amending Minnesota Statutes 1994, sections 124A.22, subdivision 2; 297A.01, subdivision 16; 297A.02, subdivision 2; and 297A.15, subdivision 5; repealing Minnesota Statutes 1994, sections 297A.02, subdivision 5; and 297A.25, subdivision 53.

Referred to the Committee on Taxes and Tax Laws.

Ms. Ranum introduced--

S.F. No. 1645: A bill for an act relating to public safety; establishing a demonstration project for crime prevention.

Referred to the Committee on Crime Prevention.

Mr. Finn introduced--

S.F. No. 1646: A bill for an act relating to public safety; regulating the safe filling of propane gas containers; providing direct safe handling requirements; repealing the owner-only restrictions on filling or refilling propane gas containers; providing penalties; providing remedies; proposing coding for new law in Minnesota Statutes, chapter 299F; repealing Minnesota Statutes 1994, section 299F.40.

Referred to the Committee on Jobs, Energy and Community Development.

Mr. Solon introduced--

S.F. No. 1647: A bill for an act relating to insurance; long-term care; permitting the sale of policies with longer waiting periods with disclosure to the purchaser; amending Minnesota Statutes 1994, sections 62A.48, subdivision 1; and 62A.50, subdivision 3.

Referred to the Committee on Commerce and Consumer Protection.

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1570 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1570: A bill for an act relating to taxes; freezing property tax values, levies, and rates for taxes payable in 1996; limiting increases in property tax values, levies, and rates for taxes payable in 1997; appropriating money; repealing Minnesota Statutes 1994, sections 124.01; 124.05; 124.06; 124.07; 124.76; 124.82; 124.829; 124.83; 124.84; 124.85; 124.86; 124.90; 124.91; 124.912; 124.914; 124.916; 124.918; 124.95; 124.961; 124.962; 124.97; 124A.02, subdivisions 16, 23, and 24; 124A.03, subdivisions 1b, 1c, 1d, 1e, 1f, 1g, 1h, and 1i; 124A.0311; 124A.032; 124A.04; 124A.22, subdivisions 1, 2, 3, 4, 4a, 4b, 6, 6a, 8, and 9; 124A.23; 124A.24; 124A.26,

subdivisions 1, 2, and 3; 124A.27; 124A.28; 124A.29, subdivision 2; 273.13; 273.1398; 473F.001; 473F.01; 473F.02; 473F.03; 473F.05; 473F.06; 473F.07; 473F.08; 473F.09; 473F.10; 473F.11; 473F.13; 477A.011; 477A.012; 477A.0121; 477A.0122; 477A.013; 477A.0132; 477A.014; 477A.015; 477A.016; 477A.017; 477A.03; 477A.11; 477A.12; 477A.13; 477A.14; and 477A.15; Laws 1991, chapter 265, article 7, section 35.

Mr. Johnson, D.J. moved to amend S.F. No. 1570 as follows:

Page 5, line 8, delete "27" and insert "30" and delete "issue" and insert "sell"

Page 13, line 3, before "Notwithstanding" insert "(a) Except as provided in paragraph (b) or (c),"

Page 13, line 5, delete "27" and insert "30"

Page 13, line 6, delete ", unless the" and insert a period

Page 13, line 7, before the first "referendum" insert:

"(b) If a"

Page 13, after line 19, insert:

"(c) If the levy required under the referendum would not result in an increase for taxes payable in 1996 in the total levy for all purposes imposed by the school district over the total levy imposed by the district for taxes payable in 1995."

Page 16, line 25, after "if" insert ";

(1)"

Page 16, line 26, after "purchaser" insert "or underwriter"

Page 16, line 27, after "date" insert ";

(2) the issuing municipality is a party to contract or letter of understanding entered into before March 30, 1995, with the federal government that requires the municipality to pay for a project, and the project will be funded with the proceeds of the bonds; or

(3) the proceeds of the bonds will be used to fund a project or acquisition with respect to which the municipality has entered into a contract with a builder or supplier before March 30"

Page 21, line 30, after "purpose," insert "or exceeds any payable 1997 levy required as a condition for the issuance of general obligations"

Page 25, line 6, delete "273.1398;"

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Oliver moved to amend S.F. No. 1570 as follows:

Page 25, line 5, delete the second comma and insert "; 273.135; 273.136; 273.1391;"

Amend the title as follows:

Page 1, line 15, after "273.13;" insert "273.135; 273.136; 273.1391;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Murphy	Riveness
Beckman	Hanson	Laidig	Neuville	Robertson
Belanger	Hottinger	Langseth	Novak	Runbeck
Berglin	Janezich	Larson	Oliver	Sams
Bertram	Johnson, D.E.	Lesewski	Olson	Samuelson
Betzold	Johnson, D.J.	Lessard	Ourada	Scheevel
Chandler	Johnson, J.B.	Limmer	Pappas	Solon
Chmielewski	Johnston	Marty	Pariseau	Spear
Cohen	Kelly	Merriam	Piper	Stevens
Day	Kiscaden	Metzen	Pogemiller	Stumpf
Dille	Kleis	Moe, R.D.	Price	Terwilliger
Finn	Knutson	Mondale	Ranum	Vickerman
Flynn	Kramer	Morse	Reichgott Junge	Wiener

The motion prevailed. So the amendment was adopted.

Mr. Merriam moved to amend the Johnson, D.J. amendment to S.F. No. 1570, adopted by the Senate April 6, 1995, as follows:

Page 1, delete line 9 and insert:

"(b) A referendum may authorize such a levy if the"

Page 1, line 11, after "(c)" insert "A referendum may authorize such a levy"

The motion prevailed. So the amendment to the amendment was adopted.

Mr. Stevens moved to amend S.F. No. 1570 as follows:

Page 24, after line 19, insert:

"Sec. 73. [UNFUNDED MANDATE PROHIBITION.]

Subdivision 1. [DEFINITION.] As used in this section, "state mandates" has the meaning given in Minnesota Statutes, section 3.881.

Subd. 2. [FUNDING OF THE COST OF MANDATES.] If the fiscal note prepared by the commissioner of finance under Minnesota Statutes, section 3.982, indicates that a new or expanded mandate on a political subdivision in a bill introduced in the legislature will impose a statewide cost on counties in excess of \$500,000 or a statewide cost on cities or townships in excess of \$250,000, the political subdivisions are not required to implement the mandate unless the legislature, by appropriation enacted before the mandate is required to be implemented, provides reimbursement to the political subdivisions for the costs incurred."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Marty moved to amend S.F. No. 1570 as follows:

Page 13, delete lines 3 to 19 and insert:

"Notwithstanding any other provision of this act, a levy authorized at a referendum conducted under Minnesota Statutes, section 124A.03, subdivision 2 or 2b, or 124B.03, subdivision 2, that is conducted before July 1, 1995, may be imposed in excess of any limits on levies imposed under this act."

Page 16, line 25, after "if" insert ": (1)"

Page 16, line 27, after "date" insert "; or (2) issuance of the obligations has been approved under a referendum conducted in the municipality before July 1, 1995"

Mr. Neuville moved to amend the Marty amendment to S.F. No. 1570 as follows:

Page 1, lines 6 and 11, delete "July" and insert "October"

The motion prevailed. So the amendment to the amendment was adopted.

The question was taken on the adoption of the Marty amendment, as amended. The motion did not prevail. So the amendment was not adopted.

Mr. Sams moved to amend S.F. No. 1570 as follows:

Page 17, after line 17, insert:

"Sec. 65. [LOCAL MATCH REQUIREMENTS.]

If a taxing authority is required to provide a local financial match under an agreement to award a loan or grant from the federal government and the agreement is entered into by October 1, 1995, the commissioner of finance shall advance to the taxing authority the amount necessary to pay the match during calendar year 1996. The amounts advanced shall be repaid to the state by the taxing authority in three equal annual installments beginning in 1997. No interest will be due on those payments if timely paid by June 15 of the year due. The amount necessary to make these payments is appropriated from the general fund to the commissioner of finance."

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

S.F. No. 1570 was read the third time, as amended, and placed on its final passage.

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 38 and nays 29, as follows:

Those who voted in the affirmative were:

Anderson	Finn	Kroening	Novak	Sams
Beckman	Flynn	Langseth	Pappas	Samuelson
Berglin	Hanson	Lessard	Piper	Solon
Bertram	Hottinger	Metzen	Pogemiller	Stumpf
Betzold	Janezich	Moe, R.D.	Price	Vickerman
Chandler	Johnson, D.J.	Mondale	Ranum	Wiener
Chmielewski	Johnson, J.B.	Morse	Reichgott Junge	
Cohen	Krentz	Murphy	Riveness	

Those who voted in the negative were:

Belanger	Johnston	Laidig	Neuville	Runbeck
Berg	Kelly	Larson	Oliver	Scheevel
Day	Kiscaden	Lesewski	Olson	Spear
Dille	Kleis	Limmer	Ourada	Stevens
Frederickson	Knutson	Marty	Pariseau	Terwilliger
Johnson, D.E.	Kramer	Merriam	Robertson	

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

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Reports of Committees, Second Reading of Senate Bills and Second Reading of House Bills.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

H.F. No. 624: A bill for an act relating to public employees; providing a leave of absence for public employees who are candidates for elective office; proposing coding for new law in Minnesota Statutes, chapter 179A.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 8, delete "Any" and insert "A"

Page 1, line 9, delete "shall" and insert "must,"

Page 1, lines 11, 14, and 16, delete "any" and insert "an"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Crime Prevention, to which was referred

H.F. No. 1399: A bill for an act relating to crime; imposing penalties for assaulting a police horse while it is being used for law enforcement purposes; proposing coding for new law in Minnesota Statutes, chapter 609.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 609.596, is amended to read:

609.596 [KILLING OR HARMING A POLICE DOG OR POLICE HORSE.]

Subdivision 1. [FELONY.] Whoever intentionally and without justification causes the death of a police dog ~~when the dog is involved in law enforcement investigation or apprehension, or the dog is in the custody of or under the control of a peace officer, as defined in section 626.84, subdivision 1, paragraph (e) or police horse,~~ is guilty of a felony and may be sentenced to imprisonment for not more than two years or to payment of a fine of not more than \$4,000.

Subd. 2. [GROSS MISDEMEANOR.] Whoever intentionally and without justification causes substantial or great bodily harm to a police dog ~~when the dog is involved in law enforcement investigation or apprehension, or the dog is in the custody of or under the control of a peace officer or police horse,~~ is guilty of a gross misdemeanor.

Subd. 3. [HARM TO OTHERS.] Whoever assaults or intentionally harms a police horse while the horse is being used by a law enforcement agency, and harm results to a peace officer or any other person, is guilty of a crime and may be prosecuted under sections 609.221 to 609.224. The assault of the police horse under this subdivision shall constitute an assault on the injured person.

Subd. 4. [DEFINITION.] As used in this section, "police horse" or "police dog" means a horse or dog that has been trained for crowd control or other law enforcement purposes and is used to assist peace officers in the performance of their duties.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on August 1, 1995, and applies to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to crime; expanding the crime of killing or harming a police dog to include police horses; providing for situations in which persons are injured; amending Minnesota Statutes 1994, section 609.596."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 949: A bill for an act relating to insurance; private passenger vehicle insurance; providing for a premium reduction for vehicles having antitheft alarms or devices; defining terms; proposing coding for new law in Minnesota Statutes, chapter 65B.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 10, delete "DEFINITIONS" and insert "DEFINITION"

Page 1, line 12, after "manufacturer" insert "of a vehicle as original equipment"

Page 1, line 13, after "manufacturer" insert "of the vehicle" and after "dealer" insert "of that manufacturer"

Page 1, line 21, after "on" insert "the comprehensive coverage on"

Page 2, after line 2, insert:

"Sec. 2. [EFFECTIVE DATE; APPLICABILITY.]

Section 1 is effective January 1, 1996, and applies to policies issued, delivered, or renewed on or after that date."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 68: A bill for an act relating to insurance; requiring insurers to offer alternative methods for the payment of group life policy proceeds; amending Minnesota Statutes 1994, section 61A.09, subdivision 1.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 6, delete "of the" and insert "that"

Page 2, line 7, after "of" insert "group life" and delete "that will" and insert "must"

Page 2, line 8, after "distribution" insert ", at their request" and after "methods" insert "which must be offered at the request of the beneficiaries"

Page 3, line 8, delete "August 1, 1995" and insert "January 1, 1996"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Commerce and Consumer Protection, to which was re-referred

S.F. No. 1390: A bill for an act relating to commerce; specifying kinds of wood for certain exterior construction applications; amending Minnesota Statutes 1994, section 16B.61, subdivision 3.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, 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.] 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. All other requirements in the code for exit signs must be complied with.

(m) [RESIDENTIAL WORK.] By January 1, 1996, the commissioner of administration shall

develop building code provisions in accordance with the directives and provisions developed under section 144.874, subdivision 11a.

(n) [EXTERIOR DECKS, PATIOS, AND BALCONIES.] The code must permit the decking surface and upper portions of exterior decks, patios, and balconies to be constructed of (1) heartwood from species of wood having natural resistance to decay or termites, including redwood and cedars, (2) grades of lumber which contain sapwood from species of wood having natural resistance to decay or termites, including redwood and cedars, or (3) treated wood. The species and grades of wood products used to construct the decking surface and upper portions of exterior decks, patios, and balconies must be made available to the building official on request before final construction approval.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective March 20, 1995."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health Care, to which was referred

H.F. No. 778: A bill for an act relating to human services; modifying certain asset and income requirements for medical assistance; modifying the verification requirements for Minnesota supplemental aid; amending Minnesota Statutes 1994, sections 256B.056, by adding subdivisions; and 256D.405, by adding a subdivision; repealing Minnesota Statutes 1994, section 256D.425, subdivision 3.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, after line 16, insert:

"Sec. 6. [WAIVER REQUEST.]

The commissioner of human services shall seek federal approval for the implementation of section 3."

Page 2, line 17, delete "6" and insert "7"

Page 2, line 20, delete "7" and insert "8"

Page 2, delete line 21 and insert:

"Section 3 is effective upon receipt of federal approval pursuant to section 6."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Vickerman from the Committee on Metropolitan and Local Government, to which was referred

H.F. No. 1065: A bill for an act relating to St. Louis county; modifying certain accounting and expenditure requirements for road and bridge fund tax money derived from unorganized townships; proposing coding for new law in Minnesota Statutes, chapter 383C.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

S.F. No. 1246: A bill for an act relating to state government; abolishing periodic reports.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1
REPORTS ABOLISHED

Section 1. [REPORTS ABOLISHED; EXCEPTIONS.]

Each requirement in law for a periodic report from a state agency to the legislature listed in "Required Periodic Reports to the Legislature" compiled pursuant to Laws 1994, chapter 559, section 4, is abolished, except for the reports required by Minnesota Statutes, sections 1.31, section 5, subdivision 2; 2.91, subdivisions 2 and 4; 3.17; 3.30, subdivision 2; 3.3005, subdivisions 2 and 5; 3.754; 3.85, subdivision 11; 3.855, subdivision 2; 3.873, subdivision 6; 3.885, subdivisions 6 and 7; 3.9227, subdivisions 2 and 3; 3.97, subdivision 12; 3.971, subdivisions 1 and 3; 3.972, subdivision 3; 3.973; 3.974; 3.975; 3C.03, subdivision 4; 3C.12, subdivision 2; 4.071, subdivision 2; 4.47; 4A.06; 5.08, subdivisions 1 and 2; 6.72, subdivision 1; 6.74; 6.75; 8.15, subdivisions 3 and 4; 10.47; 10.48; 10A.02, subdivisions 1, 2, and 8; 10A.07, subdivisions 1 and 2; 11A.04; 11A.041; 11A.07, subdivision 4; 12.221, subdivision 1; 13.32, subdivision 6; 14.18, subdivision 2; 14.46, subdivision 4; 15.0597, subdivision 7; 15.065; 15.50, subdivision 2, paragraph (k); 15.91, subdivision 2; 15A.081, subdivisions 1, 7, and 7b; 15A.082, subdivision 3; 16A.06, subdivision 2; 16A.095, subdivision 2; 16A.10, subdivisions 1 and 2; 16A.102, subdivisions 1 and 3; 16A.103, subdivisions 1, 2, and 3; 16A.105; 16A.11, subdivision 1; 16A.122, subdivision 4; 16A.124, subdivision 7; 16A.127, subdivision 2; 16A.1285, subdivisions 3 and 4; 16A.285; 16A.50; 16A.501; 16A.641, subdivision 2; 16A.671, subdivision 2; 16A.69, subdivision 2; 16B.103, subdivision 2; 16B.17, subdivisions 4 and 5; 16B.24, subdivision 3; 16B.335, subdivisions 1 and 5; 16B.36, subdivision 2; 16D.03, subdivision 3; 17.10; 18.62, article IX; 18B.045, subdivision 1; 32.73, subdivision 7; 37.07; 41.53, subdivision 3; 41B.18, subdivision 6; 41C.08, subdivision 5; 42.04, subdivision 2; 43A.04, subdivision 7; 43A.05, subdivision 3; 43A.18, subdivision 6; 43A.31, subdivision 2; 43A.39, subdivision 2; 60B.09, subdivisions 1 and 2; 62J.04, subdivisions 1a, 4, and 9; 62J.05, subdivision 1; 62J.07, subdivision 3; 62Q.41; 79.251, subdivision 1; 84.026; 84.03; 84.95, subdivision 3; 84.968, subdivision 2; 85.019, subdivision 2; 85A.02, subdivisions 5a and 5c; 86.72, subdivision 3; 88.81; 89.013; 92.27; 94.165; 94.349, subdivision 5; 97A.055, subdivisions 3 and 4; 97A.065, subdivision 3; 97A.345; 103B.255, subdivision 9; 103F.161, subdivision 2; 103F.751; 103G.2373; 103G.511, subdivision 9; 103I.331, subdivision 5; 115.42; 115A.07, subdivisions 2 and 3; 115A.14, subdivision 4; 115A.15, subdivision 5; 115A.165; 115A.29, subdivision 3; 115A.551, subdivisions 4 and 5; 115A.557, subdivision 4; 115A.965, subdivision 7; 115A.981, subdivision 3; 115B.20, subdivisions 5 and 6; 115B.412, subdivision 10; 115D.10; 115E.08; 116.10; 116.62, subdivision 7; 116.98, subdivision 3; 116C.04, subdivision 2; 116C.06, subdivision 3; 116C.712, subdivisions 1 and 5; 116C.731, subdivision 4; 116F.06, subdivision 4; 116J.555, subdivision 2; 116J.58, subdivision 1, clauses (15) and (19); 116J.693, subdivision 8; 116J.986, subdivision 2; 116J.990, subdivision 6; 116M.17, subdivision 4; 116N.04, subdivision 5; 116O.071, subdivision 1; 116O.122, subdivision 2; 116O.15; 116P.05, subdivision 2; 116P.07; 116P.08, subdivisions 3, 4, and 6; 116P.09, subdivision 7; 116R.02, subdivision 3; 121.11, subdivision 7c; 121.14; 121.207, subdivision 3; 124.2131, subdivision 1; 124.431, subdivision 7; 124A.30; 124C.03, subdivision 6; 125.05, subdivision 7; 126B.02, subdivision 2; 128C.02, subdivision 6; 128C.12, subdivision 3; 129D.02, subdivision 5; 135A.06, subdivision 1; 135A.09; 135A.20, article IV, paragraph (A); 136.142, subdivision 1; 136.41, subdivision 8; 136A.07; 136A.1702; 136E.04, subdivision 3; 137.02, subdivision 3a; 137.0245, subdivision 4; 144.07; 144.392; 144.701, subdivision 4; 144.874, subdivision 12; 144.878, subdivision 5; 144A.071, subdivisions 4 and 5; 144A.073, subdivision 3; 144A.31, subdivision 5; 145A.15, subdivision 4; 152.151; 169.435, subdivision 2; 169.685, subdivision 7; 174.02, subdivision 6; 175.171; 176.129, subdivision 12; 176.136, subdivision 3; 192.52; 209.10, subdivision 3; 214.10, subdivision 8; 216C.02, subdivision 1; 236A.01, article III, paragraph (a)(10); 240.18, subdivision 2; 240A.03, subdivision 15; 241.01, subdivision 5; 241.67, subdivision 8; 244.09, subdivisions 6, 11, and 14; 245.494, subdivision 1; 245.98, subdivision 3; 246.12; 252.46, subdivision 3; 256.014, subdivision 3; 256B.0625, subdivision 19b; 256B.0913, subdivision 14; 256B.0915, subdivision 3; 256B.49, subdivision 4; 256B.501, subdivision 3c; 256F.13, subdivision 3; 256I.05, subdivision 7b; 257.0725; 268.36; 268.367; 268.37, subdivision 5; 268.38, subdivision 11; 268.65, subdivision 1; 268.916; 270.06, paragraphs (10) and (12); 270.063; 270.067, subdivisions 2 and 4; 270.0682, subdivision 1; 290.171, article VI, paragraph 4. (a); 290.431; 298.22, subdivision 2; 299A.32, subdivision 3; 299A.35, subdivision 3; 299C.18; 300.63; 352.91, subdivision 4; 353A.05, subdivision 1; 353B.14; 356.20, subdivision 3; 356.215, subdivisions 3 and 6; 356.218, subdivision 1; 356.219, subdivision 4; 356.23, subdivision 2;

356.24, subdivision 2; 356.88; 401.065, subdivision 4; 402.04, subdivision 3; 422A.06, subdivision 8; 423B.15, subdivision 5; 446A.04, subdivision 5; 446A.09; 462A.22, subdivision 9; 465.796, subdivision 2; 473.155, subdivision 4; 473.616, subdivision 4; 473.621, subdivision 1a; 473.661, subdivision 4; 473.846; 473.848, subdivision 4; 490.124, subdivision 11; 609.5315, subdivision 6; 611.215, subdivision 2; 611.216, subdivision 1; 626.553, subdivision 2; 626.5531, subdivision 2; 626.843, subdivision 4; 626A.17, subdivision 3; and 638.075. During the 1995 interim, the revisor of statutes shall prepare a bill to remove from Minnesota Statutes any language that creates a requirement for a report that is abolished by this act. As part of the preparation of the bill, the revisor shall request from the chair of each committee of the house of representatives and senate any changes that the chair recommends regarding the proper recipients of reports, the possibility of combining reports, and the frequency of reports.

ARTICLE 2

REPEALED RULES

Section 1. [REPEALER; DEPARTMENT OF AGRICULTURE.]

Minnesota Rules, parts 1540.0010, subparts 12, 18, 21, 22, and 24; 1540.0060; 1540.0070; 1540.0080; 1540.0100; 1540.0110; 1540.0120; 1540.0130; 1540.0140; 1540.0150; 1540.0160; 1540.0170; 1540.0180; 1540.0190; 1540.0200; 1540.0210; 1540.0220; 1540.0230; 1540.0240; 1540.0260; 1540.0320; 1540.0330; 1540.0340; 1540.0350; 1540.0370; 1540.0380; 1540.0390; 1540.0400; 1540.0410; 1540.0420; 1540.0440; 1540.0450; 1540.0460; 1540.0490; 1540.0500; 1540.0510; 1540.0520; 1540.0770; 1540.0780; 1540.0800; 1540.0810; 1540.0830; 1540.0880; 1540.0890; 1540.0900; 1540.0910; 1540.0920; 1540.0930; 1540.0940; 1540.0950; 1540.0960; 1540.0970; 1540.0980; 1540.0990; 1540.1000; 1540.1005; 1540.1010; 1540.1020; 1540.1030; 1540.1040; 1540.1050; 1540.1060; 1540.1070; 1540.1080; 1540.1090; 1540.1100; 1540.1110; 1540.1120; 1540.1130; 1540.1140; 1540.1150; 1540.1160; 1540.1170; 1540.1180; 1540.1190; 1540.1200; 1540.1210; 1540.1220; 1540.1230; 1540.1240; 1540.1250; 1540.1255; 1540.1260; 1540.1280; 1540.1290; 1540.1300; 1540.1310; 1540.1320; 1540.1330; 1540.1340; 1540.1350; 1540.1360; 1540.1380; 1540.1400; 1540.1410; 1540.1420; 1540.1430; 1540.1440; 1540.1450; 1540.1460; 1540.1470; 1540.1490; 1540.1500; 1540.1510; 1540.1520; 1540.1530; 1540.1540; 1540.1550; 1540.1560; 1549.1570; 1540.1580; 1540.1590; 1540.1600; 1540.1610; 1540.1620; 1540.1630; 1540.1640; 1540.1650; 1540.1660; 1540.1670; 1540.1680; 1540.1690; 1540.1700; 1540.1710; 1540.1720; 1540.1730; 1540.1740; 1540.1750; 1540.1760; 1540.1770; 1540.1780; 1540.1790; 1540.1800; 1540.1810; 1540.1820; 1540.1830; 1540.1840; 1540.1850; 1540.1860; 1540.1870; 1540.1880; 1540.1890; 1540.1900; 1540.1905; 1540.1910; 1540.1920; 1540.1930; 1540.1940; 1540.1950; 1540.1960; 1540.1970; 1540.1980; 1540.1990; 1540.2000; 1540.2010; 1540.2015; 1540.2020; 1540.2090; 1540.2100; 1540.2110; 1540.2120; 1540.2180; 1540.2190; 1540.2200; 1540.2210; 1540.2220; 1540.2230; 1540.2240; 1540.2250; 1540.2260; 1540.2270; 1540.2280; 1540.2290; 1540.2300; 1540.2310; 1540.2320; 1540.2325; 1540.2330; 1540.2340; 1540.2350; 1540.2360; 1540.2370; 1540.2380; 1540.2390; 1540.2400; 1540.2410; 1540.2420; 1540.2430; 1540.2440; 1540.2450; 1540.2490; 1540.2500; 1540.2510; 1540.2530; 1540.2540; 1540.2550; 1540.2560; 1540.2570; 1540.2580; 1540.2590; 1540.2610; 1540.2630; 1540.2640; 1540.2650; 1540.2660; 1540.2720; 1540.2730; 1540.2740; 1540.2760; 1540.2770; 1540.2780; 1540.2790; 1540.2800; 1540.2810; 1540.2820; 1540.2830; 1540.2840; 1540.3420; 1540.3430; 1540.3440; 1540.3450; 1540.3460; 1540.3470; 1540.3560; 1540.3600; 1540.3610; 1540.3620; 1540.3630; 1540.3700; 1540.3780; 1540.3960; 1540.3970; 1540.3980; 1540.3990; 1540.4000; 1540.4010; 1540.4020; 1540.4030; 1540.4040; 1540.4080; 1540.4190; 1540.4200; 1540.4210; 1540.4220; 1540.4320; 1540.4330; and 1540.4340, are repealed.

Sec. 2. [REPEALER; DEPARTMENT OF COMMERCE.]

Minnesota Rules, parts 2642.0120, subpart 1; 2650.0100; 2650.0200; 2650.0300; 2650.0400; 2650.0500; 2650.0600; 2650.1100; 2650.1200; 2650.1300; 2650.1400; 2650.1500; 2650.1600; 2650.1700; 2650.1800; 2650.1900; 2650.2000; 2650.2100; 2650.3100; 2650.3200; 2650.3300; 2650.3400; 2650.3500; 2650.3600; 2650.3700; 2650.3800; 2650.3900; 2650.4000; 2650.4100; 2655.1000; 2660.0070; and 2770.7400, are repealed.

Sec. 3. [REPEALER; DEPARTMENT OF HEALTH.]

Minnesota Rules, part 4610.2210, is repealed.

Sec. 4. [REPEALER; DEPARTMENT OF HUMAN SERVICES.]

Minnesota Rules, parts 9540.0100; 9540.0200; 9540.0300; 9540.0400; 9540.0500; 9540.1000; 9540.1100; 9540.1200; 9540.1300; 9540.1400; 9540.1500; 9540.2000; 9540.2100; 9540.2200; 9540.2300; 9540.2400; 9540.2500; 9540.2600; and 9540.2700, are repealed.

Sec. 5. [REPEALER; POLLUTION CONTROL AGENCY.]

Minnesota Rules, parts 7002.0410; 7002.0420; 7002.0430; 7002.0440; 7002.0450; 7002.0460; 7002.0470; 7002.0480; 7002.0490; 7047.0010; 7047.0020; 7047.0030; 7047.0040; 7047.0050; 7047.0060; 7047.0070; 7100.0300; 7100.0310; 7100.0320; 7100.0330; 7100.0335; 7100.0340; and 7100.0350, are repealed.

Sec. 6. [REPEALER; DEPARTMENT OF PUBLIC SAFETY.]

Minnesota Rules, parts 7510.6100; 7510.6200; 7510.6300; 7510.6350; 7510.6400; 7510.6500; 7510.6600; 7510.6700; 7510.6800; 7510.6900; and 7510.6910, are repealed.

Sec. 7. [REPEALER; DEPARTMENT OF PUBLIC SERVICE.]

Minnesota Rules, parts 7600.0100; 7600.0200; 7600.0300; 7600.0400; 7600.0500; 7600.0600; 7600.0700; 7600.0800; 7600.0900; 7600.1000; 7600.1100; 7600.1200; 7600.1300; 7600.1400; 7600.1500; 7600.1600; 7600.1700; 7600.1800; 7600.1900; 7600.2000; 7600.2100; 7600.2200; 7600.2300; 7600.2400; 7600.2500; 7600.2600; 7600.2700; 7600.2800; 7600.2900; 7600.3000; 7600.3100; 7600.3200; 7600.3300; 7600.3400; 7600.3500; 7600.3600; 7600.3700; 7600.3800; 7600.3900; 7600.4000; 7600.4100; 7600.4200; 7600.4300; 7600.4400; 7600.4500; 7600.4600; 7600.4700; 7600.4800; 7600.4900; 7600.5000; 7600.5100; 7600.5200; 7600.5300; 7600.5400; 7600.5500; 7600.5600; 7600.5700; 7600.5800; 7600.5900; 7600.6000; 7600.6100; 7600.6200; 7600.6300; 7600.6400; 7600.6500; 7600.6600; 7600.6700; 7600.6800; 7600.6900; 7600.7000; 7600.7100; 7600.7200; 7600.7210; 7600.7300; 7600.7400; 7600.7500; 7600.7600; 7600.7700; 7600.7750; 7600.7800; 7600.7900; 7600.8100; 7600.8200; 7600.8300; 7600.8400; 7600.8500; 7600.8600; 7600.8700; 7600.8800; 7600.8900; 7600.9000; 7600.9100; 7600.9200; 7600.9300; 7600.9400; 7600.9500; 7600.9600; 7600.9700; 7600.9800; 7600.9900; 7625.0100; 7625.0110; 7625.0120; 7625.0200; 7625.0210; 7625.0220; and 7625.0230, are repealed.

Sec. 8. [REPEALER; DEPARTMENT OF REVENUE.]

Minnesota Rules, parts 8120.1100, subpart 3; 8121.0500, subpart 2; 8130.9912; 8130.9913; 8130.9916; 8130.9920; 8130.9930; 8130.9956; 8130.9958; 8130.9968; 8130.9972; 8130.9980; and 8130.9992, are repealed.

ARTICLE 3

CONFORMING AMENDMENTS

Section 1. Minnesota Rules, part 1540.2140, is amended to read:

1540.2140 DISPOSITION OF CONDEMNED MEAT OR PRODUCT AT OFFICIAL ESTABLISHMENTS HAVING NO TANKING FACILITIES.

Any carcass or product condemned at an official establishment which has no facilities for tanking shall be denatured with crude carbolic acid, cresylic disinfectant, or other prescribed agent, or be destroyed by incineration under the supervision of a department employee. When such carcass or product is not incinerated it shall be slashed freely with a knife, before the denaturing agent is applied.

Carcasses and products condemned on account of anthrax, ~~and the materials identified in parts 1540.1300 to 1540.1360,~~ which are derived therefrom at establishments which are not equipped with tanking facilities shall be disposed of by complete incineration, or by thorough denaturing with a prescribed denaturant, and then disposed of in accordance with the requirements of the Board of Animal Health, who shall be notified immediately by the inspector in charge.

Sec. 2. Minnesota Rules, part 7001.0140, subpart 2, is amended to read:

Subp. 2. Agency findings. The following findings by the agency constitute justification for the agency to refuse to issue a new or modified permit, to refuse permit reissuance, or to revoke a permit without reissuance:

A. that with respect to the facility or activity to be permitted, the proposed permittee or permittees will not comply with all applicable state and federal pollution control statutes and rules administered by the agency, or conditions of the permit;

B. that there exists at the facility to be permitted unresolved noncompliance with applicable state and federal pollution control statutes and rules administered by the agency, or conditions of the permit and that the permittee will not undertake a schedule of compliance to resolve the noncompliance;

C. that the permittee has failed to disclose fully all facts relevant to the facility or activity to be permitted, or that the permittee has submitted false or misleading information to the agency or to the commissioner;

D. that the permitted facility or activity endangers human health or the environment and that the danger cannot be removed by a modification of the conditions of the permit;

E. that all applicable requirements of Minnesota Statutes, chapter 116D and the rules adopted under Minnesota Statutes, chapter 116D have not been fulfilled;

F. that with respect to the facility or activity to be permitted, the proposed permittee has not complied with any requirement under parts 7002.0210 to 7002.0310, ~~7002.0410 to 7002.0490~~, or chapter 7046 to pay fees; or

G. that with respect to the facility or activity to be permitted, the proposed permittee has failed to pay a penalty owed under Minnesota Statutes, section 116.072.

Sec. 3. Minnesota Rules, part 7001.0180, is amended to read:

7001.0180 JUSTIFICATION TO COMMENCE REVOCATION WITHOUT REISSUANCE OF PERMIT.

The following constitute justification for the commissioner to commence proceedings to revoke a permit without reissuance:

A. existence at the permitted facility of unresolved noncompliance with applicable state and federal pollution statutes and rules or a condition of the permit, and refusal of the permittee to undertake a schedule of compliance to resolve the noncompliance;

B. the permittee fails to disclose fully the facts relevant to issuance of the permit or submits false or misleading information to the agency or to the commissioner;

C. the commissioner finds that the permitted facility or activity endangers human health or the environment and that the danger cannot be removed by a modification of the conditions of the permit;

D. the permittee has failed to comply with any requirement under parts 7002.0210 to 7002.0310, ~~7002.0410 to 7002.0490~~, or chapter 7046 to pay fees; or

E. the permittee has failed to pay a penalty owed under Minnesota Statutes, section 116.072.

Sec. 4. Minnesota Rules, part 8130.3500, subpart 3, is amended to read:

Subp. 3. Motor carrier direct pay certificate. A motor carrier direct pay certificate will be issued to qualified electing carriers by the commissioner of revenue and will be effective as of the date shown on the certificate. ~~A facsimile of the authorized motor carrier direct pay certificate is reproduced at part 8130.9958.~~

Sec. 5. Minnesota Rules, part 8130.6500, subpart 5, is amended to read:

Subp. 5. Sale of aircraft. When the dealer sells the aircraft, the selling price must be included

in gross sales. The fact that the aircraft commercial use permit has not expired or that the dealer has reported and paid use tax on the aircraft has no effect on the taxability of the sale. The dealer must return the aircraft commercial use permit (unless previously returned) when the dealer files the sales and use tax return for the month in which the sale was made. No credit or refund is given for the \$20 fee originally paid.

~~A facsimile of the authorized aircraft commercial use permit is reproduced at part 8130.9992.~~

ARTICLE 4

DEADLINE FOR AGENCY ACTION

Section 1. [15.99] [TIME DEADLINE FOR AGENCY ACTION.]

Subdivision 1. [DEFINITION.] For purposes of this section, "agency" means a department, agency, board, commission, or other group in the executive branch of state government; a statutory or home rule charter city, county, town, or school district; any metropolitan agency or regional entity; and any other political subdivision of the state.

Subd. 2. [DEADLINE FOR RESPONSE.] Except as otherwise provided in this section and notwithstanding any other law to the contrary, an agency must approve or deny within 60 days a written request relating to zoning, septic systems, or expansion of the metropolitan urban service area for a permit, license, or other governmental approval of an action. Failure of an agency to deny a request within 60 days is approval of the request. If an agency denies the request, it must state in writing the reasons for the denial at the time that it denies the request.

Subd. 3. [APPLICATION; EXTENSIONS.] (a) The time limit in subdivision 2 begins upon the agency's receipt of a written request containing all information required by law or by a previously adopted rule, ordinance, or policy of the agency. If an agency receives a written request that does not contain all required information, the 60-day limit starts over only if the agency sends notice within five business days of receipt of the request telling the requester what information is missing.

(b) If an action relating to land use requires the approval of more than one state agency in the executive branch, the 60-day period in subdivision 2 begins to run for all executive branch agencies on the day a request containing all required information is received by one state agency. The agency receiving the request must forward copies to other state agencies whose approval is required.

(c) An agency response meets the 60-day time limit if the agency can document that the response was sent within 60 days of receipt of the written request.

(d) The time limit in subdivision 2 is extended if a state statute, federal law, or court order requires a process to occur before the agency acts on the request, and the time periods prescribed in the state statute, federal law, or court order make it impossible to act on the request within 60 days. In cases described in this paragraph, the deadline is extended to 60 days after completion of the last process required in the applicable statute, law, or order. Final approval of an agency receiving a request is not considered a process for purposes of this paragraph.

(e) The time limit in subdivision 2 is extended if: (1) a request submitted to a state agency requires prior approval of a federal agency; or (2) an application submitted to a city, county, town, school district, metropolitan or regional entity, or other political subdivision requires prior approval of a state or federal agency. In cases described in this paragraph, the deadline for agency action is extended to 60 days after the required prior approval is granted.

(f) An agency seeking an extension under this subdivision shall, before the end of the initial 60-day period, provide written notice of the extension to the applicant. The notification must state the reasons for the extension and its anticipated length.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective July 1, 1995, and applies to any written request submitted after that date.

ARTICLE 5

CIVIL SERVICE PILOT PROJECT

Section 1. [HOUSING FINANCE AGENCY PILOT PROJECT.]

Subdivision 1. [WAIVER.] In addition to the waiver provisions in Laws 1993, chapter 301, Minnesota Statutes, sections 43A.07, 43A.10, 43A.12 to 43A.15, 43A.17, 43A.18, and 43A.20, are waived to the extent necessary to implement the civil service pilot project in the housing finance agency as authorized by Laws 1993, chapter 301. If a proposed waiver of any section of Minnesota Statutes, chapter 43A, would violate the terms of a collective bargaining agreement reached under Minnesota Statutes, chapter 179A, the waiver may not be granted without the consent of the exclusive representative that is a party to the agreement.

Subd. 2. [UNREPRESENTED EMPLOYEES.] The salaries of unrepresented employees of the housing finance agency must be administered according to the provisions of a salary plan developed by the commissioner of the housing finance agency and approved by the commissioner of employee relations. The salary plan must be approved under Minnesota Statutes, section 3.855, subdivision 3, before being implemented.

Sec. 2. [TERMINATION.]

The civil service pilot project in the housing finance agency as authorized by Laws 1993, chapter 301, terminates June 30, 1997, or at any earlier time by a method agreed upon by the commissioners of employee relations and housing finance and the affected exclusive bargaining representative of state employees.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective July 1, 1995.

ARTICLE 6

LEGISLATIVE OVERSIGHT

Section 1. [ECONOMIC-ASSISTANCE AGENCY REVIEW.]

(a) The legislative commission on planning and fiscal policy shall study the desirability and feasibility of merging or otherwise reorganizing the department of trade and economic development, the department of economic security, and other agencies that provide assistance to businesses and promote the economic development of the state. The commission shall report its findings and recommendations to the committee on governmental operations of the house of representatives and the committee on governmental operations and veterans of the senate by February 1, 1996. The commission is responsible for the planning, coordination, and oversight of any subsequent reorganization of agencies covered by its study and recommendations.

(b) The legislative audit commission is asked to consider directing the legislative auditor to:

(1) undertake a program evaluation of the economic recovery grant program and other programs that provide state financial assistance to businesses; and

(2) recommend criteria for grant eligibility and performance measures for evaluating grant and loan programs.

(c) Notwithstanding Minnesota Statutes, sections 4.035 and 16B.37, no reorganization affecting the department of trade and economic development, the department of economic security, or other agencies that provide assistance to businesses or promote the economic development of the state may be implemented until the legislature has received and considered the report required by paragraph (a) and any report issued in accordance with paragraph (b).

Sec. 2. [ADMINISTRATIVE AGENCIES.]

The legislative commission on planning and fiscal policy shall study the desirability and feasibility of reorganizing the executive agencies providing administrative services to state government. The study must consider whether the departments of finance, administration, and employee relations and the office of strategic and long-range planning should be combined into a

department of management and budget. In its study, the commission shall give special attention to personnel, procurement, contracting, and decentralization. The commission shall report its findings and recommendations to the committee on governmental operations of the house of representatives and the committee on governmental operations and veterans of the senate by February 1, 1996.

Sec. 3. [TASK FORCE.]

The government efficiency and oversight division of the committee on ways and means of the house of representatives and the committee on governmental operations and veterans of the senate shall act as a task force of the legislative commission on planning and fiscal policy for the purpose of implementing sections 1 and 2.

ARTICLE 7
CITIZEN ADVOCATE

Section 1. [16B.365] [CITIZEN ADVOCATE.]

Subdivision 1. [OFFICE OF CITIZEN ADVOCATE.] The office of citizen advocate is an office within the department of administration headed by a citizen advocate appointed by the commissioner to serve in the unclassified service. The citizen advocate must have knowledge of and experience in state government, laws, and rules, and the operations of state agencies. The citizen advocate shall represent the interests of persons with unresolved differences with executive branch agencies resulting from agency error or failure to respond adequately to the persons' questions, concerns, or complaints. When there is an appropriate ombudsperson with jurisdiction over a complaint, the citizen advocate shall refer the complaint to the ombudsperson. When there is no ombudsperson with jurisdiction over a complaint, the citizen advocate shall refer the complaint directly to the agency that is the subject of the complaint. The citizen advocate shall monitor the activities of an agency or an ombudsperson with respect to the complaint.

Subd. 2. [DUTIES.] The citizen advocate shall establish, maintain, and publicize a program to enable persons to seek assistance in resolving differences with agencies. The program must publicize the existence and jurisdictions of existing ombudspersons. An agency that does not have an ombudsperson shall notify the citizen advocate of the person within the agency who is designated to receive complaints from and be a liaison with the citizen advocate. The citizen advocate shall maintain a toll-free telephone number and may utilize other means, including electronic means, by which persons can seek assistance, free of charge to the person, from all parts of the state.

Subd. 3. [PROCEDURE.] After determining that a complaint against an agency has a reasonable, good faith basis, the citizen advocate shall notify the appropriate ombudsperson or, if none, the agency of the complaint and allow the ombudsperson or agency a reasonable time, as determined by the citizen advocate, to resolve the difference. The citizen advocate may not duplicate the work of an ombudsperson. If a complaint is about the actions of an ombudsperson, however, the citizen advocate shall report the complaint to the appointing authority for the ombudsperson. If an agency fails to resolve the difference, to the satisfaction of the aggrieved person and the citizen advocate, within a reasonable time, the citizen advocate may direct the agency to take whatever action the citizen advocate deems appropriate. Agencies shall cooperate with the citizen advocate or an ombudsperson in resolving differences in accordance with this section.

Subd. 4. [RECOVERY OF COSTS.] The citizen advocate shall assess an agency the cost of resolving a difference with the agency at a rate no lower than the fee schedule set by the attorney general under section 8.15, subdivision 1, for the provision of legal services to agencies.

Sec. 2. [COMPLEMENT.]

No additional complement may be required to meet the objectives of section 1.

Sec. 3. [APPROPRIATION.]

\$...... is appropriated to the commissioner of administration, to be available in the fiscal year beginning July 1, 1995, to cover the cost of initiating the program required by section 1.

ARTICLE 8

DEPARTMENT OF EMPLOYEE RELATIONS

Section 1. Minnesota Statutes 1994, section 13.67, is amended to read:

13.67 [EMPLOYEE RELATIONS DATA.]

The following data collected, created, or maintained by the department of employee relations are classified as nonpublic data pursuant to section 13.02, subdivision 9:

(a) The commissioner's plan prepared by the department, pursuant to section 3.855, which governs the compensation and terms and conditions of employment for employees not covered by collective bargaining agreements until the plan is submitted to the legislative commission on employee relations;

(b) Data pertaining to grievance or interest arbitration that has not been presented to the arbitrator or other party during the arbitration process;

(c) Notes and preliminary drafts of reports prepared during personnel investigations and personnel management reviews of state departments and agencies;

(d) The managerial plan prepared by the department pursuant to section 43A.18 that governs the compensation and terms and conditions of employment for employees in managerial positions, as specified in section 43A.18, subdivision 3, until the plan is submitted to the legislative commission on employee relations; and

(e) Claims experience and all related information received from carriers and claims administrators participating in either the state group insurance plan or the public employees insurance plan program as defined in chapter 43A, and survey information collected from employees and employers participating in these plans and programs, except when the department determines that release of the data will not be detrimental to the plan or program.

Sec. 2. Minnesota Statutes 1994, section 43A.04, subdivision 1, is amended to read:

Subdivision 1. [STATEWIDE LEADERSHIP.] (a) The commissioner is the chief personnel and labor relations manager of the civil service in the executive branch.

Whenever any power or responsibility is given to the commissioner by any provision of Laws 1981, chapter 210, unless otherwise expressly provided, the power or authority applies to all employees of agencies in the executive branch and to employees in classified positions in the office of the legislative auditor, the Minnesota state retirement system, the public employees retirement association, and the teacher's retirement association. Unless otherwise provided by law, the power or authority does not apply to unclassified employees in the legislative and judicial branches.

(b) The commissioner shall operate an information system from which personnel data, as defined in section 13.43, concerning employees and applicants for positions in the classified service can be retrieved.

The commissioner has access to all public and private personnel data kept by appointing authorities that will aid in the discharge of the commissioner's duties.

(c) The commissioner may consider and investigate any matters concerned with the administration of provisions of Laws 1981, chapter 210, and may order any remedial actions consistent with law.

(d) The commissioner has sole authority to settle state employee workers' compensation claims.

(e) The commissioner may assess or establish and collect premiums from all state entities for to cover the costs of programs under sections 15.46 and 176.603.

Sec. 3. Minnesota Statutes 1994, section 43A.08, subdivision 1, is amended to read:

Subdivision 1. [UNCLASSIFIED POSITIONS.] Unclassified positions are held by employees who are:

- (1) chosen by election or appointed to fill an elective office;
- (2) heads of agencies required by law to be appointed by the governor or other elective officers, and the executive or administrative heads of departments, bureaus, divisions, and institutions specifically established by law in the unclassified service;
- (3) deputy and assistant agency heads and one confidential secretary in the agencies listed in subdivision 1a and in the office of strategic and long-range planning;
- (4) the confidential secretary to each of the elective officers of this state and, for the secretary of state, state auditor, and state treasurer, an additional deputy, clerk, or employee;
- (5) intermittent help employed by the commissioner of public safety to assist in the issuance of vehicle licenses;
- (6) employees in the offices of the governor and of the lieutenant governor and one confidential employee for the governor in the office of the adjutant general;
- (7) employees of the Washington, D.C., office of the state of Minnesota;
- (8) employees of the legislature and of legislative committees or commissions; provided that employees of the legislative audit commission, except for the legislative auditor, the deputy legislative auditors, and their confidential secretaries, shall be employees in the classified service;
- (9) presidents, vice-presidents, deans, other managers and professionals in academic and academic support programs, administrative or service faculty, teachers, research assistants, and student employees eligible under terms of the federal economic opportunity act work study program in the school and resource center for the arts, state universities and community colleges, and the higher education board, but not the custodial, clerical, or maintenance employees, or any professional or managerial employee performing duties in connection with the business administration of these institutions;
- (10) officers and enlisted persons in the national guard;
- (11) attorneys, legal assistants, and three confidential employees appointed by the attorney general or employed with the attorney general's authorization;
- (12) judges and all employees of the judicial branch, referees, receivers, jurors, and notaries public, except referees and adjusters employed by the department of labor and industry;
- (13) members of the state patrol; provided that selection and appointment of state patrol troopers must be made in accordance with applicable laws governing the classified service;
- (14) chaplains employed by the state;
- (15) examination monitors and intermittent training instructors employed by the departments of employee relations and commerce and by professional examining boards and intermittent staff employed by the technical colleges for the administration of practical skills tests and for the staging of instructional demonstrations;
- (16) student workers;
- (17) executive directors or executive secretaries appointed by and reporting to any policy-making board or commission established by statute;
- (18) employees unclassified pursuant to other statutory authority;
- (19) intermittent help employed by the commissioner of agriculture to perform duties relating to pesticides, fertilizer, and seed regulation; and
- (20) the administrators and the deputy administrators at the state academies for the deaf and the blind.

Sec. 4. Minnesota Statutes 1994, section 43A.10, subdivision 8, is amended to read:

~~Subd. 8. [ELIGIBILITY FOR QUALIFIED DISABLED EXAMINATIONS.] The commissioner shall establish examination procedures for candidates whose disabilities are of such a severe nature that the candidates are unable to demonstrate their abilities in competitive examination processes. The examination procedures must consist of up to 700 hours on the job trial work experience which will be in lieu of a competitive examination and for which the disabled person has the option of being paid or unpaid. Up to three persons with severe disabilities and their job coach may be allowed to demonstrate their job competence as a unit through the on the job trial work experience examination procedure. This work experience must be limited to candidates for appointment, promotion, or transfer who have a physical or mental impairment for which there is no reasonable accommodation in the examination process. Implementation of provisions of this subdivision may not be deemed a violation of other provisions of Laws 1981, chapter 210 or 363. The commissioner shall establish alternative examination methods to assess the qualifications of applicants for a competitive open or competitive promotional examination who have a disability that does not prevent performance of the duties of the class but that cannot be accommodated in the regular examination process. Alternative examination methods offered must allow candidates for competitive open and competitive promotional exams to demonstrate possession of the same knowledge, skills, and abilities essential to satisfactory performance in the job class without compromising inferences about other candidates' qualifications.~~

Sec. 5. Minnesota Statutes 1994, section 43A.13, subdivision 6, is amended to read:

~~Subd. 6. [QUALIFIED DISABLED.] For a position to be filled by qualified disabled examination, The commissioner shall certify only the one eligible who has successfully completed the examination processes provided in section 43A.10, subdivision 8, for the position refer qualified disabled candidates in alphabetical order, with eligibles from the competitive open or competitive promotional list established from the same examination announcement.~~

Sec. 6. Minnesota Statutes 1994, section 43A.15, is amended by adding a subdivision to read:

~~Subd. 14. [ON-THE-JOB DEMONSTRATION EXAMINATION AND APPOINTMENT.] The commissioner shall establish qualifying procedures for candidates whose disabilities are of such a severe nature that the candidates are unable to demonstrate their abilities in competitive and qualified disabled examination processes. The qualifying procedures must consist of up to 700 hours on-the-job trial work experience which will be in lieu of a competitive examination and for which the disabled person has the option of being paid or unpaid. Up to three persons with severe disabilities and their job coach may be allowed to demonstrate their job competence as a unit through the on-the-job trial work experience examination procedure. This work experience must be limited to candidates for appointment, promotion, or transfer for which there is no reasonable accommodation in the examination process.~~

~~The commissioner may authorize the probationary appointment of a candidate based on the request of the appointing authority that documents that the candidate has successfully demonstrated qualifications for the position through completion of an on-the-job trial work experience. The implementation of this subdivision may not be deemed a violation of chapter 43A or 363.~~

Sec. 7. Minnesota Statutes 1994, section 43A.19, subdivision 1, is amended to read:

Subdivision 1. [STATEWIDE AFFIRMATIVE ACTION PROGRAM.] (a) To assure that positions in the executive branch of the civil service are equally accessible to all qualified persons, and to eliminate the underutilization of qualified members of protected groups, the commissioner shall adopt and periodically revise, if necessary, a statewide affirmative action program. The statewide affirmative action program must consist of at least the following:

- (1) objectives, goals, and policies;
- (2) procedures, standards, and assumptions to be used by agencies in the preparation of agency affirmative action plans, including methods by which goals and timetables are established; and
- (3) the analysis of separation patterns to determine the impact on protected group members; and

~~(3)~~ (4) requirements for annual objectives and submission of affirmative action progress reports from heads of agencies.

(b) The commissioner shall base affirmative action goals on at least the following factors:

(1) the percentage of members of each protected class in the recruiting area population who have the necessary skills;

(2) the availability for promotion or transfer of members of protected classes in the recruiting area population;

(3) the extent of unemployment of members of protected classes in the recruiting area population;

(4) the existence of training programs in needed skill areas offered by employing agencies and other institutions; and

(5) the expected number of available positions to be filled.

(c) The commissioner shall designate a state director of diversity and equal employment opportunity who may be delegated the preparation, revision, implementation, and administration of the program. The commissioner of employee relations may place the director's position in the unclassified service if the position meets the criteria established in section 43A.08, subdivision 1a.

Sec. 8. Minnesota Statutes 1994, section 43A.191, subdivision 1, is amended to read:

Subdivision 1. [AFFIRMATIVE ACTION OFFICERS.] (a) Each agency with ~~an approved complement over~~ 1,000 employees or more shall have at least one full-time affirmative action officer, who shall have primary responsibility for developing and maintaining the agency's affirmative action plan. The officer shall devote full time to affirmative action activities. The affirmative action officer shall report administratively and on policy issues directly to the agency head.

(b) The commissioner agency heads shall assign affirmative action officers or designees for agencies with approved complements of less fewer than 1,000 employees. The designees shall report administratively and on policy issues directly to the agency head.

Sec. 9. Minnesota Statutes 1994, section 43A.191, subdivision 2, is amended to read:

Subd. 2. [AGENCY AFFIRMATIVE ACTION PLANS.] (a) The head of each agency in the executive branch shall prepare and implement an agency affirmative action plan consistent with this section and rules issued under section 43A.04, subdivision 3.

(b) The agency plan must include a plan for the provision of reasonable accommodation in the hiring and promotion of qualified disabled persons. The reasonable accommodation plan must consist of at least the following:

(1) procedures for compliance with section 363.03 and, where appropriate, regulations implementing United States Code, title 29, section 794, as amended through December 31, 1984, which is section 504 of the Rehabilitation Act of 1973, as amended and the Americans with Disabilities Act, United States Code, title 42, sections 101 to 108, 201 to 231, 241 to 246, 401, 402, and 501 to 514;

(2) methods and procedures for providing reasonable accommodation for disabled job applicants, current employees, and employees seeking promotion; and

(3) provisions for funding reasonable accommodations.

(c) The agency plan must be prepared by the agency head with the assistance of the agency affirmative action officer and the director of diversity and equal employment opportunity. The council on disability shall provide assistance with the agency reasonable accommodation plan.

(d) The agency plan must identify, ~~annually~~, any positions in the agency that can be used for supported employment as defined in section 268A.01, subdivision 13, of persons with severe

disabilities. The agency shall report this information to the commissioner. An agency that hires more than one supported worker in the identified positions must receive recognition for each supported worker toward meeting the agency's affirmative action goals and objectives.

(e) An agency affirmative action plan may not be implemented without the commissioner's approval.

Sec. 10. Minnesota Statutes 1994, section 43A.191, subdivision 3, is amended to read:

Subd. 3. [AUDITS; SANCTIONS AND INCENTIVES.] (a) ~~The director of equal employment opportunity shall annually audit the record of each agency to determine the rate of compliance with annual hiring goals of each goal unit and to evaluate the agency's overall progress toward its affirmative action goals and objectives. The commissioner shall annually audit the record of each agency to determine the rate of compliance with affirmative action requirements.~~

(b) By March 1 of each odd-numbered year, the commissioner shall submit a report on affirmative action progress of each agency and the state as a whole to the governor and to the finance committee of the senate, the appropriations committee of the house of representatives, the governmental operations committees of both houses of the legislature, and the legislative commission on employee relations. The report must include noncompetitive appointments made under section 43A.08, subdivision 2a, or 43A.15, subdivisions 3 to 13, and cover each agency's rate of compliance with annual hiring goals affirmative action requirements. ~~In addition, any agency that has not met its affirmative action hiring goals, that fails to make an affirmative action hire, or fails to justify its nonaffirmative action hire in 25 percent or more of the appointments made in the previous calendar year must be designated in the report as an agency not in compliance with affirmative action requirements.~~

~~(e) The commissioner shall study methods to improve the performance of agencies not in compliance with affirmative action requirements.~~

~~(d) The commissioner shall establish a program to recognize agencies that have made significant and measurable progress toward achieving affirmative action objectives.~~

(c) An agency that does not meet its hiring goals must justify its nonaffirmative action hires in competitive and noncompetitive appointments according to criteria issued by the department of employee relations. Failure to justify a nonaffirmative action hire is a "missed opportunity." An agency must have 25 percent or less missed opportunities in competitive appointments and 25 percent or less missed opportunities in appointments made under sections 43A.08, subdivisions 1, clauses (9), (11), and (16); and 2a; and 43A.15, subdivisions 3, 10, and 12. In addition, an agency shall:

(1) demonstrate a good faith effort to recruit protected group members by following an active recruitment plan;

(2) implement a coordinated retention plan; and

(3) have an established complaint resolution procedure.

(d) The commissioner shall develop reporting standards and procedures for measuring compliance.

(e) An agency is encouraged to develop other innovative ways to promote awareness, acceptance, and appreciation for diversity and affirmative action. These innovations will be considered when evaluating an agency's compliance with this section.

(f) An agency not in compliance with affirmative action requirements of this section must identify methods and programs to improve performance, to reallocate resources internally in order to increase support for affirmative action programs, and to submit program and resource reallocation proposals to the commissioner for approval. An agency must submit these proposals within 120 days of being notified by the commissioner that it is out of compliance with affirmative action requirements. The commissioner shall monitor quarterly the affirmative action programs of an agency found to be out of compliance.

(g) The commissioner shall establish a program to recognize an agency that has made significant and measurable progress in implementing an affirmative action plan.

Sec. 11. Minnesota Statutes 1994, section 43A.24, subdivision 2, is amended to read:

Subd. 2. [OTHER ELIGIBLE PERSONS.] The following persons are eligible for state paid life insurance and hospital, medical, and dental benefits as determined in applicable collective bargaining agreements or by the commissioner or by plans pursuant to section 43A.18, subdivision 6, or by the board of regents for employees of the University of Minnesota not covered by collective bargaining agreements. Coverages made available, including optional coverages, are as contained in the plan established pursuant to section 43A.18, subdivision 2:

(a) a member of the state legislature, provided that changes in benefits resulting in increased costs to the state shall not be effective until expiration of the term of the members of the existing house of representatives. An eligible member of the state legislature may decline to be enrolled for state paid coverages by filing a written waiver with the commissioner. The waiver shall not prohibit the member from enrolling the member or dependents for optional coverages, without cost to the state, as provided for in section 43A.26. A member of the state legislature who returns from a leave of absence to a position previously occupied in the civil service shall be eligible to receive the life insurance and hospital, medical, and dental benefits to which the position is entitled;

(b) a permanent employee of the legislature or a permanent employee of a permanent study or interim committee or commission or a state employee on leave of absence to work for the legislature, during a regular or special legislative session;

(c) a judge of the appellate courts or an officer or employee of these courts; a judge of the district court, a judge of county court, a judge of county municipal court, or a judge of probate court; a district court referee, judicial officer, court reporter, or law clerk; a district administrator; an employee of the office of the district administrator that is not in the second or fourth judicial district; a court administrator or employee of the court administrator in the eighth judicial district, and a guardian ad litem program administrator in the eighth judicial district;

(d) a salaried employee of the public employees retirement association;

(e) a full-time military or civilian officer or employee in the unclassified service of the department of military affairs whose salary is paid from state funds;

(f) a salaried employee of the Minnesota historical society, whether paid from state funds or otherwise, who is not a member of the governing board;

(g) an employee of the regents of the University of Minnesota;

(h) notwithstanding section 43A.27, subdivision 3, an employee of the state of Minnesota or the regents of the University of Minnesota who is at least 60 and not yet 65 years of age on July 1, 1982, who is otherwise eligible for employee and dependent insurance and benefits pursuant to section 43A.18 or other law, who has at least 20 years of service and retires, earlier than required, within 60 days of March 23, 1982; or an employee who is at least 60 and not yet 65 years of age on July 1, 1982, who has at least 20 years of state service and retires, earlier than required, from employment at Rochester state hospital after July 1, 1981; or an employee who is at least 55 and not yet 65 years of age on July 1, 1982, and is covered by the Minnesota state retirement system correctional employee retirement plan or the state patrol retirement fund, who has at least 20 years of state service and retires, earlier than required, within 60 days of March 23, 1982. For purposes of this clause, a person retires when the person terminates active employment in state or University of Minnesota service and applies for a retirement annuity. Eligibility shall cease when the retired employee attains the age of 65, or when the employee chooses not to receive the annuity that the employee has applied for. The retired employee shall be eligible for coverages to which the employee was entitled at the time of retirement, subject to any changes in coverage through collective bargaining or plans established pursuant to section 43A.18, for employees in positions equivalent to that from which retired, provided that the retired employee shall not be eligible for state-paid life insurance. Coverages shall be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program;

(i) an employee of an agency of the state of Minnesota identified through the process provided in this paragraph who is eligible to retire prior to age 65. The commissioner and the exclusive representative of state employees shall enter into agreements under section 179A.22 to identify employees whose positions are in programs that are being permanently eliminated or reduced due to federal or state policies or practices. Failure to reach agreement identifying these employees is not subject to impasse procedures provided in chapter 179A. The commissioner must prepare a plan identifying eligible employees not covered by a collective bargaining agreement in accordance with the process outlined in section 43A.18, subdivisions 2 and 3. For purposes of this paragraph, a person retires when the person terminates active employment in state service and applies for a retirement annuity. Eligibility ends as provided in the agreement or plan, but must cease at the end of the month in which the retired employee chooses not to receive an annuity, or the employee is eligible for employer-paid health insurance from a new employer. The retired employees shall be eligible for coverages to which they were entitled at the time of retirement, subject to any changes in coverage through collective bargaining or plans established under section 43A.18 for employees in positions equivalent to that from which they retired, provided that the retired employees shall not be eligible for state-paid life insurance; and

(j) employees of the state public defender's office, and district public defenders and their employees other than in the second and fourth judicial districts, with eligibility determined by the state board of public defense in consultation with the commissioner of employee relations; and

(k) employees of the data institute under section 62J.45, subdivision 8.

Sec. 12. Minnesota Statutes 1994, section 43A.27, subdivision 3, is amended to read:

Subd. 3. [RETIRED EMPLOYEES.] A retired employee of the state or an organization listed in subdivision 2 or section 43A.24, subdivision 2, who receives, at separation of service:

(1) is immediately eligible to receive an annuity under a state retirement program sponsored by the state or such organization of the state and immediately meets the age and service requirements in section 352.115, subdivision 1; and

(2) has five years of service or meets the service requirement of the collective bargaining agreement or plan, whichever is greater;

may elect to purchase at personal expense individual and dependent hospital, medical, and dental coverages ~~that are~~. The commissioner shall offer at least one plan which is actuarially equivalent to those made available through collective bargaining agreements or plans established pursuant to section 43A.18 to employees in positions equivalent to that from which retired. A spouse of a deceased retired employee who received an annuity under a state retirement program may purchase the coverage listed in this subdivision if the spouse was a dependent under the retired employee's coverage at the time of the employee's death. Coverages must be coordinated with relevant health insurance benefits provided through the federally sponsored Medicare program. Until the retired employee reaches age 65, the retired employee and dependents must be pooled in the same group as active employees for purposes of establishing premiums and coverage for hospital, medical, and dental insurance. Coverage for retired employees and their dependents may not discriminate on the basis of evidence of insurability or preexisting conditions unless identical conditions are imposed on active employees in the group that the employee left. Appointing authorities shall provide notice to employees no later than the effective date of their retirement of the right to exercise the option provided in this subdivision. The retired employee must notify the commissioner or designee of the commissioner within 30 days after the effective date of the retirement of intent to exercise this option.

Sec. 13. Minnesota Statutes 1994, section 43A.316, is amended to read:

43A.316 [PUBLIC EMPLOYEES INSURANCE PLAN PROGRAM.]

Subdivision 1. [INTENT.] The legislature finds that the creation of a statewide plan program to provide public employees and other eligible persons with life insurance and hospital, medical, and dental benefit coverage through provider organizations would result in a greater utilization of government resources and would advance the health and welfare of the citizens of the state.

Subd. 2. [DEFINITIONS.] For the purpose of this section, the terms defined in this subdivision have the meaning given them.

(a) [COMMISSIONER.] "Commissioner" means the commissioner of employee relations.

(b) [EMPLOYEE.] "Employee" means:

(1) a person who is a public employee within the definition of section 179A.03, subdivision 14, who is insurance eligible and is employed by an eligible employer;

(2) an elected public official of an eligible employer who is insurance eligible; or

(3) a person employed by a labor organization or employee association certified as an exclusive representative of employees of an eligible employer or by another public employer approved by the commissioner, so long as the plan meets the requirements of a governmental plan under United States Code, title 29, section 1002(32).

(c) [ELIGIBLE EMPLOYER.] "Eligible employer" means:

(1) a public employer within the definition of section 179A.03, subdivision 15, that is a town, county, city, school district as defined in section 120.02, educational cooperative service unit as defined in section 123.58, intermediate district as defined in section 136C.02, subdivision 7, cooperative center for vocational education as defined in section 123.351, regional management information center as defined in section 121.935, or an education unit organized under the joint powers action, section 471.59; or

(2) an exclusive representative of employees, as defined in paragraph (b); or

(3) another public employer approved by the commissioner.

(d) [EXCLUSIVE REPRESENTATIVE.] "Exclusive representative" means an exclusive representative as defined in section 179A.03, subdivision 8.

(e) [LABOR-MANAGEMENT COMMITTEE.] "Labor-management committee" means the committee established by subdivision 4.

(f) [PLAN PROGRAM.] "Plan Program" means the statewide public employees insurance plan program created by subdivision 3.

Subd. 3. [PUBLIC EMPLOYEE INSURANCE ~~PLAN~~ PROGRAM.] The commissioner shall be the administrator of the public employee insurance plan program and may determine its funding arrangements. The commissioner shall model the plan program after the plan established in section 43A.18, subdivision 2, but may modify that plan, in consultation with the labor-management committee.

Subd. 4. [LABOR-MANAGEMENT COMMITTEE.] The labor-management committee consists of ten members appointed by the commissioner. The labor-management committee must comprise five members who represent employees, including at least one retired employee, and five members who represent eligible employers. Committee members are eligible for expense reimbursement in the same manner and amount as authorized by the commissioner's plan adopted under section 43A.18, subdivision 2. The commissioner shall consult with the labor-management committee in major decisions that affect the plan program. The committee shall study issues relating to the insurance plan program including, but not limited to, flexible benefits, utilization review, quality assessment, and cost efficiency.

Subd. 5. [PUBLIC EMPLOYEE PARTICIPATION.] (a) Participation in the plan program is subject to the conditions in this subdivision.

(b) Each exclusive representative for an eligible employer determines whether the employees it represents will participate in the plan program. The exclusive representative shall give the employer notice of intent to participate at least 90 30 days before the expiration date of the collective bargaining agreement preceding the collective bargaining agreement that covers the date of entry into the plan program. The exclusive representative and the eligible employer shall give

notice to the commissioner of the determination to participate in the plan program at least ~~90~~ 30 days before entry into the plan program. Entry into the plan program is governed by a schedule established by the commissioner.

(c) Employees not represented by exclusive representatives may become members of the plan program upon a determination of an eligible employer to include these employees in the plan program. Either all or none of the employer's unrepresented employees must participate. The eligible employer shall give at least ~~90~~ 30 days' notice to the commissioner before entering the plan program. Entry into the plan program is governed by a schedule established by the commissioner.

(d) Participation in the plan program is for a two-year term. Participation is automatically renewed for an additional two-year term unless the exclusive representative, or the employer for unrepresented employees, gives the commissioner notice of withdrawal at least ~~90~~ 30 days before expiration of the participation period. A group that withdraws must wait two years before rejoining. An exclusive representative, or employer for unrepresented employees, may also withdraw if premiums increase 50 percent or more from one insurance year to the next.

(e) The exclusive representative shall give the employer notice of intent to withdraw to the commissioner at least ~~90~~ 30 days before the expiration date of a collective bargaining agreement that includes the date on which the term of participation expires.

(f) Each participating eligible employer shall notify the commissioner of names of individuals who will be participating within two weeks of the commissioner receiving notice of the parties' intent to participate. The employer shall also submit other information as required by the commissioner for administration of the plan program.

Subd. 6. [COVERAGE.] (a) By January 1, 1989, the commissioner shall announce the benefits of the plan program. The plan program shall include employee hospital, medical, dental, and life insurance for employees and hospital and medical benefits for dependents. Health maintenance organization options and other delivery system options may be provided if they are available, cost-effective, and capable of servicing the number of people covered in the plan program. Participation in optional coverages may be provided by collective bargaining agreements. For employees not represented by an exclusive representative, the employer may offer the optional coverages to eligible employees and their dependents provided in the plan program.

(b) The commissioner, with the assistance of the labor-management committee, shall periodically assess whether it is financially feasible for the plan program to offer or to continue an individual retiree program that has competitive premium rates and benefits. If the commissioner determines it to be feasible to offer an individual retiree program, the commissioner shall announce the applicable benefits, premium rates, and terms of participation. Eligibility to participate in the individual retiree program is governed by subdivision 8, but applies to retirees of eligible employers that do not participate in the plan program and to those retirees' dependents and surviving spouses.

Subd. 6a. [CHIROPRACTIC SERVICES.] All benefits provided by the plan program or a successor plan program relating to expenses incurred for medical treatment or services of a physician must also include chiropractic treatment and services of a chiropractor to the extent that the chiropractic services and treatment are within the scope of chiropractic licensure.

This subdivision is intended to provide equal access to benefits for plan program members who choose to obtain treatment for illness or injury from a doctor of chiropractic, as long as the treatment falls within the chiropractor's scope of practice. This subdivision is not intended to change or add to the benefits provided for in the plan program.

Subd. 7. [PREMIUMS.] The proportion of premium paid by the employer and employee is subject to collective bargaining or personnel policies. If, at the beginning of the coverage period, no collective bargaining agreement has been finalized, the increased dollar costs, if any, from the previous year is the sole responsibility of the individual participant until a collective bargaining agreement states otherwise. Premiums, including an administration fee, shall be established by the commissioner. Each employer shall pay monthly the amounts due for employee benefits including the amounts under subdivision 8 to the commissioner no later than the dates established by the

commissioner. If an employer fails to make the payments as required, the commissioner may cancel plan program benefits and pursue other civil remedies.

Subd. 8. [CONTINUATION OF COVERAGE.] (a) A former employee of an employer participating in the plan program who is receiving a public pension disability benefit or an annuity or has met the age and service requirements necessary to receive an annuity under chapter 353, 353C, 354, 354A, 356, 422A, 423, 423A, or 424, and the former employee's dependents, are eligible to participate in the plan program. This participation is at the person's expense unless a collective bargaining agreement or personnel policy provides otherwise. Premiums for these participants must be established by the commissioner.

The commissioner may provide policy exclusions for preexisting conditions only when there is a break in coverage between a participant's coverage under the employment-based group insurance plan program and the participant's coverage under this section. An employer shall notify an employee of the option to participate under this paragraph no later than the effective date of retirement. The retired employee or the employer of a participating group on behalf of a current or retired employee shall notify the commissioner within 30 days of the effective date of retirement of intent to participate in the plan program according to the rules established by the commissioner.

(b) The spouse of a deceased employee or former employee may purchase the benefits provided at premiums established by the commissioner if the spouse was a dependent under the employee's or former employee's coverage under this section at the time of the death. The spouse remains eligible to participate in the plan program as long as the group that included the deceased employee or former employee participates in the plan program. Coverage under this clause must be coordinated with relevant insurance benefits provided through the federally sponsored Medicare program.

(c) The plan program benefits must continue in the event of strike permitted by section 179A.18, if the exclusive representative chooses to have coverage continue and the employee pays the total monthly premiums when due.

(d) A participant who discontinues coverage may not reenroll.

Persons participating under these paragraphs shall make appropriate premium payments in the time and manner established by the commissioner.

Subd. 9. [INSURANCE TRUST FUND.] The insurance trust fund in the state treasury consists of deposits of the premiums received from employers participating in the plan program and transfers before July 1, 1994, from the excess contributions holding account established by section 353.65, subdivision 7. All money in the fund is appropriated to the commissioner to pay insurance premiums, approved claims, refunds, administrative costs, and other related service costs. Premiums paid by employers to the fund are exempt from the tax imposed by sections 60A.15 and 60A.198. The commissioner shall reserve an amount of money to cover the estimated costs of claims incurred but unpaid. The state board of investment shall invest the money according to section 11A.24. Investment income and losses attributable to the fund must be credited to the fund.

Subd. 10. [EXEMPTION.] The public employee insurance plan program and, where applicable, the employers participating in it are exempt from chapters 60A, 62A, 62C, 62D, 62E, and 62H, section 471.617, subdivisions 2 and 3, and the bidding requirements of section 471.6161.

Sec. 14. Minnesota Statutes 1994, section 43A.317, subdivision 5, is amended to read:

Subd. 5. [EMPLOYER ELIGIBILITY.] (a) [PROCEDURES.] All employers are eligible for coverage through the program subject to the terms of this subdivision. The commissioner shall establish procedures for an employer to apply for coverage through the program.

(b) [TERM.] The initial term of an employer's coverage ~~will~~ may be for up to two years from the effective date of the employer's application. After that, coverage will be automatically renewed for an additional ~~two-year terms~~ term unless the employer gives notice of withdrawal from the program according to procedures established by the commissioner or the commissioner gives notice to the employer of the discontinuance of the program. The commissioner may establish conditions under which an employer may withdraw from the program prior to the

expiration of a ~~two-year~~ term, including by reason of a ~~midyear~~ an increase in health coverage premiums of 50 percent or more from one insurance year to the next. An employer that withdraws from the program may not reapply for coverage for a period of ~~two years from its date of withdrawal~~ time equal to its initial term of coverage.

(c) [MINNESOTA WORK FORCE.] An employer is not eligible for coverage through the program if five percent or more of its eligible employees work primarily outside Minnesota, except that an employer may apply to the program on behalf of only those employees who work primarily in Minnesota.

(d) [EMPLOYEE PARTICIPATION; AGGREGATION OF GROUPS.] An employer is not eligible for coverage through the program unless its application includes all eligible employees who work primarily in Minnesota, except employees who waive coverage as permitted by subdivision 6. Private entities that are eligible to file a combined tax return for purposes of state tax laws are considered a single employer, except as otherwise approved by the commissioner.

(e) [PRIVATE EMPLOYER.] A private employer is not eligible for coverage unless it has two or more eligible employees in the state of Minnesota. If an employer has only two eligible employees and one is the spouse, child, sibling, parent, or grandparent of the other, the employer must be a Minnesota domiciled employer and have paid social security or self-employment tax on behalf of both eligible employees.

(f) [MINIMUM PARTICIPATION.] The commissioner must require as a condition of employer eligibility that at least 75 percent of its eligible employees who have not waived coverage participate in the program. The participation level of eligible employees must be determined at the initial offering of coverage and at the renewal date of coverage. For purposes of this section, waiver of coverage includes only waivers due to coverage under another group health benefit plan.

(g) [EMPLOYER CONTRIBUTION.] The commissioner must require as a condition of employer eligibility that the employer contribute at least 50 percent toward the cost of the premium of the employee and may require that the contribution toward the cost of coverage is structured in a way that promotes price competition among the coverage options available through the program.

(h) [ENROLLMENT CAP.] The commissioner may limit employer enrollment in the program if necessary to avoid exceeding the program's reserve capacity.

Sec. 15. Minnesota Statutes 1994, section 62J.45, subdivision 8, is amended to read:

Subd. 8. [STAFF.] The board may hire an executive director. The executive director is not a state employee but is covered by section 3.736. The executive director and staff may participate in the following plans for employees in the unclassified service: the state retirement plan, the state deferred compensation plan, and the ~~health insurance and life insurance plans coverages in section 43A.24, subdivision 2.~~ The attorney general shall provide legal services to the board.

Sec. 16. Minnesota Statutes 1994, section 256B.0644, is amended to read:

256B.0644 [PARTICIPATION REQUIRED FOR REIMBURSEMENT UNDER OTHER STATE HEALTH CARE PROGRAMS.]

A vendor of medical care, as defined in section 256B.02, subdivision 7, and a health maintenance organization, as defined in chapter 62D, must participate as a provider or contractor in the medical assistance program, general assistance medical care program, and MinnesotaCare as a condition of participating as a provider in health insurance plans and programs or contractor for state employees established under section 43A.18, the public employees insurance ~~plan~~ program under section 43A.316, for health insurance plans offered to local statutory or home rule charter city, county, and school district employees, the workers' compensation system under section 176.135, and insurance plans provided through the Minnesota comprehensive health association under sections 62E.01 to 62E.16. The limitations on insurance plans offered to local government employees shall not be applicable in geographic areas where provider participation is limited by managed care contracts with the department of human services. For providers other

than health maintenance organizations, participation in the medical assistance program means that (1) the provider accepts new medical assistance, general assistance medical care, and MinnesotaCare patients or (2) at least 20 percent of the provider's patients are covered by medical assistance, general assistance medical care, and MinnesotaCare as their primary source of coverage. The commissioner shall establish participation requirements for health maintenance organizations. The commissioner shall provide lists of participating medical assistance providers on a quarterly basis to the commissioner of employee relations, the commissioner of labor and industry, and the commissioner of commerce. Each of the commissioners shall develop and implement procedures to exclude as participating providers in the program or programs under their jurisdiction those providers who do not participate in the medical assistance program. The commissioner of employee relations shall implement this section through contracts with participating health and dental carriers.

Sec. 17. Minnesota Statutes 1994, section 356.87, is amended to read:

356.87 [HEALTH INSURANCE WITHHOLDING.]

Upon authorization of a person entitled to receive a retirement annuity, disability benefit or survivor benefit, the executive director of a public pension fund listed in section 356.20, subdivision 2, shall withhold health insurance premium amounts from the retirement annuity, disability benefit or survivor benefit, and pay the premium amounts to the public employees insurance plan program. The public employees insurance plan program shall reimburse a public pension fund for the administrative expense of withholding the premium amounts and shall assume liability for the failure of a public pension fund to properly withhold the premium amounts.

ARTICLE 9

ENVIRONMENTAL REORGANIZATION

Section 1. [REORGANIZATION; GOALS.]

The legislature finds that it is 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 preventative, precautionary 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. 2. [REORGANIZATION; OUTCOMES.]

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) decentralization of the service-delivery system for the benefit of citizens of the state as consumers of services;
- (4) management based on appropriate geographical natural resource characteristics;
- (5) an integrated service delivery system that includes the elimination of multiple access points to receive the same or related services;

(6) development of the polluter-pays principle through a balanced system of regulatory controls and financial incentives;

(7) integrated licensing and permitting through a single access point;

(8) flattening of the internal organization of the delivery system and consolidation of administrative functions with processes designed to encourage cooperation, consensus, and participation of management and workers;

(9) the capacity to identify and capture cost savings where those savings can be made without reducing the ability to implement the state's environmental policy;

(10) identification and review of specifications and programs that should be eliminated or accomplished by different means;

(11) 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;

(12) increased system accountability by reducing the number of executive administrators reporting directly to the governor; and

(13) a commitment to adequate staff development resources sufficient to implement the reorganization.

Sec. 3. [TASK FORCE.]

Subdivision 1. [MEMBERSHIP.] Within 30 days of the effective date of this section, the governor shall convene a task force consisting of four facilitators and four groups:

(1) a group consisting of ten to 15 persons from agencies listed in section 5 who are members of the managerial plan established under Minnesota Statutes, section 43A.18, subdivision 3, appointed by the governor;

(2) a group consisting of employees from agencies listed in section 5 who are represented by exclusive representatives, selected by the exclusive representatives of employees of those agencies;

(3) a group consisting of 15 persons representing local and regional governmental units, including cities, counties, metropolitan and regional agencies, soil and water conservation districts, watershed districts, and watershed management organizations, appointed in equal numbers by the governor, the majority leader of the senate, and the speaker of the house; and

(4) a group consisting of not more than 20 persons jointly appointed by the speaker of the house of representatives and the majority leader of the senate, including:

(i) representatives of rural agricultural interests, environmental and conservation organizations, sports groups, and business;

(ii) a representative of an institution of higher education with expertise in natural sciences;

(iii) a representative of an institution of higher education with expertise in agriculture;

(iv) an attorney experienced in environmental law;

(v) a member of the environmental consulting community; and

(vi) a member of the civil engineering community.

The groups described in clauses (1) and (2) must include managers and classified employees from work stations outside the metropolitan area described in Minnesota Statutes, section 473.121, subdivision 2. Organizations, occupations, and industries described in clause (4) may submit the names of persons they wish considered for appointment to the task force under that clause.

The governor, the speaker of the house of representatives, and the majority leader of the senate shall jointly appoint a facilitator for each group.

Subd. 2. [ACTIVITIES.] (a) Members of the task force established by subdivision 1 shall serve as partners in changing the delivery of state services and the performance of state functions. Each group of the task force shall initially meet separately to develop its own recommendations for a governmental structure to perform the functions and provide the services affected by section 5 in furtherance of the outcomes listed in section 2. A facilitator shall assist each group. The facilitators shall meet periodically with the governmental operations and environment and natural resources committees of the senate and house of representatives. At the meetings, the facilitators shall update the members of the committees on the progress of the groups' discussions and emerging proposals.

(b) As soon as practicable after October 1, 1995, the senate and house committees shall develop a joint recommendation for a governmental structure to perform the functions and provide the services affected by section 5 in furtherance of the goals and outcomes listed in sections 1 and 2. The committees shall submit their joint recommendation for reorganization to the governor and the legislature by January 15, 1996.

(c) The joint recommendation developed under paragraph (b) must provide for:

(1) a separate agency, division, or department to which would be transferred the powers and duties of the department of natural resources relating to fish and wildlife; and

(2) within the agency, division, or department required in clause (1), a structure and process under which:

(i) a board consisting of interested persons that would make recommendations for and comment on expenditures of revenue from the sources listed in Minnesota Statutes, section 97A.055, subdivision 4, paragraph (a), clauses (1) and (2), based on regional plans approved under item (ii);

(ii) the board would establish regional committees of affected persons, based on appropriate natural resource management boundaries, that would develop regional plans for expenditures from the sources listed in Minnesota Statutes, section 97A.055, subdivision 4, paragraph (a), clauses (1) and (2); and

(iii) all fish and wildlife programs not directly related to expenditures from the sources listed in Minnesota Statutes, section 97A.055, subdivision 4, paragraph (a), clauses (1) and (2), would be funded from other sources.

(d) The task force shall also identify and review all grant and loan programs that have environmental impact and make recommendations to the legislature on coordination of delivery systems as part of the proposed budget plan under section 6.

Sec. 4. [EMPLOYEE PARTICIPATION COMMITTEE.]

(a) Before a restructuring of executive branch agencies in accordance with section 5, 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. 5. [ABOLITION OF AGENCIES, POWERS, AND DUTIES.]

Subdivision 1. [AGENCIES.] The department of natural resources, the board of water and soil resources, the office of environmental assistance, 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 are abolished.

Subd. 2. [POWERS AND DUTIES.] (a) The following powers and duties of the department of agriculture are abolished:

(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;

(8) oil and hazardous substance discharge preparedness under Minnesota Statutes, chapter 115E; and

(9) conservation of wildflowers under Minnesota Statutes, section 17.23.

(b) The following powers and duties of the department of health are abolished:

(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 powers and duties of the department of trade and economic development relating to environmental permit coordination under Minnesota Statutes, sections 116C.22 to 116C.34, are abolished.

(d) The following powers and duties of the department of public service are abolished: 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 are abolished:

(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.

Subd. 3. [EFFECTIVE DATE.] This section is effective July 1, 1996, and does not affect functions of the affected agencies relating to special or dedicated funds and accounts during the biennium beginning July 1, 1995.

Sec. 6. [PROPOSED BUDGET PLAN FOR FISCAL YEAR 1997.]

The commissioner of finance shall prepare a proposed budget plan for the fiscal year beginning July 1, 1996, that includes an amount to cover the functions performed and services provided by the agencies abolished in section 5, subdivision 1, and the functions abolished by section 5, subdivision 2. The general fund amount allocated in the budget plan for those functions and services must be at least equal to the amount appropriated for those functions and services in fiscal year 1996. The budget plan must include an amount for staff development in accordance with Minnesota Statutes, section 43A.045, and a substantial increase in overall expenditures for staff development. The budget plan may not require the layoff of classified employees or unclassified employees 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. 7. [EFFECTIVE DATE.]

Section 3 is effective the day following final enactment.

ARTICLE 10

TRANSPORTATION REGULATION BOARD

Section 1. Minnesota Statutes 1994, section 15A.081, subdivision 1, is amended to read:

Subdivision 1. [SALARY RANGES.] The governor shall set the salary rate within the ranges listed below for positions specified in this subdivision, upon approval of the legislative commission on employee relations and the legislature as provided by section 3.855:

Salary Range

\$57,500-\$78,500

- Commissioner of finance;
- Commissioner of education;
- Commissioner of transportation;
- Commissioner of human services;
- Commissioner of revenue;
- Commissioner of public safety;
- Executive director, state board of investment;

\$50,000-\$67,500

- Commissioner of administration;
- Commissioner of agriculture;
- Commissioner of commerce;
- Commissioner of corrections;
- Commissioner of economic security;
- Commissioner of employee relations;

Commissioner of health;
 Commissioner of labor and industry;
 Commissioner of natural resources;
 Commissioner of trade and economic development;
 Chief administrative law judge; office of administrative hearings;
 Commissioner, pollution control agency;
 Director, office of waste management;
 Commissioner, housing finance agency;
 Executive director, public employees retirement association;
 Executive director, teacher's retirement association;
 Executive director, state retirement system;

\$42,500-\$60,000

Commissioner of human rights;
 Commissioner, department of public service;
 Commissioner of veterans affairs;
 Commissioner, bureau of mediation services;
 Commissioner, public utilities commission;
~~Member, transportation regulation board;~~
 Ombudsman for corrections;
 Ombudsman for mental health and retardation.

Sec. 2. Minnesota Statutes 1994, section 174.02, subdivision 4, is amended to read:

Subd. 4. [APPEARANCES ON PUBLIC TRANSPORTATION MATTERS.] The commissioner may appear as a party on behalf of the public in any proceeding or matter before the interstate commerce commission, the civil aeronautics board or any other agency or instrumentality of government which regulates public services or rates relating to transportation or other matters related to the powers and responsibilities of the commissioner as prescribed by law. ~~The commissioner shall appear as a party on behalf of the public in proceedings before the transportation regulation board as provided by law on matters which directly relate to the powers and duties of the commissioner or which substantially affect the statewide transportation plan. On all other transportation matters the commissioner may appear before the transportation regulation board. The commissioner may conduct joint hearings with any federal agency or commissioner within or without the state.~~

Sec. 3. Minnesota Statutes 1994, section 174.02, subdivision 5, is amended to read:

Subd. 5. [COOPERATION.] To facilitate the development of a unified and coordinated intrastate and interstate transportation system:

(a) (1) the commissioner shall maintain close liaison, coordination and cooperation with the private sectors of transportation, the upper great lakes seaway development commission corporation, and any multistate organization involved in transportation issues affecting the state;

(b) (2) the commissioner shall participate in the planning, regulation and development of the port authorities of the state; ~~and~~

~~(e) (3) the commissioner or the commissioner's designee shall be a nonvoting, ex officio member of the metropolitan airports commission, as organized and established under sections 473.601 to 473.679;~~

(4) the commissioner shall cooperate with all federal agencies for the purpose of harmonizing state and federal regulations within the state to the extent and in the manner deemed advisable; and

(5) the commissioner shall nominate members to any joint board as provided by federal acts.

Sec. 4. Minnesota Statutes 1994, section 174.02, is amended by adding a subdivision to read:

Subd. 7. [POWER TO HOLD HEARINGS AND ISSUE ORDERS.] The commissioner shall hold hearings and issue orders in cases brought before the department in the following areas:

(1) adequacy of services that carriers of passengers and household goods movers provide to the public, including the continuation, termination, or modification of services and facilities;

(2) reasonableness of tariffs of rates, fares, and charges, or a part or classification of them pertaining to common carriers by rail, carriers of passengers, and household goods movers; and

(3) the issuing of franchises, permits, or certificates of convenience and necessity. The commissioner may authorize common carriers by rail to file tariffs of rates, fares, and charges individually or by group. Carriers participating in group rate making have the free and unrestrained right to take independent action either before or after a determination arrived at through that procedure.

Sec. 5. Minnesota Statutes 1994, section 174.02, is amended by adding a subdivision to read:

Subd. 8. [HEARINGS; NOTICE.] With respect to those matters within its jurisdiction, the commissioner shall receive, hear, and determine all petitions filed in accordance with the procedures established by law and may hold hearings and make determinations upon its own motion to the same extent, and in every instance, as it may do so upon petition. Upon receiving petitions filed under sections 221.061, 221.081, 221.121, subdivision 1, 221.151, and 221.55, the commissioner shall give notice of the filing of the petition to representatives of associations or other interested groups or persons who have registered their names with the commissioner for that purpose and to whomever the commissioner deems to be interested in the petition. The commissioner may grant or deny the request of the petition 30 days after notice of the filing has been fully given. If the commissioner receives a written objection and notice of intent to appear at a hearing to object to the petition from any person within 20 days of the notice having been fully given, the request of the petition must be granted or denied only after a contested case hearing has been conducted on the petition, unless the objection is withdrawn before the hearing. The commissioner may elect to hold a contested case hearing if no objections to the petition are received. If a timely objection is not received, or if received and withdrawn, and the request of the petition is denied without hearing, the petitioner may request within 30 days of receiving the notice of denial, and must be granted, a contested case hearing on the petition.

Sec. 6. Minnesota Statutes 1994, section 174.06, is amended by adding a subdivision to read:

Subd. 5a. [TRANSPORTATION REGULATION BOARD.] All powers, duties, and functions previously vested in or imposed on the transportation regulation board or its members by chapter 174A or any other law relating to the duties and powers of the transportation regulation board, are transferred to, vested in, and imposed on the commissioner of transportation. The position of transportation regulation board member and the transportation regulation board as previously constituted are abolished.

Sec. 7. Minnesota Statutes 1994, section 174.10, is amended to read:

174.10 [CARRIER PROCEEDINGS BEFORE TRANSPORTATION REGULATION BOARD; FEE.]

Subdivision 1. [HEARINGS.] The commissioner in any contested case before the transportation regulation board shall give reasonable notice to representatives of associations or other interested groups or persons who have registered their names with the board for that

~~purpose, to all parties and to cities and municipalities which the board deems to be interested in the proceeding. The commissioner shall hold hearings with respect to those matters within its jurisdiction as provided in section 174.02, subdivision 8.~~

The commissioner may prescribe an annual fee, to be credited to the general fund, which fee shall must be a charge to all registered groups or persons. This charge is to cover the out-of-pocket costs involved in giving such notice under this subdivision.

Subd. 2. [INVESTIGATORY POWERS.] In all matters over which the commissioner has regulatory, or enforcement authority, the commissioner may issue subpoenas and compel the attendance of witnesses and the production of all necessary papers, books, records, documents, and other evidentiary material. Any person failing or refusing to appear to testify regarding any matter about which the person may be lawfully questioned or to produce any papers, books, records, documents, or other evidentiary materials in the matter to be heard, after having been required by a subpoena of the commissioner to do so may, upon application by the commissioner to the district court in any district, be ordered to comply ~~therewith~~ with the subpoena. An administrative law judge in a rulemaking or contested case proceeding may, on behalf of the commissioner, issue subpoenas, administer oaths to witnesses, and take their affirmations. Depositions may be taken within or without the state by the commissioner or the commissioner's designee in the manner provided by law for the taking of depositions in civil actions. A subpoena or other process or paper may be served upon any person named ~~therein~~ in it, anywhere within the state by any officer authorized to serve subpoenas or other process or paper in civil actions, with the same fees and mileage and in the same manner as prescribed by law for service of process issued out of the district court of this state.

Subd. 3. [PROSECUTION.] In proceedings ~~which that~~ involve a ~~hearing before the transportation regulation board~~ motor carrier or common carrier by rail as a party, ~~the matter shall be investigated and prosecuted before the board by the commissioner of transportation representing~~ shall represent the interests of the people of this state.

Subd. 4. [~~WHEN BOARD LACKS~~ LACK OF JURISDICTION.] If, in any proceeding ~~before the transportation regulation board~~ relating to or involving the reasonableness of rates, fares, charges, or classifications, the ~~board~~ commissioner decides that ~~it~~ the department does not have jurisdiction because the traffic covered by the rates, fares, charges, or classifications is interstate commerce, the ~~transportation regulation board~~ commissioner shall issue an order dismissing the proceeding and stating the ground of the dismissal, ~~which.~~ The order may be appealed from in like manner as other appealable orders.

Sec. 8. [174.11] [CARRIER RULES TRANSFERRED.]

Orders and directives in effect before the effective date of this section and issued or adopted by the public service commission, public utilities commission, department of transportation, or transportation regulation board under authority of chapters 174A, 216A, 218, 219, and 222 remain and continue in effect, but without precedential value or authority after the effective date of this section, except as to the specific parties involved who remain subject to the orders and directives, until repealed by duly authorized orders or directives of the commissioner of transportation or adopted by rule under chapter 14. Rules adopted by the public service commission, public utilities commission, department of transportation, or transportation regulation board under authority of the following sections are transferred to the department of transportation and continue in effect until repealed, amended, or superseded by rules adopted by the commissioner of transportation:

(1) section 218.041, except rules related to the form and manner of filing railroad rates, railroad accounting rules, and safety rules;

(2) section 219.40;

(3) rules relating to rates or tariffs, or the granting, limiting, or modifying of permits or certificates of convenience and necessity under section 221.031, subdivision 1;

(4) rules relating to the sale, assignment, pledge, or other transfer of a stock interest in a corporation holding authority to operate as a permit carrier as prescribed in section 221.151, subdivision 1, or a local cartage carrier under section 221.296, subdivision 8;

(5) rules relating to rates, charges, and practices under section 221.161, subdivision 4; and

(6) rules relating to rates, tariffs, or the granting, limiting, or modifying of permits under sections 221.121, 221.151, and 221.296 or certificates of convenience and necessity under section 221.071.

The commissioner shall review the transferred rules, orders, and directives and, when appropriate, develop and adopt new rules, orders, or directives. The commissioner shall not give precedential force or effect to any order or directive issued before the effective date of this section, except to the extent the parties subject to an order or directive remain subject to that order or directive, unless and until the order or directive is adopted by rule under chapter 14.

Sec. 9. Minnesota Statutes 1994, section 218.041, subdivision 6, is amended to read:

Subd. 6. [COMMISSIONER'S POWERS.] The commissioner may:

(1) subpoena books, papers or accounts kept by any regulated business within or without the state, or compel production of verified copies;

(2) prepare all forms or blanks for the purpose of obtaining information which the commissioner may deem necessary or useful for the proper exercise of ~~the its~~ authority and duties ~~of the commissioner or the board~~ in connection with regulated businesses, and prescribe the time and manner within which the blanks and forms shall be completed and filed;

(3) inspect, at all reasonable times, and copy the books, records, memoranda, correspondence or other documents and records of any business under the commissioner's jurisdiction;

(4) examine, under oath, any officer, agent or employee of a business under the commissioner's jurisdiction concerning its business and affairs; ~~and~~

(5) prescribe rules, duly promulgated in accordance with chapter 14, relating to rates, care in handling and other livestock transportation matters;

(6) upon application by a carrier stating that it desires to establish a rate for a temporary period for the protection of the interest of the carriers or its shippers, authorize and establish the temporary rate, extend the rate as the circumstances of the case may require, and permit the restoration of the rate existing at the time of the application without further proceedings;

(7) upon application of the common carrier in writing and when the application appears to be noncontroversial, approve the establishment, change, or alteration of any rate, minimum rate, charge, or classification, or rule governing it, to which a common carrier is a party;

(8) authorize, on less than ten days' public notice, schedules containing classifications, rates, fares, and charges for the transportation of freight and passengers; and

(9) retain general ratemaking authority in intrastate transportation of livestock.

Sec. 10. Minnesota Statutes 1994, section 219.074, subdivision 1, is amended to read:

Subdivision 1. [AGREEMENTS; HEARING.] Public officials having the necessary authority and a railway company operating the railroad may agree to the vacation, relocation, consolidation, or separation of grades at grade crossings. If agreement cannot be reached concerning the location, manner of construction, or a reasonable division of expense, either party may file a petition with the ~~board~~ commissioner, setting forth the facts and submitting the matter to it for determination. The ~~board~~ commissioner shall then conduct a hearing under chapter 14 and shall apply the rules developed under section 219.073 in coming to a determination. The commissioner may also ~~bring~~ ~~determine~~ matters concerning vacation, relocation, consolidation, or separation of grades at public grade crossings ~~to the board for determination~~. If the ~~board~~ commissioner determines that the vacation, relocation, consolidation, or separation is consistent with the standards adopted under section 219.073, the ~~board~~ commissioner may order the crossing vacated, relocated, consolidated, or separated.

Sec. 11. Minnesota Statutes 1994, section 219.074, subdivision 2, is amended to read:

Subd. 2. [CROSSING VACATION PROGRAM.] On or before July 1, 1992, and on or before July 1 of each of the next four years, and as necessary afterward, the commissioner shall ~~propose to the board~~ develop a list of grade crossings proposed to be vacated. The list must be developed by applying the standards set forth in the rules adopted under section 219.073. Grade crossings that are part of an abandonment, closing, or removal under section 219.741 may not be included in the list. ~~The board~~ commissioner shall notify the public officials having the necessary authority and the railway companies operating the railroads of the proposed vacations. Either affected party may request a hearing. If requested, ~~the board~~ commissioner shall hold a contested case hearing applying in its determination the rules developed under section 219.073. If after the hearing the ~~board~~ commissioner determines that the vacation is consistent with the standards adopted under section 219.073, it may order the crossing vacated. If a request for a hearing on a particular crossing is not received within 30 days of the publication in the State Register, the ~~board~~ commissioner shall order the crossing vacated.

Sec. 12. [TRANSFERRING CARRIER REGULATORY RESPONSIBILITIES.]

Subdivision 1. [RESPONSIBILITIES TRANSFERRED.] All responsibilities, as defined in Minnesota Statutes, section 15.039, subdivision 1, held by the transportation regulation board including but not limited to responsibilities relating to administration, regulation, record keeping, operating authority, permitting, ratemaking, rulemaking, and enforcement of motor carrier transportation laws, rules, and regulations relating to motor carriers and common carriers by rail are transferred to the department of transportation.

Subd. 2. [RULES.] Rules adopted under the responsibilities transferred to the department of transportation remain effective and must be enforced until amended or repealed in accordance with law by the commissioner of transportation. The rulemaking authority that existed to implement the responsibilities transferred is transferred to the commissioner of transportation.

Subd. 3. [COURT ACTIONS.] A proceeding, court action, prosecution, or other business or matter pending on the effective date of this section may be conducted and completed by the department of transportation in the same manner, under the same terms and conditions, and with the same effect as though it involved or was begun and conducted or completed by the transportation regulation board before the transfer.

Subd. 4. [CONTRACTS; RECORDS.] The transportation regulation board shall give the accounts, contracts, books, maps, plans, papers, records, documents, and property of every description relating to the transferred responsibilities and within its jurisdiction or control to the department of transportation. The department of transportation shall accept the material presented. The transfer must be made in accordance with the directions of the department of transportation.

Subd. 5. [OBLIGATIONS.] The department of transportation is the legal successor of the transportation regulation board for the responsibilities transferred. On and after the effective date of this section, the bonds, resolutions, contracts, and liabilities of the transportation regulation board relating to the responsibilities transferred become those of the department of transportation.

Subd. 6. [UNEXPENDED FUNDS.] The unexpended balance of appropriations to the transportation regulation board for the purposes of the responsibilities transferred are reappropriated under the same conditions as the original appropriation to the department of transportation on the effective date of this section. The department of transportation, on and after the effective date of this section, shall pay valid claims presented against those appropriations.

Subd. 7. [PERSONNEL.] The classified and unclassified positions of the transportation regulation board, except positions to which members are appointed by the governor, are transferred with their incumbents to the department of transportation. The approved complement for the department of transportation is increased accordingly. Personnel changes are effective on the effective date of this section. This subdivision does not change the rights enjoyed before the effective date of this section under the managerial or commissioner's plan under Minnesota Statutes, section 43A.18, or the terms of an agreement between an exclusive representative of public employees and the state or one of its appointing authorities.

Sec. 13. [INSTRUCTIONS TO REVISOR.]

Subdivision 1. Except when used in the phrases to be changed by the revisor under subdivision 2, the revisor of statutes is directed to change the word "board" or "board's" when it refers to the transportation regulation board, to the term "commissioner," "commissioner's," or "commissioner of transportation," as appropriate, for:

(1) Minnesota Statutes 1996 and subsequent editions of the statutes, where it appears in Minnesota Statutes, sections 218.021, subdivision 1; 218.025; 218.031, subdivisions 1 and 8; 218.041, subdivisions 1, 2, 4, 5, and 7; 219.074, subdivisions 1 and 2; 219.14, subdivisions 1 and 2; 219.23; 219.24; 219.383, subdivisions 1 and 2; 219.39; 219.40; 219.41; 219.42; 219.46, subdivision 7; 219.47, subdivision 1; 219.52; 219.54; 219.55; 219.562, subdivision 3; 219.681; 219.70; 219.71; 219.741; 219.85; 219.98; 221.025; 221.031, subdivision 1; 221.041, subdivisions 1, 2, and 3; 221.051; 221.061; 221.071, subdivision 1; 221.081; 221.101; 221.121, subdivisions 1, 2, 3, 4, 5, 6, 6a, and 6b; 221.122, subdivisions 1 and 3; 221.123; 221.124; 221.131, subdivision 6; 221.151; 221.161, subdivisions 2, 3, and 4; 221.165; 221.171, subdivision 1; 221.185, subdivisions 2 and 3a; 221.221, subdivision 2; 221.291, subdivision 5; 221.293; 221.296, subdivisions 3, 4, and 8; 221.55; and 222.632; and

(2) Minnesota Rules, chapters 8855; 8900; 8910; and 8920.

Subd. 2. The revisor of statutes is directed to change the phrases "board or commissioner," "commissioner or board," "board or the commissioner," "commissioner or the board," "commissioner and the board," "commissioner and board," "board and the commissioner," "board and commissioner," "department and board," "board or department," and "board and the department," when the word "board" refers to the transportation regulation board, to the term "commissioner," or "commissioner of transportation," as appropriate, for:

(1) Minnesota Statutes 1996 and subsequent editions of the statutes, where it appears in Minnesota Statutes, sections 218.031, subdivisions 1, 6, 8, and 10; 218.041, subdivisions 5 and 6; 218.071, subdivisions 1, 2, and 4; 219.402; 219.51, subdivisions 2 and 3; 221.011, subdivision 15; 221.021; 221.031, subdivision 5; 221.061; 221.081; 221.121, subdivisions 1 and 5; 221.122, subdivision 1; 221.151, subdivision 2; 221.221, subdivisions 1 and 3; 221.261; 221.271; 221.281; 221.291, subdivisions 1 and 3; 221.293; 221.295; 221.296, subdivisions 3 and 4; and 221.68; and

(2) Minnesota Rules, chapter 8850.

Subd. 3. Except when amended accordingly in sections 1 to 12, the revisor of statutes is directed to change the words "transportation regulation board" to "commissioner of transportation" wherever they appear in Minnesota Statutes 1996 and Minnesota Rules, and subsequent editions of the statutes and rules.

Subd. 4. The revisor of statutes shall make other changes in chapter titles; section, subdivision, part, and subpart headnotes; and in other terminology necessary as a result of the enactment of sections 1 to 12.

Sec. 14. [TRANSITION STUDY.]

The transportation regulation board and the commissioner of transportation shall conduct a transition study which must result in recommendations concerning the most effective and efficient means to implement sections 1 to 13 and transfer the powers, duties, and functions of the board to an appropriate agency. In performing the study and making recommendations, the board and commissioner shall solicit input from truckers and other transportation organizations and entities concerning the effects of the federal preemption and the transfer of powers, duties, and functions from the board to an appropriate agency. The board and commissioner shall report its recommendations to the legislature no later than February 1, 1996.

Sec. 15. [REPEALER.]

Minnesota Statutes 1994, sections 174A.01; 174A.02; 174A.03; 174A.04; 174A.05; 174A.06; 218.011, subdivision 7; and 218.041, subdivision 7, are repealed. Minnesota Rules, part 8850.6900, is repealed.

Sec. 16. [EFFECTIVE DATE.]

Sections 1 to 13 and 15 are effective on July 1, 1996. Section 14 is effective on July 1, 1995."

Delete the title and insert:

"A bill for an act relating to state government; abolishing periodic reports; repealing obsolete rules of the departments of agriculture, commerce, health, human services, public safety, public service, and revenue and the pollution control agency; removing internal references to repealed rules; providing a deadline for certain actions by state and local government agencies; clarifying statutory waiver requirements with respect to the housing finance agency for the civil service pilot project; requiring legislative review of certain agency reorganization efforts; establishing the office of citizen advocate in the department of administration; modifying provisions relating to data classification; workers' compensation premium collection; employment classifications and procedures; and benefits; providing penalties; establishing a task force to recommend a governmental structure for environmental and natural resource functions and services; requiring establishment of an employee participation committee before agency restructuring; abolishing the department of natural resources, the board of water and soil resources, the office of environmental assistance, 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; providing for appointments; abolishing the transportation regulation board; transferring its functions to other agencies; appropriating money; amending Minnesota Statutes 1994, sections 13.67; 15A.081, subdivision 1; 43A.04, subdivision 1; 43A.08, subdivision 1; 43A.10, subdivision 8; 43A.13, subdivision 6; 43A.15, by adding a subdivision; 43A.19, subdivision 1; 43A.191, subdivisions 1, 2, and 3; 43A.24, subdivision 2; 43A.27, subdivision 3; 43A.316; 43A.317, subdivision 5; 62J.45, subdivision 8; 174.02, subdivisions 4, 5, and by adding subdivisions; 174.06, by adding a subdivision; 174.10; 218.041, subdivision 6; 219.074, subdivisions 1 and 2; 256B.0644; and 356.87; Minnesota Rules, parts 1540.2140; 7001.0140, subpart 2; 7001.0180; 8130.3500, subpart 3; and 8130.6500, subpart 5; proposing coding for new law in Minnesota Statutes, chapters 15; 16B; and 174; repealing Minnesota Statutes 1994, sections 174A.01; 174A.02; 174A.03; 174A.04; 174.05; 174.06; 218.011, subdivision 7; 218.041, subdivision 7; Laws 1987, chapter 186, section 11; Laws 1994, chapter 560, article 2, section 15; Minnesota Rules, parts 1540.0010, subparts 12, 18, 21, 22, and 24; 1540.0060; 1540.0070; 1540.0080; 1540.0100; 1540.0110; 1540.0120; 1540.0130; 1540.0140; 1540.0150; 1540.0160; 1540.0170; 1540.0180; 1540.0190; 1540.0200; 1540.0210; 1540.0220; 1540.0230; 1540.0240; 1540.0260; 1540.0320; 1540.0330; 1540.0340; 1540.0350; 1540.0370; 1540.0380; 1540.0390; 1540.0400; 1540.0410; 1540.0420; 1540.0440; 1540.0450; 1540.0460; 1540.0490; 1540.0500; 1540.0510; 1540.0520; 1540.0770; 1540.0780; 1540.0800; 1540.0810; 1540.0830; 1540.0880; 1540.0890; 1540.0900; 1540.0910; 1540.0920; 1540.0930; 1540.0940; 1540.0950; 1540.0960; 1540.0970; 1540.0980; 1540.0990; 1540.1000; 1540.1005; 1540.1010; 1540.1020; 1540.1030; 1540.1040; 1540.1050; 1540.1060; 1540.1070; 1540.1080; 1540.1090; 1540.1100; 1540.1110; 1540.1120; 1540.1130; 1540.1140; 1540.1150; 1540.1160; 1540.1170; 1540.1180; 1540.1190; 1540.1200; 1540.1210; 1540.1220; 1540.1230; 1540.1240; 1540.1250; 1540.1255; 1540.1260; 1540.1280; 1540.1290; 1540.1300; 1540.1310; 1540.1320; 1540.1330; 1540.1340; 1540.1350; 1540.1360; 1540.1380; 1540.1400; 1540.1410; 1540.1420; 1540.1430; 1540.1440; 1540.1450; 1540.1460; 1540.1470; 1540.1490; 1540.1500; 1540.1510; 1540.1520; 1540.1530; 1540.1540; 1540.1550; 1540.1560; 1549.1570; 1540.1580; 1540.1590; 1540.1600; 1540.1610; 1540.1620; 1540.1630; 1540.1640; 1540.1650; 1540.1660; 1540.1670; 1540.1680; 1540.1690; 1540.1700; 1540.1710; 1540.1720; 1540.1730; 1540.1740; 1540.1750; 1540.1760; 1540.1770; 1540.1780; 1540.1790; 1540.1800; 1540.1810; 1540.1820; 1540.1830; 1540.1840; 1540.1850; 1540.1860; 1540.1870; 1540.1880; 1540.1890; 1540.1900; 1540.1905; 1540.1910; 1540.1920; 1540.1930; 1540.1940; 1540.1950; 1540.1960; 1540.1970; 1540.1980; 1540.1990; 1540.2000; 1540.2010; 1540.2015; 1540.2020; 1540.2090; 1540.2100; 1540.2110; 1540.2120; 1540.2180; 1540.2190; 1540.2200; 1540.2210; 1540.2220; 1540.2230; 1540.2240; 1540.2250; 1540.2260; 1540.2270; 1540.2280; 1540.2290; 1540.2300; 1540.2310; 1540.2320; 1540.2325; 1540.2330; 1540.2340; 1540.2350; 1540.2360; 1540.2370; 1540.2380; 1540.2390; 1540.2400; 1540.2410; 1540.2420; 1540.2430; 1540.2440; 1540.2450; 1540.2490; 1540.2500; 1540.2510; 1540.2530; 1540.2540; 1540.2550; 1540.2560; 1540.2570; 1540.2580; 1540.2590; 1540.2610; 1540.2630; 1540.2640; 1540.2650; 1540.2660; 1540.2720; 1540.2730; 1540.2740; 1540.2760; 1540.2770; 1540.2780; 1540.2790; 1540.2800; 1540.2810; 1540.2820; 1540.2830; 1540.2840; 1540.3420; 1540.3430; 1540.3440; 1540.3450; 1540.3460; 1540.3470; 1540.3560; 1540.3600; 1540.3610; 1540.3620; 1540.3630; 1540.3700; 1540.3780; 1540.3960; 1540.3970; 1540.3980; 1540.3990; 1540.4000;

1540.4010; 1540.4020; 1540.4030; 1540.4040; 1540.4080; 1540.4190; 1540.4200; 1540.4210;
 1540.4220; 1540.4320; 1540.4330; 1540.4340; 2642.0120, subpart 1; 2650.0100; 2650.0200;
 2650.0300; 2650.0400; 2650.0500; 2650.0600; 2650.1100; 2650.1200; 2650.1300; 2650.1400;
 2650.1500; 2650.1600; 2650.1700; 2650.1800; 2650.1900; 2650.2000; 2650.2100; 2650.3100;
 2650.3200; 2650.3300; 2650.3400; 2650.3500; 2650.3600; 2650.3700; 2650.3800; 2650.3900;
 2650.4000; 2650.4100; 2655.1000; 2660.0070; 2770.7400; 4610.2210; 7002.0410; 7002.0420;
 7002.0430; 7002.0440; 7002.0450; 7002.0460; 7002.0470; 7002.0480; 7002.0490; 7047.0010;
 7047.0020; 7047.0030; 7047.0040; 7047.0050; 7047.0060; 7047.0070; 7100.0300; 7100.0310;
 7100.0320; 7100.0330; 7100.0335; 7100.0340; 7100.0350; 7510.6100; 7510.6200; 7510.6300;
 7510.6350; 7510.6400; 7510.6500; 7510.6600; 7510.6700; 7510.6800; 7510.6900; 7510.6910;
 7600.0100; 7600.0200; 7600.0300; 7600.0400; 7600.0500; 7600.0600; 7600.0700; 7600.0800;
 7600.0900; 7600.1000; 7600.1100; 7600.1200; 7600.1300; 7600.1400; 7600.1500; 7600.1600;
 7600.1700; 7600.1800; 7600.1900; 7600.2000; 7600.2100; 7600.2200; 7600.2300; 7600.2400;
 7600.2500; 7600.2600; 7600.2700; 7600.2800; 7600.2900; 7600.3000; 7600.3100; 7600.3200;
 7600.3300; 7600.3400; 7600.3500; 7600.3600; 7600.3700; 7600.3800; 7600.3900; 7600.4000;
 7600.4100; 7600.4200; 7600.4300; 7600.4400; 7600.4500; 7600.4600; 7600.4700; 7600.4800;
 7600.4900; 7600.5000; 7600.5100; 7600.5200; 7600.5300; 7600.5400; 7600.5500; 7600.5600;
 7600.5700; 7600.5800; 7600.5900; 7600.6000; 7600.6100; 7600.6200; 7600.6300; 7600.6400;
 7600.6500; 7600.6600; 7600.6700; 7600.6800; 7600.6900; 7600.7000; 7600.7100; 7600.7200;
 7600.7210; 7600.7300; 7600.7400; 7600.7500; 7600.7600; 7600.7700; 7600.7750; 7600.7800;
 7600.7900; 7600.8100; 7600.8200; 7600.8300; 7600.8400; 7600.8500; 7600.8600; 7600.8700;
 7600.8800; 7600.8900; 7600.9000; 7600.9100; 7600.9200; 7600.9300; 7600.9400; 7600.9500;
 7600.9600; 7600.9700; 7600.9800; 7600.9900; 7625.0100; 7625.0110; 7625.0120; 7625.0200;
 7625.0210; 7625.0220; 7625.0230; 8120.1100, subpart 3; 8121.0500, subpart 2; 8130.9912;
 8130.9913; 8130.9916; 8130.9920; 8130.9930; 8130.9956; 8130.9958; 8130.9968; 8130.9972;
 8130.9980; 8130.9992; 8850.6900; 9540.0100; 9540.0200; 9540.0300; 9540.0400; 9540.0500;
 9540.1000; 9540.1100; 9540.1200; 9540.1300; 9540.1400; 9540.1500; 9540.2000; 9540.2100;
 9540.2200; 9540.2300; 9540.2400; 9540.2500; 9540.2600; and 9540.2700."

And when so amended the bill do pass and be re-referred to the Committee on Finance.
 Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 949, 68 and 1390 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 624, 1399, 778 and 1065 were read the second time.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 9:45 a.m., Friday, April 7, 1995.
 The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

THIRTY-SIXTH DAY

St. Paul, Minnesota, Friday, April 7, 1995

The Senate met at 9:45 a.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Betzold imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Pieter Smit.

The roll was called, and the following Senators answered to their names:

Anderson	Frederickson	Kroening	Murphy	Riveness
Beckman	Hanson	Laidig	Neuville	Robertson
Belanger	Hottinger	Langseth	Novak	Runbeck
Berg	Janezich	Larson	Olson	Sams
Berglin	Johnson, J.B.	Lesewski	Ourada	Samuelson
Bertram	Johnston	Lessard	Pappas	Scheevel
Betzold	Kelly	Limmer	Pariseau	Spear
Chandler	Kiscaden	Marty	Piper	Stevens
Cohen	Kleis	Merriam	Pogemiller	Stumpf
Day	Knutson	Metzen	Price	Terwilliger
Dille	Kramer	Moe, R.D.	Ranum	Vickerman
Finn	Krentz	Morse	Reichgott Junge	Wiener

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

April 5, 1995

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 214 and 739.

Warmest regards,
Arne H. Carlson, Governor

April 5, 1995

The Honorable Irv Anderson
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 1995 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:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1995	Date Filed 1995
214		30	10:05 a.m. April 5	April 5
	367	31	10:00 a.m. April 5	April 5
	321	32	10:02 a.m. April 5	April 5
739		33	9:58 a.m. April 5	April 5

Sincerely,
Joan Anderson Growe
Secretary of State

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 1043.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 6, 1995

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 188: A bill for an act relating to appropriations; permitting use of appropriation to relocate athletic fields and facilities at Brainerd Technical College; authorizing additional design and construction of space at certain community college campuses; requiring plans to provide for joint use of space with certain technical colleges and state universities; authorizing additional construction using nonstate resources; amending Laws 1992, chapter 558, section 2, subdivision 3; and Laws 1994, chapter 643, section 11, subdivisions 6, 8, 10, and 11.

Senate File No. 188 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 6, 1995

Mr. Samuelson moved that the Senate do not concur in the amendments by the House to S.F. No. 188, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the following change in the membership of the Conference Committee on House File No. 5:

Delete the name of Anderson, R. and add the name of Huntley.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 6, 1995

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1052, 1091, 1307, 1425, 1468, 1279, 1003, 1037, 1194, 1746, 1063 and 1159.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 6, 1995

FIRST READING OF HOUSE BILLS

The following bills were read the first time and referred to the committees indicated.

H.F. No. 1052: A bill for an act relating to the federal lien registration act; imposing duties on filing officers; providing for filing of notices and of certificates of discharge; designating an official index; providing for the transmission of certain information; amending Minnesota Statutes 1994, sections 272.481; 272.482; 272.483; and 272.488, subdivisions 1, 2, 3, 4, and by adding subdivisions.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 565, now on General Orders.

H.F. No. 1091: A bill for an act relating to commerce; regulating sales by transient merchants; prohibiting the sale of certain items by certain merchants; prescribing penalties; amending Minnesota Statutes 1994, sections 329.099; and 329.14; proposing coding for new law in Minnesota Statutes, chapter 329.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1337.

H.F. No. 1307: A bill for an act relating to game and fish; identification required on ice fishing shelters; amending Minnesota Statutes 1994, section 97C.355, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 867.

H.F. No. 1425: A bill for an act relating to tax-forfeited land; modifying the terms of payment for certain tax-forfeited timber; amending Minnesota Statutes 1994, section 282.04, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1250.

H.F. No. 1468: A bill for an act relating to the governor; providing that the governor may declare an inability to discharge duties of the office or may be declared unable to do so; amending Minnesota Statutes 1994, section 4.06.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1268, now on General Orders.

H.F. No. 1279: A bill for an act relating to state parks; requiring a plan for handicapped access trails in state parks; amending Minnesota Statutes 1994, section 85.052, by adding a subdivision.

Referred to the Committee on Environment and Natural Resources.

H.F. No. 1003: A bill for an act relating to health; modifying provisions relating to X-ray operators and inspections; establishing an advisory committee; amending Minnesota Statutes 1994, section 144.121, by adding subdivisions.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1075.

H.F. No. 1037: A bill for an act relating to health; providing rulemaking authority; modifying enforcement and fee provisions; modifying the hearing instrument dispenser trainee period; providing penalties; amending Minnesota Statutes 1994, sections 144.414, subdivision 3; 144.417, subdivision 1; 144.99, subdivisions 1, 4, 6, 8, and 10; 144.991, subdivision 5; 326.71, subdivision

4; 326.75, subdivision 3a; and 326.78, subdivisions 2 and 9; proposing coding for new law in Minnesota Statutes, chapter 144; repealing Minnesota Statutes 1994, sections 144.877, subdivision 5; and 144.8781, subdivision 4; Laws 1989, chapter 282, article 3, section 28; and Laws 1993, chapter 286, section 11; Minnesota Rules, part 4620.1500.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 425.

H.F. No. 1194: A bill for an act relating to state government; allocating certain appropriations to regional arts councils; amending Minnesota Statutes 1994, section 129D.01; proposing coding for new law in Minnesota Statutes, chapter 129D.

Referred to the Committee on Finance.

H.F. No. 1746: A resolution memorializing the Congress of the United States to design and implement a 1995 farm bill that is equitable to Minnesota family farmers.

Referred to the Committee on Agriculture and Rural Development.

H.F. No. 1063: A bill for an act relating to the city of Duluth; making certain statutory provisions concerning public utilities applicable to the city of Duluth; authorizing a demonstration project to develop methods to prevent the infiltration and inflow of storm water into the city's sanitary sewer system.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 858, now on General Orders.

H.F. No. 1159: A bill for an act relating to real property; authorizing municipalities to establish trust or escrow accounts for proceeds from losses arising from fire or explosion of certain insured real property; authorizing municipalities to utilize escrowed funds to secure, repair, or demolish damaged or destroyed structures; proposing coding for new law in Minnesota Statutes, chapter 65A.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1056.

REPORTS OF COMMITTEES

SUSPENSION OF RULES

Mr. Moe, R.D. moved that Joint Rule 2.03 be suspended as it relates to S.F. No. 1103. The motion prevailed.

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 1301, 1314, 547 and the report pertaining to appointments. The motion prevailed.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 1180: A bill for an act relating to game and fish; penalties, all-terrain vehicle weight; reciprocal agreements; one-day fishing licenses; migratory game birds; fish house identification; amphibian and reptile rules; amending Minnesota Statutes 1994, sections 84.796; 84.92, subdivision 8; 97A.045, by adding a subdivision; 97A.401, subdivision 3; 97A.475, subdivisions 6 and 7; 97B.731, subdivision 1; 97C.355, subdivision 2; 97C.505, subdivision 4; and 97C.601, subdivision 6; proposing coding for new law in Minnesota Statutes, chapter 97C; repealing Minnesota Statutes 1994, sections 97C.605, subdivisions 3 and 4; 97C.611; and 97C.621.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, delete section 1 and insert:

"Section 1. [18.316] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to this section and section 18.317.

Subd. 2. [ECOLOGICALLY HARMFUL EXOTIC SPECIES.] "Ecologically harmful exotic species" has the meaning given in section 84.967.

Subd. 3. [UNDESIRABLE EXOTIC SPECIES.] "Undesirable exotic species" means ecologically harmful exotic species that have been determined by the commissioner of natural resources to pose a substantial threat to native species in this state.

Subd. 4. [WATERCRAFT.] "Watercraft" means any contrivance used or designed for navigation on water and includes seaplanes.

Subd. 5. [WATER MILFOIL.] "Water milfoil" means Eurasian, Northern, or whorled water milfoil, or any other species in the genus Myriophyllum.

Subd. 6. [WATERS OF THE STATE.] "Waters of the state" has the meaning given in section 103G.005, subdivision 17.

Subd. 7. [ZEBRA MUSSELS.] "Zebra mussels" means a species of the genus Dreissena.

Sec. 2. Minnesota Statutes 1994, section 18.317, is amended to read:

18.317 [UNDESIRABLE EXOTIC AQUATIC PLANTS OR WILD ANIMALS SPECIES.]

Subdivision 1. [TRANSPORTATION PROHIBITED.] Except as provided in subdivision 2, a person may not transport Eurasian or Northern water milfoil, myriophyllum spicatum or exalbescens, zebra mussels, or undesirable exotic aquatic plants or wild animals identified by the commissioner of natural resources species on a road or highway, as defined in section 160.02, subdivision 7, or on forest roads.

Subd. 1a. [PLACEMENT PROHIBITED.] A person may not intentionally place undesirable exotic aquatic plants or wild animals, as defined in section 84.967, species in public waters within the state.

Subd. 2. [EXCEPTION.] Except as otherwise prohibited by law, a person may transport Eurasian or Northern water milfoil, myriophyllum spicatum or exalbescens, or other undesirable exotic aquatic plants or wild animals identified by the commissioner of natural resources species for disposal as part of a harvest or control activity conducted under a permit or as specified by the commissioner.

Subd. 3. [LAUNCHING OF WATERCRAFT WITH EURASIAN OR NORTHERN WATER MILFOIL OR OTHER HARMFUL UNDESIRABLE SPECIES PROHIBITED.] (a) A person may not place a trailer or launch a watercraft into waters of the state if the trailer or watercraft has attached to it Eurasian or Northern water milfoil, zebra mussels, or other undesirable exotic aquatic plants or wild animals identified by the commissioner of natural resources species. A conservation officer or other licensed peace officer may order the removal of Eurasian or Northern water milfoil, zebra mussels, or other undesirable exotic aquatic plants or wild animals identified by the commissioner of natural resources species from a trailer or watercraft before being the trailer or watercraft is placed or launched into waters of the state.

(b) For purposes of this section, the meaning of watercraft includes a float plane and "waters of the state" has the meaning given in section 103G.005, subdivision 17.

(c) A commercial harvester shall clean aquatic plant harvesting equipment of all aquatic vegetation at a suitable location before launching the equipment in another body of water.

Subd. 3a. [INSPECTION OF WATERCRAFT AND EQUIPMENT.] Watercraft and associated equipment, including weed harvesters, that are removed from any waters of the state that the commissioner of natural resources identifies as being contaminated with Eurasian water milfoil, zebra mussels, or other undesirable exotic aquatic plants or wild animals identified by the

commissioner of natural resources, shall be randomly inspected between May 1 and October 15 for a minimum of 10,000 hours by personnel authorized by the commissioner of natural resources. Beginning in calendar year 1994, a minimum of 20,000 hours of random inspections must be conducted per year.

Subd. 4. [ENFORCEMENT.] This section may be enforced by conservation officers under sections 97A.205, 97A.211, and 97A.221, subdivision 1, paragraph (a), clause (1), and by other licensed peace officers.

Subd. 5. [PENALTY.] A person who violates subdivision 1, 1a, 3, or 3a is guilty of a misdemeanor. A person who refuses to obey the order of a peace officer or conservation officer to remove ~~Eurasian or Northern~~ water milfoil, zebra mussels, or other undesirable exotic ~~aquatic plants or wild animals species~~ from a trailer or watercraft is guilty of a misdemeanor.

Sec. 3. Minnesota Statutes 1994, section 84.796, is amended to read:

84.796 [PENALTIES.]

(a) A person who violates a provision of section 84.788, 84.789, 84.792, 84.793, or 84.795 is guilty of a misdemeanor.

(b) A person who violates a provision of a rule adopted under section 84.79 is guilty of a petty misdemeanor.

Sec. 4. Minnesota Statutes 1994, section 84.81, is amended by adding a subdivision to read:

Subd. 12. [COLLECTOR SNOWMOBILE.] "Collector snowmobile" means a snowmobile that is 25 years old or older, originally produced as a separate identifiable make by a manufacturer, and that is owned and operated solely as a collector's item.

Sec. 5. Minnesota Statutes 1994, section 84.82, is amended by adding a subdivision to read:

Subd. 7a. [COLLECTOR SNOWMOBILES.] The commissioner of natural resources may issue special permits to a person or organization to operate or transport a collector snowmobile without registration in parades or organized group outings, such as races, rallies, and other promotional events and for up to ten days each year for personal transportation. The commissioner may impose a reasonable restriction on a permittee and may revoke, amend, suspend, or modify a permit for cause."

Page 1, after line 28, insert:

"Sec. 7. Minnesota Statutes 1994, section 84.968, subdivision 1, is amended to read:

Subdivision 1. [MANAGEMENT PLAN.] (a) By January 1, 1993, a long-term statewide ecologically harmful exotic species management plan must be prepared by the commissioner of natural resources and address the following:

- (1) coordinated detection and prevention of accidental introductions;
- (2) coordinated dissemination of information about ecologically harmful exotic species among resource management agencies and organizations;
- (3) a coordinated public awareness campaign regarding ecologically harmful exotic animals and aquatic plants;
- (4) a process, where none exists, for the commissioner to designate identify and classify list appropriate or certain ecologically harmful exotic species into the following categories: as
 - ~~(i) undesirable wild animals that must not be sold, propagated, possessed, or transported; and~~
 - ~~(ii) undesirable aquatic exotic plants~~ exotic species that must not be sold, propagated, possessed, or transported except under permit;
- (5) coordination of control and eradication of ecologically harmful exotic species on public lands and public waters; and

(6) development of a list of exotic wild animal species intended for nonagricultural purposes, or propagation for release by state agencies or the private sector.

(b) The plan prepared under paragraph (a) must include containment strategies that include:

(1) participation by lake associations, local citizen groups, and local units of government in the development and implementation of lake management plans;

(2) a reasonable and workable inspection requirement for boats and equipment participating in organized events on waters of the state;

(3) allowing access points infested with ecologically harmful exotic species to be closed, for not more than a total of seven days during an open water season, for control or eradication purposes, and requiring posting of signs stating the reason for closing the access;

(4) provisions for reasonable weed-free maintenance of public accesses to infested waters; and

(5) notice to travelers of the penalties for violation of laws relating to ecologically harmful exotic species.

Sec. 8. Minnesota Statutes 1994, section 84.9691, is amended to read:

84.9691 [RULEMAKING AND PERMITS.]

Subdivision 1. [RULES.] (a) The commissioner of natural resources may adopt emergency and permanent rules restricting the introduction, propagation, use, possession, and spread of ecologically harmful exotic species in the state, as outlined in section 84.967. ~~The emergency rulemaking authority granted in this paragraph expires July 1, 1994.~~

(b) The commissioner shall adopt rules to identify bodies of water with limited infestation of Eurasian water milfoil. The areas that are infested, and where control is planned, shall be marked and prohibited for use.

(c) A violation of a rule adopted under this section is a misdemeanor.

Subd. 2. [PERMITS.] The commissioner may issue permits regulating the propagation, possession, taking, or transportation of undesirable exotic species for disposal, research, education, or control purposes. The commissioner may place conditions on the permit and may deny, modify, suspend, or revoke a permit.

Sec. 9. Minnesota Statutes 1994, section 84.9692, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY TO ISSUE.] After appropriate training, conservation officers, peace officers, and other staff designated by the commissioner may issue warnings or citations to persons who:

(1) unlawfully transport ~~ecologically harmful~~ water milfoil or undesirable exotic species on a public road;

(2) place a trailer or launch a watercraft with ~~ecologically harmful~~ undesirable exotic species attached into waters of the state;

(3) operate a watercraft in a marked Eurasian water milfoil limited infestation area; or

(4) damage, remove, or sink a buoy marking a Eurasian water milfoil infestation area.

Sec. 10. Minnesota Statutes 1994, section 84.9692, is amended by adding a subdivision to read:

Subd. 1a. [DEFINITIONS.] For the purposes of this section, "undesirable exotic species," "water milfoil," "watercraft," "waters of the state," and "zebra mussels" have the meanings given them in section 18.317.

Sec. 11. Minnesota Statutes 1994, section 84.9692, subdivision 2, is amended to read:

Subd. 2. [PENALTY AMOUNT.] A citation issued under this section may impose up to the following penalty amounts:

(1) ~~\$50 for transporting visible Eurasian water milfoil on a public road in each of the following locations:~~

- ~~(i) the exterior of the watercraft below the gunwales including the propulsion system;~~
- ~~(ii) any surface of a watercraft trailer;~~
- ~~(iii) any surface of a watercraft interior of the gunwales;~~
- ~~(iv) any water container including live wells, minnow buckets, or coolers which hold water; or~~
- ~~(v) any other area where visible Eurasian water milfoil is found not previously described in items (i) to (iv);~~

(2) ~~\$150~~ \$100 for transporting visible zebra mussels ~~on a public road;~~

(3) ~~\$300 for transporting~~, live ruffe, or live rusty crayfish on a public road;

(4) ~~(3) for attempting to launch place or launching into noninfested waters placing a watercraft, trailer, or plant harvesting equipment with visible Eurasian water milfoil or adult zebra mussels attached into waters of the state not identified by the commissioner as infested with zebra mussels, \$500 for a first offense and \$1,000 for a second or subsequent offense;~~

(4) \$100 for attempting to place or placing a watercraft, trailer, or plant harvesting equipment with visible zebra mussels attached into waters of the state identified by the commissioner as infested with zebra mussels;

(5) \$100 for operating a watercraft in a marked Eurasian water milfoil limited infestation area other than as provided by law;

(6) ~~\$150~~ \$100 for intentionally damaging, moving, removing, or sinking a milfoil buoy; or

(7) ~~\$150~~ \$200 for ~~launching or attempting to launch into infested waters~~ attempting to place or placing a watercraft, trailer, or plant harvesting equipment with visible ~~Eurasian water milfoil or visible zebra mussels~~ attached into waters of the state.

Sec. 12. Minnesota Statutes 1994, section 86B.401, subdivision 11, is amended to read:

Subd. 11. [SUSPENSION FOR NOT REMOVING WATER MILFOIL OR OTHER UNDESIRABLE EXOTIC SPECIES.] (a) The commissioner, after notice and an opportunity for hearing, may suspend for a period of not more than one year the license of a watercraft if the owner or person in control of the watercraft or its trailer refuses to comply with an inspection order of a conservation officer or other licensed peace officer or an order to remove ~~Eurasian or Northern water milfoil, myriophyllum spicatum or exalbescens, zebra mussels, or other undesirable exotic aquatic plant and wild animal species identified by the commissioner~~ from the watercraft or its trailer as provided in section 18.317, subdivision 3.

(b) For the purposes of this subdivision, "undesirable exotic species," "water milfoil," and "zebra mussels" have the meanings given in section 18.317."

Page 2, after line 19, insert:

"Sec. 14. Minnesota Statutes 1994, section 97A.205, is amended to read:

97A.205 [ENFORCEMENT OFFICER POWERS.]

An enforcement officer is authorized to:

(1) execute and serve court issued warrants and processes relating to wild animals, wild rice, public waters, water pollution, conservation, and use of water, in the same manner as a constable or sheriff;

(2) enter any land to carry out the duties and functions of the division;

(3) make investigations of violations of the game and fish laws;

(4) take an affidavit, if it aids an investigation;

(5) arrest, without a warrant, a person who is detected in the actual violation of the game and fish laws, a provision of chapters 84, 84A, 85, 86A, 88 to 97C, 103E, 103F, 103G, sections 86B.001 to 86B.815, 89.51 to 89.61; or 609.66, subdivision 1, clauses (1), (2), (5), and (7); and 609.68; and

(6) take an arrested person before a court in the county where the offense was committed and make a complaint.

Nothing in this section grants a conservation enforcement officer any greater powers than other licensed peace officers.

Sec. 15. Minnesota Statutes 1994, section 97A.215, subdivision 1, is amended to read:

Subdivision 1. [STORAGE OF WILD ANIMALS.] (a) When an enforcement officer has probable cause to believe that wild animals possessed or stored in violation of the game and fish laws are present, the enforcement officer may enter and inspect any commercial cold storage warehouse, hotel, restaurant, ice house, locker plant, butcher shop, and other building used to store dressed meat, game, or fish, to determine whether wild animals are kept and stored in compliance with the game and fish laws.

(b) When an enforcement officer has probable cause to believe that wild animals taken or possessed in violation of the game and fish laws are present, the officer may, in accordance with the powers granted to licensed peace officers:

(1) enter and inspect any place or vehicle; and

(2) open and inspect any package or container."

Pages 2 and 3, delete sections 5 and 6 and insert:

"Sec. 17. Minnesota Statutes 1994, section 97A.531, subdivision 1, is amended to read:

Subdivision 1. [~~SHIPPING COUPONS GENERAL.~~] A person may ship, within or out of the state, wild animals lawfully taken and possessed in Canada and that have lawfully entered the state. The shipment must have the shipping coupons required for a shipment originating in the province where the animals were taken. Fish that are lawfully taken and possessed in Canada may be brought into the state and may be transported within the state or out of the state.

Sec. 18. Minnesota Statutes 1994, section 97B.055, subdivision 3, is amended to read:

Subd. 3. [HUNTING FROM VEHICLE BY DISABLED HUNTERS.] The commissioner may issue a special permit, without a fee, to discharge a firearm or bow and arrow from a stationary motor vehicle to a licensed hunter that is temporarily or permanently physically ~~unable to walk without crutches, braces, or other mechanical support, or who has a physical disability which substantially limits the person's ability to walk disabled.~~ The physical disability ~~and the substantial inability to walk~~ must be established by medical evidence verified in writing by a licensed physician. A person with a temporary disability may be issued an annual permit and a person with a permanent disability may be issued a permanent permit. A person issued a special permit under this subdivision and hunting deer may take a deer of either sex."

Page 4, delete sections 9 to 11 and insert:

"Sec. 21. Laws 1994, chapter 623, article 1, section 45, is amended to read:

Sec. 45. [ENFORCEMENT OF LAWS RELATED TO BUYING AND SELLING FISH; REPORT.]

By January 15, ~~1995~~ 1996, the commissioner of natural resources shall report to the environment and natural resources committees of the legislature with recommendations for legislation to improve enforcement of Minnesota Statutes, section 97C.391, including record keeping requirements, enhanced remedies, and inspection authorities."

Page 4, delete lines 32 and 33 and insert:

"Minnesota Statutes 1994, sections 97A.531, subdivisions 2, 3, 4, 5, and 6; and 97C.505, subdivision 4, are repealed.

Sec. 23. [EFFECTIVE DATE.]

Sections 17 and 22 are effective the day following final enactment."

Renumber the sections in sequence

Delete the title and insert:

"A bill for an act relating to natural resources; off-highway motorcycles; all-terrain vehicles; reciprocal agreements; migratory game birds; fish house identification; fish taken in Canada; exotic species; powers of enforcement officers; collector snowmobiles; disabled hunters; providing penalties; amending Minnesota Statutes 1994, sections 18.317; 84.796; 84.81, by adding a subdivision; 84.82, by adding a subdivision; 84.92, subdivision 8; 84.968, subdivision 1; 84.9691; 84.9692, subdivisions 1, 2, and by adding a subdivision; 86B.401, subdivision 11; 97A.045, by adding a subdivision; 97A.205; 97A.215, subdivision 1; 97A.401, subdivision 3; 97A.531, subdivision 1; 97B.055, subdivision 3; 97B.731, subdivision 1; 97C.355, subdivision 2; and Laws 1994, chapter 623, article 1, section 45; proposing coding for new law in Minnesota Statutes 1994, chapter 18; repealing Minnesota Statutes, sections 97A.531, subdivisions 2, 3, 4, 5, and 6; and 97C.505, subdivision 4."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Chmielewski from the Committee on Transportation and Public Transit, to which was referred

S.F. No. 1163: A bill for an act relating to motor vehicles; authorizing issuance of original license plates 20 or more years old to a registered passenger automobile; authorizing registrar to charge a fee; amending Minnesota Statutes 1994, section 168.12, by adding a subdivision.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, after line 9, insert:

"(e) Notwithstanding subdivision 1, original license plates assigned under this subdivision need not bear a tab or sticker to indicate the month or year of registration if the vehicle carries the registration certificate issued under section 168.11 at all times when the vehicle is operated on the public highways."

Page 2, line 10, delete "(e)" and insert "(f)"

Page 2, after line 11, insert:

"Sec. 2. Minnesota Statutes 1994, section 169.79, is amended to read:

169.79 [VEHICLE REGISTRATION.]

No person shall operate, drive or park a motor vehicle on any highway unless the vehicle is registered in accordance with the laws of this state and has the number plates for the current year only, except as provided in section 168.12, subdivision 2f, as assigned to it by the commissioner of public safety, conspicuously displayed thereon in a manner that the view of any plate is not obstructed. If the vehicle is a semitrailer, the number plate displayed must be assigned to the registered owner and correlate to the certificate of title documentation on file with the department and shall not display a year indicator. If the vehicle is a motorcycle, motor scooter, motorized bicycle, motorcycle sidecar, trailer, semitrailer, or vehicle displaying a dealer plate, one plate shall be displayed on the rear thereof; if the vehicle is a truck-tractor, road-tractor or farm truck, as defined in section 168.011, subdivision 17, but excluding from that definition semitrailers and trailers, one plate shall be displayed on the front thereof; if it is any other kind of motor vehicle, one plate shall be displayed on the front and one on the rear thereof. All plates shall be securely

fastened so as to prevent them from swinging. The person driving the motor vehicle shall keep the plate legible and unobstructed and free from grease, dust, or other blurring material so that the lettering shall be plainly visible at all times. License plates issued to vehicles registered under section 168.017 must display the month of expiration in the lower left corner as viewed facing the plate and the year of expiration in the lower right corner as viewed facing the plate."

Amend the title as follows:

Page 1, line 6, delete "section" and insert "sections" and after "subdivision" insert "; and 169.79"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Chmielewski from the Committee on Transportation and Public Transit, to which was referred

H.F. No. 901: A bill for an act relating to drivers' licenses; requiring additional information in drivers' education programs, the driver's license examination, and the driver's manual regarding the legal and financial consequences of violating DWI-related laws; amending Minnesota Statutes 1994, sections 169.121, by adding a subdivision; and 171.13, subdivisions 1 and 1b.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Chmielewski from the Committee on Transportation and Public Transit, to which was referred

S.F. No. 720: A bill for an act relating to motor vehicles; modifying appearance of special license plates issued to amateur radio station licensees; amending Minnesota Statutes 1994, section 168.12, subdivision 2.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Chmielewski from the Committee on Transportation and Public Transit, to which was re-referred

S.F. No. 1171: A bill for an act relating to occupations and professions; permitting protective agents to perform certain traffic control duties; amending Minnesota Statutes 1994, section 326.338, subdivision 4.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Chmielewski from the Committee on Transportation and Public Transit, to which was referred

H.F. No. 1011: A bill for an act relating to traffic regulations; prohibiting radar jammers; amending Minnesota Statutes 1994, section 169.14, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Solon from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 846: A bill for an act relating to commerce; regulating videotape distributions, sales, and rentals; requiring captioning for deaf or hearing-impaired persons; providing penalties and remedies; proposing coding for new law in Minnesota Statutes, chapter 325I.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [325I.05] [VIDEO CAPTIONING.]

Subdivision 1. [REQUIREMENT.] A person may not in the ordinary course of business distribute a prerecorded videocassette tape or similar audio-visual material to a videotape seller or videotape service provider unless it is open-captioned or closed-captioned for the deaf and hard of hearing.

For purposes of this section, "videotape seller" and "videotape service provider" have the meanings given them in section 325I.01.

Subd. 2. [ENFORCEMENT.] A person who violates this section is subject to the penalties and remedies provided in section 8.31, except subdivision 3a.

Subd. 3. [APPLICATION.] This section applies to prerecorded videocassette tapes or similar audio-visual material that:

(1) is primarily produced for sale to educational institutions, training facilities, state or local government agencies, or medical facilities; and

(2) is released or rereleased on or after June 1, 1997, and more than 500 copies are produced in the release or rerelease; or

(3) is produced by a governmental entity for educational purposes."

Delete the title and insert:

"A bill for an act relating to commerce; regulating videotape distributions; requiring certain captioning for deaf or hard of hearing persons; providing penalties and remedies; proposing coding for new law in Minnesota Statutes, chapter 325I."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Vickerman from the Committee on Metropolitan and Local Government, to which was referred

S.F. No. 1523: A bill for an act relating to the city of Chanhassen; authorizing certain bid specifications for playground equipment on an experimental basis.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 3, after the period, insert "The city of Chanhassen shall report to the appropriate standing committees of the senate and house of representatives by February 1, 1997, on the effect of the authority granted in this section to provide playground equipment to the city at the most efficient cost with a view toward granting the authority on a statewide basis."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

S.F. No. 1301: A bill for an act relating to state government; adding duties relating to citizen participation to the office of volunteer services; appropriating money; amending Minnesota Statutes 1994, sections 16B.88, subdivisions 1, 2, 3, 4, and 5; 465.796, subdivision 2; and 465.797, subdivision 2.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 23, after "(1)" insert "encourage personal responsibility and self-sufficiency of citizens;

(2)"

Page 2, line 1, after the comma, insert "nonprofit organizations, including but not limited to, churches and ecumenical organizations,"

Page 2, delete lines 6 to 11

Page 2, line 12, delete "recommend" and insert "refer"

Page 2, line 13, after "in" insert "state and local government" and delete "made by" and insert "to appropriate"

Page 2, delete lines 17 to 19 and insert:

"(7) promote processes for involving citizens in government decisions; and"

Renumber the clauses in sequence

Page 3, line 7, strike "conduct research to"

Page 3, lines 15 and 16, delete the new language

Page 3, delete section 5

Page 4, after line 17, insert:

"(6) solicit citizen ideas for improvements in state and local government, and assist in presenting these ideas to appropriate state and local officials;

(7) encourage citizens to propose alternative means of providing government services, and assist in developing policies or legislation needed to implement these ideas;"

Page 4, line 18, strike "(6)" and insert "(8)"

Page 4, line 22, delete "(7)" and insert "(9)"

Page 4, line 25, delete "(8)" and insert "(10)"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after "3," insert "and"

Page 1, line 6, delete ", and 5"

And when so amended the bill do pass and be re-referred to the Committee on Finance.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 1362: A bill for an act relating to natural resources; providing for coordination of efforts of public and private sectors in the sustainable management, use, development, and protection of Minnesota's forest resources; establishing a forest resources council and regional forest resource committees; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 89A.

Reports the same back with the recommendation that the report from the Committee on Governmental Operations and Veterans, shown in the Journal for April 5, 1995, be amended to read:

"the bill be amended and when so amended the bill do pass and be re-referred to the Committee on Finance". Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 1442: A bill for an act relating to energy; allowing a St. Paul district heating cogeneration facility that utilizes metropolitan waste wood as a fuel source to count toward satisfying a biomass mandate.

Reports the same back with the recommendation that the report from the Committee on Jobs, Energy and Community Development, shown in the Journal for April 5, 1995, be amended to read:

"the bill be amended and when so amended the bill do pass and be re-referred to the Committee on Agriculture and Rural Development". Amendments adopted. Report adopted.

Ms. Flynn from the Committee on Judiciary, to which was referred

H.F. No. 399: A bill for an act relating to the secretary of state; regulating filings and related matters; providing for service of process; amending Minnesota Statutes 1994, sections 5.22, subdivision 1; 48.185, subdivision 7; 79A.06, subdivision 5; 168.27, subdivision 19a; 221.67; 302A.115, subdivision 1; 302A.121, subdivision 1; 302A.701; 302A.901, subdivision 1; 303.03; 303.06, subdivision 1; 303.13, subdivision 1; 303.14, subdivision 3; 308A.121, subdivision 1; 309.56, subdivision 1; 317A.115, subdivision 2; 317A.823, subdivision 1; 317A.901, subdivision 1; 319A.03; 319A.06, subdivision 2; 322A.02; 322A.761; 322B.12, subdivision 1; 322B.80, subdivision 1; 322B.876, subdivision 1; 322B.955; 322B.960, subdivisions 1 and 3; 323.02, by adding a subdivision; 323.44, subdivisions 2, 4, 5, and 6; 323.45, subdivisions 1 and 5; 323.46; 323.47, subdivision 1; 325F.70, subdivision 2; 330.11, subdivision 3; 333.001; 333.01; 333.055, subdivision 4; 333.21, subdivision 1; 336.9-403; 336A.11, subdivision 2; 540.152; and 543.08; proposing coding for new law in Minnesota Statutes, chapters 5; and 323; repealing Minnesota Statutes 1994, sections 302A.901, subdivisions 2, 2a, 3, and 4; 303.13, subdivisions 2, 3, 4, and 5; 317A.901, subdivisions 2, 3, and 4; 322B.876, subdivisions 2, 3, and 4; 322B.901; and 323.47, subdivisions 2, 3, and 4.

Reports the same back with the recommendation that the bill be amended as follows:

Page 41, after line 23, insert:

"ARTICLE 4

Section 1. Minnesota Statutes 1994, section 302A.409, subdivision 3, is amended to read:

Subd. 3. [ISSUANCE PERMITTED.] A corporation may issue rights to purchase after the terms, provisions, and conditions of the rights to purchase to be issued, including the conversion basis or the price at which securities may be purchased or subscribed for, are fixed by the board, subject to any restrictions in the articles. Notwithstanding any provision of this chapter, a corporation may issue rights to purchase or amend the instrument or agreement fixing the terms, provisions, and conditions of the rights to purchase to include terms and conditions that prevent the holder of a specified percentage of the outstanding shares of the corporation, including subsequent transferees of the holder, from exercising those rights to purchase.

Sec. 2. [APPLICATION.]

Section 1 applies to issuances made before, on, or after the effective date."

Amend the title as follows:

Page 1, line 2, delete "the secretary of state" and insert "business organizations; clarifying corporate authority with respect to rights to purchase"

Page 1, line 7, after the second semicolon, insert "302A.409, subdivision 3;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Ms. Flynn from the Committee on Judiciary, to which was re-referred

S.F. No. 1314: A bill for an act relating to the environment; modifying provisions relating to

the voluntary investigation and cleanup program; establishing the environmental improvement pilot program; amending Minnesota Statutes 1994, sections 115B.03, by adding a subdivision; 115B.175, subdivisions 2 and 3; and 115B.178, subdivision 1.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 16, insert:

"Sec. 2. Minnesota Statutes 1994, section 115B.03, is amended by adding a subdivision to read:

Subd. 9. [PERSONAL REPRESENTATIVES OF ESTATES.] A personal representative of an estate, who is not otherwise a responsible party for a release or threatened release of a hazardous substance from a facility, is not a responsible person under this section solely because a facility is among the assets of the estate or solely because the personal representative has the capacity to direct the operation of the facility.

Sec. 3. Minnesota Statutes 1994, section 115B.17, is amended by adding a subdivision to read:

Subd. 2a. [CLEANUP STANDARDS.] In determining the appropriate standards to be achieved by response actions taken or requested under this section to protect public health and welfare and the environment from a release or threatened release, the commissioner shall consider the planned use of the property where the release or threatened release is located."

Page 2, line 2, strike everything after "that"

Page 2, line 3, delete the new language and strike the old language

Page 2, line 4, delete "the property" and insert "meets the same standards for protection that apply to response actions taken or requested under section 115B.17, subdivision 1 or 2"

Page 3, line 18, reinstate the stricken language

Page 3, delete lines 19 to 22 and insert "protection of public health and welfare and the environment that apply to response actions taken or requested under section 115B.17, subdivision 1 or 2."

Page 4, line 18, before the period, insert ", or shall take response actions in accordance with a response action plan approved by the commissioner"

Page 4, line 32, delete "5" and insert "7"

Page 4, line 33, delete "13" and insert "15"

Page 5, line 7, after the period, insert "The final audit document must be designated as an "audit report" and must include the date of the final written report of findings for the audit."

Page 6, line 19, after the comma, insert "more than one year must have elapsed since the initiation of an enforcement action that resulted in the imposition of a penalty against the regulated entity. In addition,"

Page 6, line 24, delete "include in" and insert "examine"

Page 6, line 25, delete "the audit or self-evaluation an analysis of"

Page 7, line 16, delete "7" and insert "9"

Page 7, line 32, after "(5)" insert "that is trade secret information as that term is defined in section 13.37"

Page 7, line 33, delete "under Minnesota Statutes, chapter 13"

Page 8, lines 6, 13, and 21, delete "7" and insert "9"

Page 8, line 16, delete "8" and insert "10"

Page 8, line 20, delete "(a)"

Page 8, line 26, delete the colon

Page 8, line 27, delete everything before "the"

Page 8, line 29, delete "; and" and insert a period

Page 8, delete lines 30 to 36

Page 9, delete lines 1 and 2

Page 9, line 8, after "civil" insert "or administrative"

Page 9, line 16, delete "7" and insert "9"

Page 10, lines 13, 31, and 35, delete "7" and insert "9"

Page 10, line 15, delete "that qualifies for participation in the"

Page 10, line 16, delete "environmental improvement program under section 7"

Page 10, line 17, after "if" insert ":

(a) the regulated entity qualifies for participation in the environmental improvement program under section 9;

(b)"

Page 10, line 22, after "self-evaluation" insert "; and"

(c) at least one year has elapsed since the final resolution of a notice of violation, an administrative penalty order, or a civil or criminal enforcement action involving the regulated entity"

Page 10, delete lines 24 to 26 and insert "commissioner determines that the requirements of this section have been met."

Page 10, line 29, delete "any documents relating to an environmental" and insert "a final audit report, draft audit reports, a self-evaluation form, the notes or papers prepared by the auditor or the person conducting the self-evaluation in connection with the audit or self-evaluation, or the internal documents of a regulated entity establishing, coordinating, or responding to the"

Page 10, line 36, delete "any documents relating to the environmental" and insert "the final audit report, draft audit reports, the self-evaluation form, any notes or papers prepared by the auditor or the person conducting the self-evaluation, or the internal documents of the regulated entity establishing, coordinating, or responding to the"

Page 11, line 2, after "state" insert "provided that the regulated entity is in compliance with its commitments under sections 9 and 10"

Page 11, line 11, delete "this chapter" and insert "sections 7 to 16"

Page 11, after line 22, insert:

"Sec. 17. [SURVIVAL OF RIGHTS AND PROTECTIONS.]

All rights and protections provided under this act shall survive the repeal of the act with respect to any report filed under section 9, subdivision 2, that is submitted before July 1, 1999."

Page 11, line 24, delete "5 to 14" and insert "7 to 16"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete "a subdivision" and insert "subdivisions" and after the semicolon, insert "115B.17, by adding a subdivision;"

And when so amended the bill do pass. Mr. Morse questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. Solon from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 553: A bill for an act relating to motor vehicles; authorizing sale and disposal of unauthorized, abandoned, and junk vehicles by impound lots; amending Minnesota Statutes 1994, sections 168B.04; 168B.05; 168B.06; 168B.07, subdivision 1; 168B.08; 168B.09, subdivision 1; 168B.101; and 169.041, subdivisions 3, 4, and 6; proposing coding for new law in Minnesota Statutes, chapter 168B; repealing Minnesota Statutes 1994, section 168B.02.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [168B.011] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The terms used in this chapter have the meanings given them in this section.

Subd. 2. [ABANDONED VEHICLE.] (a) "Abandoned vehicle" means a motor vehicle, as defined in section 169.01, that:

(1) has remained illegally:

(i) for a period of more than 48 hours on any property owned or controlled by a unit of government, or more than four hours on that property when it is properly posted; or

(ii) on private property for a period of time, as determined under section 168B.04, subdivision 2, without the consent of the person in control of the property; and

(2) lacks vital component parts or is in an inoperable condition such that it has no substantial potential for further use consistent with its usual functions, unless it is kept in an enclosed garage or storage building.

(b) A classic car or pioneer car, as defined in section 168.10, is not considered an abandoned vehicle.

(c) Vehicles on the premises of junk yards and automobile graveyards that are defined, maintained, and licensed in accordance with section 161.242, or that are licensed and maintained in accordance with local laws and zoning regulations, are not considered abandoned vehicles.

(d) A vehicle being held for storage by agreement or being held under police authority or pursuant to a writ or court order is not considered abandoned, nor may it be processed as abandoned while the police hold, writ, or court order is in effect.

Subd. 3. [JUNK VEHICLE.] "Junk vehicle" means a vehicle that:

(1) is three years old or older;

(2) is extensively damaged, with the damage including such things as broken or missing wheels, motor, drive train, or transmission;

(3) is apparently inoperable;

(4) does not have a valid, current registration plate; and

(5) has an approximate fair market value equal only to the approximate value of the scrap in it.

Subd. 4. [UNAUTHORIZED VEHICLE.] "Unauthorized vehicle" means a vehicle that is

subject to removal and impoundment pursuant to section 168B.04, subdivision 2, or 169.041, but is not a junk vehicle or an abandoned vehicle.

Subd. 5. [AGENCY.] "Agency" means the Minnesota pollution control agency.

Subd. 6. [DEPARTMENT.] "Department" means the Minnesota department of public safety.

Subd. 7. [IMPOUND.] "Impound" means to take and hold a vehicle in legal custody. There are two types of impounds, public and nonpublic.

Subd. 8. [IMPOUND LOT OPERATOR OR OPERATOR.] "Impound lot operator" or "operator" means a person who engages in impounding or storing, usually temporarily, unauthorized or abandoned vehicles. "Operator" includes an operator of a public or nonpublic impound lot, regardless of whether tow truck service is provided.

Subd. 9. [MOTOR VEHICLE OR VEHICLE.] "Motor vehicle" or "vehicle" has the meaning given motor vehicle in section 169.01.

Subd. 10. [MOTOR VEHICLE WASTE.] "Motor vehicle waste" means solid waste and liquid wastes derived in the operation of or in the recycling of a motor vehicle, including such things as tires and used motor oil, but excluding scrap metal.

Subd. 11. [NONPUBLIC IMPOUND LOT.] "Nonpublic impound lot" means an impound lot that is not a public impound lot.

Subd. 12. [PUBLIC IMPOUND LOT.] "Public impound lot" means an impound lot owned by or contracting with a unit of government under section 168B.09.

Subd. 13. [UNIT OF GOVERNMENT.] "Unit of government" includes a state department or agency, a special purpose district, and a county, statutory or home rule charter city, or town.

Subd. 14. [VITAL COMPONENT PARTS.] "Vital component parts" means those parts of a motor vehicle that are essential to the mechanical functioning of the vehicle, including such things as the motor, drive train, and wheels.

Sec. 2. Minnesota Statutes 1994, section 168B.04, is amended to read:

168B.04 [CUSTODY OF ABANDONED AUTHORITY TO IMPOUND VEHICLES.]

Subdivision 1. [ABANDONED OR JUNK VEHICLES.] Units of government and peace officers may take into custody and impound any abandoned motor or junk vehicle.

Subd. 2. [UNAUTHORIZED VEHICLES.] (a) Units of government and peace officers may take into custody and impound any unauthorized vehicle under section 169.041.

(b) A vehicle may also be impounded after it has been left unattended in one of the following public or private locations for the indicated period of time:

(1) in a public location not governed by section 169.041:

(i) on a highway and properly tagged by a peace officer, four hours;

(ii) located so as to constitute an accident or traffic hazard to the traveling public, as determined by a peace officer, immediately; or

(iii) that is a parking facility or other public property owned or controlled by a unit of government, properly posted, four hours; or

(2) on private property:

(i) that is single-family or duplex residential property, immediately;

(ii) that is private, nonresidential property, properly posted, immediately;

(iii) that is private, nonresidential property, not posted, 24 hours; or

(iv) that is any residential property, properly posted, immediately.

Sec. 3. [168B.051] [SALE; WAITING PERIODS.]

Subdivision 1. [SALE AFTER 15 DAYS.] An impounded vehicle is eligible for disposal or sale under section 168B.08, 15 days after notice to the owner, if the vehicle is determined to be:

(1) a junk vehicle, except that it may have a valid, current registration plate and still be eligible for disposal or sale under this subdivision; or

(2) an abandoned vehicle.

Subd. 2. [SALE AFTER 45 DAYS.] An impounded vehicle is eligible for disposal or sale under section 168B.08, 45 days after notice to the owner, if the vehicle is determined to be an unauthorized vehicle.

Sec. 4. Minnesota Statutes 1994, section 168B.06, is amended to read:

168B.06 [NOTICE OF TAKING AND SALE.]

Subdivision 1. [CONTENTS; NOTICE GIVEN WITHIN TEN DAYS.] When an abandoned motor impounded vehicle does not fall within the provisions of section 168B.05 is taken into custody, the unit of government or impound lot operator taking it into custody shall give notice of the taking within ten days. The notice shall (a) set forth the date and place of the taking, the year, make, model and serial number of the abandoned impounded motor vehicle if such information can be reasonably obtained and the place where the vehicle is being held, (b) inform the owner and any lienholders of their right to reclaim the vehicle under section 168B.07, and (c) state that failure of the owner or lienholders to exercise their right to reclaim the vehicle and contents within the appropriate time allowed under section 168B.051, subdivision 1 or 2, shall be deemed a waiver by them of all right, title, and interest in the vehicle and contents and a consent to the transfer of title to and disposal or sale of the vehicle and contents at a public auction pursuant to section 168B.08.

Subd. 2. [DELIVERY OF NOTICE BY MAIL OR PUBLICATION.] The notice shall be sent by mail to the registered owner, if any, of the abandoned motor an impounded vehicle and to all readily identifiable lienholders of record. The department shall make this information available to impound lot operators for notification purposes. If it is impossible to determine with reasonable certainty the identity and address of the registered owner and all lienholders, the notice shall be published once in a newspaper of general circulation in the area where the motor vehicle was towed from or abandoned. Published notices may be grouped together for convenience and economy.

Subd. 3. [UNAUTHORIZED VEHICLES; NOTICE.] If an unauthorized vehicle remains unclaimed after 30 days from the date the notice was sent under subdivision 2, a second notice shall be sent by certified mail, return receipt requested, to the registered owner, if any, of the unauthorized vehicle and to all readily identifiable lienholders of record.

Sec. 5. Minnesota Statutes 1994, section 168B.07, subdivision 1, is amended to read:

Subdivision 1. [PAYMENT OF CHARGES.] The owner or any lienholder of an abandoned motor impounded vehicle shall have a right to reclaim such vehicle from the unit of government or impound lot operator taking it into custody upon payment of all towing and storage charges resulting from taking the vehicle into custody within 15 or 45 days, as applicable under section 168B.051, subdivision 1 or 2, after the date of the notice required by section 168B.06.

Sec. 6. Minnesota Statutes 1994, section 168B.08, is amended to read:

168B.08 [PUBLIC SALE DISPOSITION BY IMPOUND LOT.]

Subdivision 1. [AUCTION OR SALE.] (a) If an abandoned motor or unauthorized vehicle and contents taken into custody and by a unit of government or any impound lot is not reclaimed under section 168B.07 is, it may be disposed of or sold at public auction or sale, it shall be sold to the highest bidder following reasonable published notice of such auction or sale when eligible pursuant to sections 168B.06 and 168B.07.

(b) The purchaser shall be given a receipt in a form prescribed by the registrar of motor vehicles which shall be sufficient title to dispose of the vehicle. The receipt shall also entitle the purchaser to register the vehicle and receive a certificate of title, free and clear of all liens and claims of ownership. Before such a vehicle is issued a new certificate of title it must receive a motor vehicle safety check.

Subd. 2. ~~[DISPOSING OF UNSOLD VEHICLES.]~~ Abandoned ~~motor~~ or junk vehicles not sold by units of government or public impound lots pursuant to subdivision 1 shall be disposed of in accordance with section 168B.09.

Subd. 3. ~~[DISPOSITION OF SALE PROCEEDS; PUBLIC ENTITIES.]~~ From the proceeds of a sale under this section by a unit of government or public impound lot of an abandoned or unauthorized motor vehicle, the unit of government shall reimburse itself for the cost of towing, preserving and storing the vehicle, and all administrative, notice and publication costs incurred in handling the vehicle pursuant to sections 168B.01 to 168B.101. Any remainder from the proceeds of a sale shall be held for the owner of the vehicle or entitled lienholder for 90 days and then shall be deposited in the treasury of the unit of government.

Subd. 4. [SALE PROCEEDS; NONPUBLIC IMPOUND LOTS.] The operator of a nonpublic impound lot may retain any proceeds derived from a sale conducted under the authority of subdivision 1. The operator may retain all proceeds from sale of any personal belongings and contents in the vehicle that were not claimed by the owner or the owner's agent before the sale, except that any suspected contraband or other items that likely would be subject to forfeiture in a criminal trial must be turned over to the appropriate law enforcement agency.

Sec. 7. [168B.087] [OPERATOR'S DEFICIENCY CLAIM; CONSENT TO SALE.]

Subdivision 1. [DEFICIENCY CLAIM.] (a) The nonpublic impound lot operator has a deficiency claim against the registered owner of the vehicle for the reasonable costs of services provided in the towing, storage, and inspection of the vehicle minus the proceeds of the sale or auction.

(b) The claim for storage costs may not exceed the costs of:

- (1) 25 days storage, for a vehicle described in section 168B.051, subdivision 1; and
- (2) 55 days storage, for a vehicle described in section 168B.051, subdivision 2.

Subd. 2. [IMPLIED CONSENT TO SALE.] A registered owner who fails to claim the impounded vehicle within the applicable time period allowed under section 168B.051 is deemed to waive any right to reclaim the vehicle and consents to the disposal or sale of the vehicle and its contents and transfer of title.

Sec. 8. Minnesota Statutes 1994, section 168B.09, subdivision 1, is amended to read:

Subdivision 1. [UNITS OF GOVERNMENT.] A unit of government may contract with others or may utilize its own equipment and personnel for the inventory of ~~abandoned~~ impounded motor vehicles and abandoned scrap metal and, if no bids are received, may utilize its own equipment and personnel for the collection, storage and transportation of ~~abandoned motor~~ these vehicles and abandoned scrap metal; provided, however, that a unit of government may utilize its own equipment and personnel for the collection and storage of not more than five abandoned ~~motor~~ or unauthorized vehicles without advertising for or receiving bids in any 120-day period.

Sec. 9. Minnesota Statutes 1994, section 168B.101, is amended to read:

168B.101 [AGENCY RESPONSIBILITY.]

The agency may contract with others or use its own personnel to study programs for the control of motor vehicle waste, junk and abandoned motor vehicles, or other scrap metal, or any combination of these; or to develop public informational material and programs relating to the proper disposal of motor vehicle waste, junk and abandoned motor vehicle vehicles, or other scrap metal.

Sec. 10. Minnesota Statutes 1994, section 169.041, subdivision 3, is amended to read:

Subd. 3. [FOUR-HOUR WAITING PERIOD.] In enforcing state and local parking and traffic laws, a towing authority may not tow, or allow or require the towing of, a motor vehicle from public property for a parking or traffic violation until four hours after issuance of the traffic ticket or citation, except as provided in this section or as provided for an unauthorized vehicle in section 168B.04.

Sec. 11. Minnesota Statutes 1994, section 169.041, subdivision 4, is amended to read:

Subd. 4. [TOWING ALLOWED.] A towing authority may tow a motor vehicle without regard to the four-hour waiting period if:

- (1) the vehicle is parked in violation of snow emergency regulations;
- (2) the vehicle is parked in a rush-hour restricted parking area;
- (3) the vehicle is blocking a driveway, alley, or fire hydrant;
- (4) the vehicle is parked in a bus lane, or at a bus stop, during hours when parking is prohibited;
- (5) the vehicle is parked within 30 feet of a stop sign and visually blocking the stop sign;
- (6) the vehicle is parked in a handicap transfer zone or handicapped parking space without a handicapped parking certificate or handicapped license plates;
- (7) the vehicle is parked in an area that has been posted for temporary restricted parking (i) at least 12 hours in advance in a home rule charter or statutory city having a population under 50,000, or (ii) at least 24 hours in advance in another political subdivision;
- (8) the vehicle is parked within the right-of-way of a controlled access highway or within the traveled portion of a public street when travel is allowed there;
- (9) the vehicle is unlawfully parked in a zone that is restricted by posted signs to use by fire, police, public safety, or emergency vehicles;
- (10) the vehicle is unlawfully parked on property at the Minneapolis-St. Paul International Airport owned by the metropolitan airports commission;
- (11) a law enforcement official has probable cause to believe that the vehicle is stolen, or that the vehicle constitutes or contains evidence of a crime and impoundment is reasonably necessary to obtain or preserve the evidence;
- (12) the driver, operator, or person in physical control of the vehicle is taken into custody and the vehicle is impounded for safekeeping;
- (13) a law enforcement official has probable cause to believe that the owner, operator, or person in physical control of the vehicle has failed to respond to five or more citations for parking or traffic offenses;
- (14) the vehicle is unlawfully parked in a zone that is restricted by posted signs to use by taxicabs;
- (15) the vehicle is unlawfully parked and prevents egress by a lawfully parked vehicle; or
- (16) the vehicle is parked, on a school day during prohibited hours, in a school zone on a public street where official signs prohibit parking; or
- (17) the vehicle is a junk, abandoned, or unauthorized vehicle, as defined in section 168B.011, and subject to immediate removal under chapter 168B.

Sec. 12. Minnesota Statutes 1994, section 169.041, subdivision 6, is amended to read:

Subd. 6. [PRIVATE PROPERTY.] This section does not restrict the authority of the owner of private property to authorize under chapter 168B the towing at any time of a motor vehicle unlawfully parked on the private property.

Sec. 13. [REPEALER.]

Minnesota Statutes 1994, sections 168B.02; and 168B.05, are repealed."

Delete the title and insert:

"A bill for an act relating to motor vehicles; authorizing sale and disposal of unauthorized, abandoned, and junk vehicles by impound lots; amending Minnesota Statutes 1994, sections 168B.04; 168B.06; 168B.07, subdivision 1; 168B.08; 168B.09, subdivision 1; 168B.101; and 169.041, subdivisions 3, 4, and 6; proposing coding for new law in Minnesota Statutes, chapter 168B; repealing Minnesota Statutes 1994, sections 168B.02; and 168B.05."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Messrs. Pogemiller and Stumpf from the Committee on Education, to which was referred

S.F. No. 547: A bill for an act relating to environmental education; implementing environmental education; establishing the environmental education council; transferring duties to the office of strategic and long-range planning; appropriating money; amending Minnesota Statutes 1994, sections 126A.01; 126A.02; 126A.04; 126A.07; 126A.08; and 126A.12; Laws 1993, chapter 224, article 12, section 32.

Report the same back with the recommendation that the bill be amended as follows:

Pages 5 to 7, delete sections 4 to 7

Page 8, lines 15 and 16, delete the new language and reinstate the stricken language

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete "appropriating money;"

Page 1, line 7, after "126A.02;" insert "and" and delete everything after "126A.04;"

Page 1, line 8, delete "and 126A.12;"

And when so amended the bill do pass and be re-referred to the Committee on Governmental Operations and Veterans.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

S.F. No. 1195: A bill for an act relating to state government; establishing various pilot projects to improve the efficiency and effectiveness of state agencies; repealing Minnesota Rules, parts 3900.0100 to 3900.4700; and 3900.6100 to 3900.9100.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1
PURPOSE

Section 1. [PURPOSE.]

The purpose of this act is to make government work better and cost less. To accomplish this purpose, this act creates incentives for state and local employees to act in a manner that provides the best and most efficient services to the public. The act also removes barriers that currently

discourage state and local agencies from taking innovative approaches to improving services and achieving cost savings.

ARTICLE 2 HUMAN RESOURCES SYSTEM

Section 1. [POLICY.]

The legislature reaffirms its commitment to an efficient and effective merit-based human resources system that meets the management needs of the state and that meets the program needs of the people of the state. The purpose of this article is to establish a process to ensure the continuation of merit-based principles, while removing rules and procedures that cause unnecessary inefficiencies in the state human resources system.

Sec. 2. [PILOT PROJECT.]

During the biennium ending June 30, 1997, the governor shall designate an executive agency that will conduct a pilot civil service project. The pilot program must adhere to the policies expressed in section 1 and in Minnesota Statutes, section 43A.01. For the purposes of conducting the pilot project, the commissioner of the designated agency is exempt from the provisions that relate to employment in Minnesota Statutes, chapter 43A, Minnesota Rules, chapter 3900, and administrative procedures and policies of the department of employee relations. If a proposed exemption from the provisions that relate to employment in Minnesota Statutes, chapter 43A, Minnesota Rules, chapter 3900, and administrative procedures and policies of the department of employee relations would violate the terms of a collective bargaining agreement effective under Minnesota Statutes, chapter 179A, the exemption is not effective without the consent of the exclusive representative that is a party to the agreement. Upon request of the commissioner carrying out the pilot project, the commissioner of employee relations shall provide technical assistance in support of the pilot project. This section does not exempt an agency from compliance with Minnesota Statutes, sections 43A.19 and 43A.191, or from rules adopted to implement those sections.

Sec. 3. [EVALUATION.]

The commissioner of employee relations, in consultation with the agency selected in section 2, shall design and implement a system for evaluating the success of the pilot project in section 2. The system specifically must:

- (1) evaluate the extent to which the agency has been successful in maintaining a merit-based human resources system in the absence of the traditional civil service rules and procedures;
- (2) quantify time and money saved in the hiring process under the pilot project as compared to hiring under the traditional rules and procedures; and
- (3) document the extent of complaints or problems arising under the new system.

The agency involved in the pilot project under this article and the department of employee relations must report to the legislature by January 1, 1997, and January 1, 1998, on the progress and results of the project. The report must include at least the elements required in this section, and must also make recommendations for legislative changes needed to ensure the state will have the most efficient and effective merit-based human resources system possible.

Sec. 4. [WORKING GROUP.]

The governor shall appoint a stakeholder working group to advise the agency selected in section 2 and the commissioner of employee relations on implementation of the pilot project under this article. The group shall include not more than 15 people, and must include:

- (1) not more than five representatives of management of the agency selected for the pilot project;
- (2) not more than five representatives of exclusive representatives of the agency selected by the pilot project, chosen by the exclusive representatives, provided that the number of representatives under this clause may not be less than the number of management representatives under clause (1);

(3) up to three representatives of customers of the services provided by the agency selected for the pilot project; and

(4) up to two representatives of nonprofit citizens' organizations devoted to the study and improvement of government services.

Sec. 5. [PILOT PROJECT.]

During the biennium ending June 30, 1997, the human resources innovation committee established under Laws 1993, chapter 301, section 1, subdivision 6, shall designate state job classifications to be included in a pilot project. Under this pilot project: (1) resumes of applicants for positions to be filled through a competitive open process will be evaluated through an objective computerized system that will identify which applicants have the required skills; and (2) information on applicants determined to have required skills will be forwarded to the agency seeking to fill a vacancy, without ranking these applicants, and without a limit on the number of applicants that may be forwarded to the hiring agency. Laws or rules that govern examination, ranking of eligibles, and certification of eligibles for competitive open positions do not apply to those job classifications included in the pilot project. Before designating a job classification under this section, the committee must assure that the hiring process for those job classifications complies with the policies in section 1.

Sec. 6. [EVALUATION.]

The commissioner of employee relations, in consultation with the human resources innovation committee, shall design and implement a system for evaluating the success of the pilot project in section 5. By January 1, 1997, and January 1, 1998, the commissioner must report to the legislature on the pilot project. The report must:

(1) list job classifications subject to the pilot project, and the number of positions filled under these job classes;

(2) evaluate the extent to which the project has been successful in maintaining a merit-based system in the absence of traditional civil service laws and rules;

(3) quantify time and money saved in the hiring process under the pilot project, as compared to hiring under the traditional laws and rules;

(4) document the extent of complaints or problems arising under the new system; and

(5) recommend any changes in laws or rules needed to make permanent the successes of the pilot project.

Sec. 7. [EXTENSION.]

Laws 1993, chapter 301, section 1, subdivision 6, is not repealed until June 30, 1997.

Sec. 8. [REPEALER.]

Minnesota Rules, parts 3900.0100 to 3900.4700 and 3900.6100 to 3900.9100, and all administrative procedures of the department of employee relations that control the manner in which state agencies hire employees, are repealed on June 30, 1999.

ARTICLE 3

GAINSHARING

Section 1. [FINDINGS.]

The legislature recognizes state employees as crucial resources in providing effective and efficient government services to the people of Minnesota. The legislature believes that state employees should benefit from successful efforts they make to improve government efficiency and effectiveness.

Sec. 2. [PILOT PROJECT.]

During the biennium ending June 30, 1997, the department of employee relations must implement a system of incentives including economic incentives for unrepresented employees for employees in the department. The system must be approved by the commissioner of finance before being implemented. The system must have the following characteristics:

(1) it must provide nonmanagerial unrepresented employees within the agency the possibility of earning economic rewards by suggesting changes in operation of the department's programs;

(2) it must provide groups of nonmanagerial represented employees within the agency the possibility of receiving group rewards in the form of training opportunities, additional employee complement, or other resources that benefit overall group performance;

(3) any economic awards must be based on changes in operations suggested by nonmanagerial employees that result in objectively measurable cost savings of at least \$25,000 or significant and objectively measurable efficiencies in services that the agency provides to its customers or clients, without decreasing the quality of these services;

(4) awards must be a minimum of \$500 up to a maximum of \$2,500 per year to unrepresented nonmanagerial employees who were instrumental in identifying and implementing the efficiency and cost-saving measures;

(5) an "efficiency savings account" must be created within each fund that is used to provide money for department services. Each account consists of money saved directly as a result of initiatives under this article. Any awards under this article must be paid from money in an efficiency savings account;

(6) no award shall be given except upon approval of a team comprised of equal numbers of management and nonmanagement employees selected by the commissioner of employee relations from state employees outside of the department; and

(7) the economic awards granted to unrepresented employees must be one-time awards, and must not add to the base salary of employees.

Sec. 3. [REPORTING.]

The department of employee relations must report to the legislature on January 1, 1997, and January 1, 1998, on the progress and results of the incentive programs under this article. The reports must include:

(1) a description of the measurable cost savings and in-agency services that were used as the basis for rewards; and

(2) a list of the number and amount of awards granted.

ARTICLE 4 PROCUREMENT

Section 1. [PURPOSE.]

The primary purpose of the laws governing state contracting is to ensure that state agencies obtain high quality goods and services at the least cost and in the most efficient and effective manner. The purpose of this article is to establish a process to ensure that agencies obtain goods and services in this manner, while removing rules and procedures that cause unnecessary inefficiencies in the purchasing system.

Sec. 2. [PILOT PROJECT.]

Notwithstanding any law to the contrary, the governor shall designate an executive agency that, during the biennium ending June 30, 1997, is exempt from any procurement-related law, rule, or administrative procedure before an agency enters into a contract. The agency selected in this section must establish a process for obtaining goods and services that complies with the policies in section 1. The process must include guidelines to prevent conflicts of interest for agency employees involved in developing bid specifications or proposals, evaluating bids or proposals,

entering into contracts, or evaluating the performance of a contractor. The guidelines must attempt to ensure that such an employee:

- (1) does not have any financial interest in and does not personally benefit from the contract;
- (2) does not accept from a contractor or bidder any promise, obligation, contract for future reward, or gift, other than an item of nominal value; and
- (3) does not appear to have a conflict of interest because of a family or close personal relationship to a contractor or bidder, or because of a past employment or business relationship with a contractor or bidder.

Upon request of the agency, the department of administration shall provide the agency technical assistance in designing such a process.

Sec. 3. [EVALUATION.]

The commissioner of administration, in consultation with the agency selected in section 2, shall design and implement a system for evaluating the success of the pilot project in section 2. The system specifically must:

- (1) evaluate the extent to which the agency has been successful in obtaining high quality goods and services at the least cost in the absence of the traditional checks placed on agencies by laws, rules, and procedures administered by the commissioner of administration;
- (2) quantify time and money saved in the procurement process under the pilot project as compared to purchasing goods and services under the traditional rules and procedures; and
- (3) document the extent of complaints or problems arising under the new system.

The agency involved in the pilot project under this article and the commissioner of administration must report to the legislature by January 1, 1997, and January 1, 1998, on the progress and results of the project. The reports must include at least the elements required in clauses (1) to (3) and must also make recommendations for legislative changes needed to ensure that the state will have the most efficient and effective system possible for purchasing goods and services.

ARTICLE 5

BOARD OF INNOVATION

Section 1. [465.7971] [WAIVERS OF STATE RULES; POLICIES.]

Subdivision 1. [APPLICATION.] A state agency may apply to the board for a waiver from: (1) an administrative rule or policy adopted by the department of employee relations that deals with the state personnel system; (2) an administrative rule or policy of the department of administration that deals with the state procurement system; or (3) a policy of the department of finance that deals with the state accounting system. Two or more state agencies may submit a joint application. A waiver application must identify the rule or policy at issue, and must describe the improved outcome sought through the waiver.

Subd. 2. [REVIEW PROCESS.] (a) The board shall review all applications submitted under this section. The board shall dismiss an application if it finds that the application proposes a waiver that would result in due process violations, violations of federal law or the state or federal constitution, or the loss of services to people who are entitled to them. If a proposed waiver would violate the terms of a collective bargaining agreement effective under chapter 179A the waiver is not effective without the consent of the exclusive representative that is a party to the agreement. The board may approve a waiver only if the board determines that if the waiver is granted: (1) services can be provided in a more efficient or effective manner; and (2) services related to human resources must be provided in a manner consistent with the policies expressed in article 2, section 1, and in section 43A.01 and services related to procurement must be provided in a manner consistent with the policies expressed in article 4, section 1. In the case of a waiver from a policy of the department of finance, the board may approve the waiver only if it determines that services will be provided in a more efficient or effective manner and that state funds will be adequately

accounted for and safeguarded in a manner that complies with generally accepted government accounting principles.

(b) Within 15 days of receipt of the application, the board must send a copy of the application to: (1) the agency whose rule or policy is involved; and (2) all exclusive representatives who represent employees of the agency requesting the waiver. The agency whose rule or policy is involved may mail a copy of the application to all persons who have registered with the agency under section 14.14, subdivision 1a.

(c) The agency whose rule or policy is involved or an exclusive representative must notify the board of its agreement with or objection to and grounds for objection to the waiver within 60 days of the date when the application was transmitted to the agency or the exclusive representative. An agency's or exclusive representative's failure to do so is considered agreement to the waiver.

(d) If the agency or the exclusive representative objects to the waiver, the board must schedule a meeting at which the agency requesting the waiver can present its case for the waiver, and the objecting party can respond. The board shall decide whether to grant a waiver at its next regularly scheduled meeting following its receipt of an agency's response, or the end of the 60-day response period, whichever occurs first. If consideration of an application is not concluded at the meeting, the matter may be carried over to the next meeting of the board. Interested persons may submit written comments to the board on the waiver request.

(e) If the board grants a request for a waiver, the board and the agency requesting the waiver shall enter into an agreement relating to the outcomes desired as a result of the waiver and the means of measurement to determine if these outcomes have been achieved with the waiver. The agreement must specify the duration of the waiver, which must be for at least two years and not more than four years. If the board determines that an agency to which a waiver is granted is failing to comply with the terms of the agreement, the board may rescind the agreement.

Subd. 3. [BOARD.] For purposes of evaluating waiver requests involving rules or policies of the department of administration, the chief administrative law judge shall appoint a third administrative law judge to replace the commissioner of administration on the board.

ARTICLE 6

UNIVERSITY OF MINNESOTA

Section 1. [UNIVERSITY OF MINNESOTA CONTRACTING.]

Notwithstanding any law to the contrary, the governor shall designate one executive agency that will work with the University of Minnesota to develop more efficient and effective procedures for state agencies to contract with the University of Minnesota. Consideration shall be given to using a single agency and a single set of administrative procedures for all state contracting with the University. As part of its 1998-1999 biennial budget request, the University of Minnesota shall include measures demonstrating the efficiency gained through these procedures and any recommendations for further improvements.

ARTICLE 7

PRESERVATION OF COLLECTIVE BARGAINING

Section 1. [POLICY.]

Nothing in articles 1 to 6 authorizes the unilateral modification or abrogation of a right under a collective bargaining agreement. The legislature affirmatively encourages state agencies and bargaining units, when negotiating future agreements, to allow for participation in pilot projects that foster innovation, creativity, and productivity within the state human resource system and within individual agencies, departments, or units thereof.

ARTICLE 8

Section 1. [EFFECTIVE DATE.]

Articles 1 to 7 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to public administration; establishing various pilot projects to improve the efficiency and effectiveness of state agencies; authorizing waivers of certain rules and policies; improving the efficiencies of certain human services programs; proposing coding for new law in Minnesota Statutes, chapter 465."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Finance, to which was re-referred

S.F. No. 566: A bill for an act relating to education; allowing the residential program operated by independent school district No. 518 to remain open until June 1, 1996; amending Laws 1994, chapter 643, section 14, subdivision 8.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 9, strike "2,070,000" and insert "1,700,000"

Page 1, line 13 after "cottages" insert "at no more than \$340,000 each"

Page 1, line 31, after "operation" insert "without licensure by the commissioner of human services" and delete "June" and insert "July"

Page 1, line 32, after the period, insert "The commissioner of human services need not pay any of the costs of operating the residential program before it is licensed."

Amend the title as follows:

Page 1, line 4, delete "June" and insert "July"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Finance, to which was re-referred

S.F. No. 150: A bill for an act relating to game and fish; removing certain requirements relating to fish taken in Canada; appropriating money; amending Minnesota Statutes 1994, section 97A.531, subdivision 1; repealing Minnesota Statutes 1994, section 97A.531, subdivisions 2, 3, 4, 5, and 6.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 20, delete "\$....." and insert "\$100,000"

Page 1, line 22, delete "local and regional organizations" and insert "political subdivisions"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 68 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS

CONSENT CALENDAR

CALENDAR

H.F. No.

S.F. No.

H.F. No.

S.F. No.

H.F. No.

S.F. No.

68

68

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Chmielewski from the Committee on Transportation and Public Transit, to which was referred the following appointment as reported in the Journal for February 16, 1995:

DEPARTMENT OF TRANSPORTATION
COMMISSIONER

James N. Denn

Reports the same back with the recommendation that the appointment be confirmed.

Mr. Moe, R.D. moved that the foregoing report be laid on the table. The motion prevailed.

Ms. Berglin from the Committee on Health Care, to which was re-referred

S.F. No. 1103: A bill for an act relating to children's services; establishing the department of children, families, and learning; making related changes; proposing coding for new law as Minnesota Statutes, chapter 119A; repealing Minnesota Statutes 1994, sections 121.02, subdivisions 1, 2a, and 3; 121.03; and 121.04, subdivision 2.

Reports the same back with the recommendation that the bill be amended as follows:

Page 4, after line 9, insert:

"No program for which the legislature has appropriated funds may be transferred to the department of children, families, and learning without legislative authority."

Page 5, delete lines 4 to 7

Page 5, delete lines 9 to 14

Page 5, line 16, delete "sections" and insert "section" and delete "and 256F.13"

Page 5, delete lines 17 to 21

Page 5, delete lines 33 to 35

Page 6, delete line 4

Page 6, delete lines 7 to 13

Page 6, line 14, after the semicolon, insert "and"

Page 6, line 15, delete the semicolon and insert a period

Page 6, delete lines 16 to 26

Renumber the clauses in sequence

Page 6, delete lines 27 to 32

Page 6, line 33, delete "4" and insert "3"

Page 7, line 10, delete "5" and insert "4"

Page 7, line 15, delete "6" and insert "5"

Page 7, line 35, delete the second "and"

Page 7, line 36, delete "statutes" and delete ", provided"

Page 8, delete line 1

Page 8, line 2, delete everything before the period

Page 8, line 3, delete "or statutes"

Page 9, delete lines 16 to 18

Page 10, after line 2, insert:

"Sec. 6. Minnesota Statutes 1994, section 256F.13, subdivision 1, is amended to read:

Subdivision 1. [FEDERAL REVENUE ENHANCEMENT.] (a) [DUTIES OF THE COMMISSIONER OF HUMAN SERVICES.] The commissioner of human services may enter into an agreement with one or more family services collaboratives to enhance federal reimbursement under Title IV-E of the Social Security Act and federal administrative reimbursement under Title XIX of the Social Security Act. The commissioner may contract with the department of children, families, and learning for purposes of transferring the federal reimbursement to the commissioner of children, families, and learning to be distributed to the collaboratives according to clause (2). The commissioner shall have the following authority and responsibilities regarding family services collaboratives:

(1) the commissioner shall submit amendments to state plans and seek waivers as necessary to implement the provisions of this section;

(2) the commissioner shall pay the federal reimbursement earned under this subdivision to each collaborative based on their earnings. Notwithstanding section 256.025, subdivision 2, payments to collaboratives for expenditures under this subdivision will only be made of federal earnings from services provided by the collaborative;

(3) the commissioner shall review expenditures of family services collaboratives using reports specified in the agreement with the collaborative to ensure that the base level of expenditures is continued and new federal reimbursement is used to expand education, social, health, or health-related services to young children and their families;

(4) the commissioner may reduce, suspend, or eliminate a family services collaborative's obligations to continue the base level of expenditures or expansion of services if the commissioner determines that one or more of the following conditions apply:

(i) imposition of levy limits that significantly reduce available funds for social, health, or health-related services to families and children;

(ii) reduction in the net tax capacity of the taxable property eligible to be taxed by the lead county or subcontractor that significantly reduces available funds for education, social, health, or health-related services to families and children;

(iii) reduction in the number of children under age 19 in the county, collaborative service delivery area, subcontractor's district, or catchment area when compared to the number in the base year using the most recent data provided by the state demographer's office; or

(iv) termination of the federal revenue earned under the family services collaborative agreement;

(5) the commissioner shall not use the federal reimbursement earned under this subdivision in determining the allocation or distribution of other funds to counties or collaboratives;

(6) the commissioner may suspend, reduce, or terminate the federal reimbursement to a provider that does not meet the reporting or other requirements of this subdivision;

(7) the commissioner shall recover from the family services collaborative any federal fiscal disallowances or sanctions for audit exceptions directly attributable to the family services collaborative's actions in the integrated fund, or the proportional share if federal fiscal disallowances or sanctions are based on a statewide random sample; and

(8) the commissioner shall establish criteria for the family services collaborative for the accounting and financial management system that will support claims for federal reimbursement.

(b) [FAMILY SERVICES COLLABORATIVE RESPONSIBILITIES.] The family services collaborative shall have the following authority and responsibilities regarding federal revenue enhancement:

(1) the family services collaborative shall be the party with which the commissioner contracts. A lead county shall be designated as the fiscal agency for reporting, claiming, and receiving payments;

(2) the family services collaboratives may enter into subcontracts with other counties, school districts, special education cooperatives, municipalities, and other public and nonprofit entities for purposes of identifying and claiming eligible expenditures to enhance federal reimbursement, or to expand education, social, health, or health-related services to families and children;

(3) the family services collaborative must continue the base level of expenditures for education, social, health, or health-related services to families and children from any state, county, federal, or other public or private funding source which, in the absence of the new federal reimbursement earned under this subdivision, would have been available for those services, except as provided in subdivision 1, paragraph (a), clause (4). The base year for purposes of this subdivision shall be the four-quarter calendar year ending at least two calendar quarters before the first calendar quarter in which the new federal reimbursement is earned;

(4) the family services collaborative must use all new federal reimbursement resulting from federal revenue enhancement to expand expenditures for education, social, health, or health-related services to families and children beyond the base level, except as provided in subdivision 1, paragraph (a), clause (4);

(5) the family services collaborative must ensure that expenditures submitted for federal reimbursement are not made from federal funds or funds used to match other federal funds. Notwithstanding section 256B.19, subdivision 1, for the purposes of family services collaborative expenditures under agreement with the department, the nonfederal share of costs shall be provided by the family services collaborative from sources other than federal funds or funds used to match other federal funds;

(6) the family services collaborative must develop and maintain an accounting and financial management system adequate to support all claims for federal reimbursement, including a clear audit trail and any provisions specified in the agreement; and

(7) the family services collaborative shall submit an annual report to the commissioner as specified in the agreement."

Page 10, delete lines 3 to 9 and insert:

"Sec. 7. [PARTNERSHIP PLANNING TEAM AND FAMILY ADVISORY GROUP.]

Subdivision 1. [ESTABLISHMENT.] The commissioner of children, families, and learning shall select not more than 15 persons knowledgeable about serving children and families to serve on the partnership planning team.

In addition, the commissioner shall convene a family advisory group. This 25-member advisory group shall consist of parents, children, and grandparents who represent a broad cross-section of income groups, racial and ethnic groups, and ages of children.

Four members of the family advisory group shall serve on the partnership planning team."

Page 12, delete section 8

Page 15, after line 23, insert:

"Sec. 13. [REVISOR INSTRUCTION.]

The revisor of statutes shall identify in Minnesota Statutes and Minnesota Rules all references to the commissioner of education, the department of education, and the state board of education and shall make the following terminology changes:

(1) all references to the commissioner of education shall be changed to the commissioner of children, families, and learning;

(2) all references to the state board of education or the department of education shall be changed to the department of children, families, and learning;

(3) all references involving both the commissioner of education and the state board of education shall be rewritten to give all relevant responsibilities or authorities to the commissioner of children, families, and learning; and

(4) all references to the programs being transferred to the department of children, families, and learning to reflect that those programs are under the jurisdiction of the commissioner of children, families, and learning.

The revisor shall prepare a report for the 1996 legislature showing where these changes were made.

The changes identified by the revisor shall be made effective October 1, 1995, pursuant to the effective date in section 15."

Page 15, line 31, delete "6" and insert "7" and delete "8" and insert "13"

Page 15, line 33, delete "12" and insert "14"

Page 15, line 34, delete "7" and insert "8"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after "changes;" insert "amending Minnesota Statutes 1994, section 256F.13, subdivision 1;"

And when so amended the bill do pass and be re-referred to the Committee on Education.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Joint Rule 2.03 suspended. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 1180, 1163, 720, 1171, 846, 1523, 553, 1195, 566 and 150 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 901, 1011, 399 and 68 were read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Messrs. Kelly; Merriam; Moe, R.D.; Johnson, D.E. and Novak introduced--

S.F. No. 1648: A resolution memorializing Congress to prohibit states from economic warfare to attract and retain business.

Referred to the Committee on Jobs, Energy and Community Development.

Mr. Pogemiller introduced--

S.F. No. 1649: A bill for an act relating to the arts; appropriating money for the Minnesota center for arts education.

Referred to the Committee on Education.

Messrs. Beckman and Kelly introduced--

S.F. No. 1650: A bill for an act relating to crime prevention; delaying the implementation of the extended jurisdiction juvenile system.

Referred to the Committee on Crime Prevention.

MEMBERS EXCUSED

Ms. Flynn, Messrs. Mondale; Johnson, D.J. and Solon were excused from the Session of today.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 10:00 a.m., Monday, April 10, 1995. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

THIRTY-SEVENTH DAY

St. Paul, Minnesota, Monday, April 10, 1995

The Senate met at 10:00 a.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Betzold imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Gary Mikkelson.

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

The roll was called, and the following Senators answered to their names:

Anderson	Frederickson	Kroening	Neuville	Runbeck
Beckman	Hanson	Laidig	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berg	Janezich	Larson	Olson	Scheevel
Berglin	Johnson, D.E.	Lesewski	Ourada	Solon
Bertram	Johnson, D.J.	Lessard	Pappas	Spear
Betzold	Johnson, J.B.	Limmer	Pariseau	Stevens
Chandler	Johnston	Marty	Piper	Terwilliger
Chmielewski	Kelly	Merriam	Pogemiller	Vickerman
Cohen	Kiscaden	Metzen	Price	Wiener
Day	Kleis	Moe, R.D.	Ranum	
Dille	Knutson	Mondale	Reichgott Junge	
Finn	Kramer	Morse	Riveness	
Flynn	Krentz	Murphy	Robertson	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 1590, 1024 and 429. The motion prevailed.

Mr. Solon from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 1590: A bill for an act relating to health; insurance; providing for certain breast cancer coverage; proposing coding for new law in Minnesota Statutes, chapter 62A.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, delete lines 14 and 15

And when so amended the bill do pass.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Solon from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 1647: A bill for an act relating to insurance; long-term care; permitting the sale of policies with longer waiting periods with disclosure to the purchaser; amending Minnesota Statutes 1994, sections 62A.48, subdivision 1; and 62A.50, subdivision 3.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was re-referred

S.F. No. 801: A bill for an act relating to health; recodifying and modifying provisions relating to lead abatement law; amending Minnesota Statutes 1994, sections 16B.61, subdivision 3; 116.87, subdivision 2; 144.99, subdivision 1; 268.92, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 10, and by adding a subdivision; and 462A.05, subdivision 15c; proposing coding for new law in Minnesota Statutes, chapter 144; repealing Minnesota Statutes 1994, sections 115C.082, subdivision 2; 144.871; 144.872; 144.873; 144.874; 144.876; 144.877; 144.8771; 144.878; 144.8781; 144.8782; and 144.879.

Reports the same back with the recommendation that the bill be amended as follows:

Page 3, lines 29 to 32, delete the new language and strike the old language

Page 4, after line 2, insert:

"Subdivision 1. [CITATION.] Sections 144.9501 to 144.9509 may be cited as the "childhood lead poisoning act."

Page 4, line 3, delete "Subdivision 1" and insert "Subd. 2"

Page 4, line 5, delete "2" and insert "3"

Page 4, line 28, delete "3" and insert "4"

Page 5, line 2, delete "4" and insert "5"

Page 5, line 4, delete "5" and insert "6"

Page 5, line 6, delete "6" and insert "7"

Page 5, line 8, delete "7" and insert "8"

Page 5, line 11, delete "8" and insert "9"

Page 5, line 16, delete "9" and insert "10"

Page 5, line 24, delete "10" and insert "11"

Page 5, delete lines 31 to 36

Page 6, delete lines 1 to 7

Page 7, after line 15, insert:

"Subd. 21. [LEAD-SAFE DIRECTIVES.] "Lead-safe directives" means methods for construction, renovation, remodeling, or maintenance activities that are not regulated as abatement or lead hazard reduction and that are performed so that they do not:

- (1) violate the standards under section 144.9508;
- (2) create lead dust through the use of prohibited practices;
- (3) leave debris or a lead residue that can form a dust;
- (4) provide a readily accessible source of lead dust, lead paint, lead paint chips, or lead contaminated soil, after the use of containment methods; and
- (5) result in improper disposal of lead contaminated debris, dust, or soil."

Page 7, line 16, delete "21" and insert "22"

Page 7, line 18, delete "22" and insert "23"

Page 7, line 20, delete "23" and insert "24"

Page 8, line 6, delete "24" and insert "25"

Page 8, line 9, delete "25" and insert "26"

Page 8, line 11, delete "26" and insert "27"

Page 8, line 14, delete "27" and insert "28"

Page 8, line 29, delete "28" and insert "29"

Page 8, line 31, delete "29" and insert "30"

Page 8, line 33, delete "30" and insert "31"

Page 9, line 24, after "results" insert "after the analysis"

Page 9, line 28, delete "to (4)" and insert "and (2)"

Page 9, line 29, delete "48 hours" and insert "two working days" and delete "with a written" and insert "fax, or electronic transmission, with written or electronic confirmation within one month"

Page 9, line 30, delete "confirmation within three days"

Page 9, line 31, delete "70" and insert "15"

Page 9, line 32, after the semicolon, insert "or"

Page 9, delete lines 33 to 36

Page 10, delete lines 1 to 3

Page 10, line 4, delete "(4)" and insert "(2)" and before the comma, insert "or by electronic transmission"

Page 10, line 5, delete "equal to or"

Page 10, after line 6, insert:

"The commissioner shall coordinate with hospitals, medical clinics, medical laboratories, and other facilities performing blood lead analysis to develop a universal reporting form and mechanism."

Page 16, line 19, delete from "develop" through page 16, line 32, to "certification" and insert "propose to the legislature a program to certify residences as lead safe by February 15, 1996"

Page 25, line 17, delete "material on" and insert "the lead-safe directives and any other materials describing"

Page 32, line 25, before "misdemeanor" insert "petty"

Page 35, line 22, delete "first four" and insert "priority for"

Page 35, line 24, delete "assigned" and after "work" insert "assigned"

Page 38, line 23, reinstate the stricken language and delete "ten"

Page 40, line 17, before "floor" insert "one noncarpeted" and delete "levels, soil samples of bare soil," and insert "sample"

Page 40, line 18, before "deteriorated" insert "bare soil and of"

Page 40, line 24, after "commissioner" insert "of health"

Page 40, line 25, delete "health" and insert "economic security"

Page 40, line 28, after the period, insert "Within the limits of available appropriations," and after "commissioner" insert "of health"

Page 40, line 29, delete "health" and insert "economic security" and before "1,000" insert "up to"

Page 40, line 31, delete "lead inspection" and insert "postremediation evaluation" and after "on" insert "at least"

Page 40, line 33, delete "inspection" and insert "evaluation"

Page 40, line 35, before "floor" insert "one noncarpeted" and delete "samples" and insert "sample"

Page 41, line 2, after "commissioner" insert "of health"

Page 41, line 6, before "age," insert "age of housing,"

Page 41, line 8, delete "commissioner and"

Page 41, line 9, delete "The commissioner may pay for"

Page 41, line 10, after "program" insert "may be paid for"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Ms. Piper from the Committee on Family Services, to which was referred

H.F. No. 694: A bill for an act relating to human services; modifying child care programs and county contribution; amending Minnesota Statutes 1994, section 256H.12, subdivision 3.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 14, delete "agree to" and after "contributions" insert a comma and delete "in order"

Page 1, line 15, delete the comma and insert "for"

Page 1, line 16, delete "such time as a" and insert "the"

Page 1, line 17, delete "is no longer eligible" and insert "loses eligibility for the program"

Page 1, line 18, delete "terminates" and insert "withdraws" and after the period, insert "This subdivision does not affect the local match required for this program under other sections of the law."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Vickerman from the Committee on Metropolitan and Local Government, to which was referred

S.F. No. 1451: A bill for an act relating to the city of Minneapolis; authorizing the city to establish special service districts within the city; amending Laws 1985, chapter 302, section 2, subdivision 1, as amended.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 23, delete the first "Blaisdell Avenue" and insert "LaSalle Avenue, south on LaSalle Avenue to Franklin Avenue"

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Ms. Flynn from the Committee on Judiciary, to which was referred

S.F. No. 1279: A bill for an act relating to privacy; providing for the classification of and access to government data; clarifying data provisions; providing for survival of actions under the data practices act; conforming provisions dealing with financial assistance data; providing for an information policy training program; appropriating money; amending Minnesota Statutes 1994, sections 13.03, by adding a subdivision; 13.06, subdivision 6; 13.08, subdivision 1; 13.10, subdivision 5; 13.32, subdivision 2; 13.43, subdivisions 2 and 5; 13.46, subdivision 2; 13.50, subdivision 2; 13.531; 13.551; 13.62; 13.643; 13.671; 13.76, subdivision 1; 13.761; 13.77; 13.78; 13.79; 13.82, subdivisions 5 and 10; 13.83, subdivision 2; 13.89, subdivision 1; 13.90; 13.99, subdivisions 1, 12, 20, 21a, 42a, 54, 55, 64, 78, 79, 112, and by adding subdivisions; 17.117, subdivision 12; 41.63; 41B.211; 116O.03, subdivision 7; 116S.02, subdivision 8; and 446A.11, subdivision 11; proposing coding for new law in Minnesota Statutes, chapter 13; repealing Minnesota Statutes 1994, sections 13.69, subdivision 2; and 13.71, subdivisions 9, 10, 11, 12, 13, 14, 15, 16, and 17.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1
DATA PRACTICES

Section 1. Minnesota Statutes 1994, section 13.06, subdivision 6, is amended to read:

Subd. 6. [EXPIRATION OF TEMPORARY CLASSIFICATION.] A temporary classification granted under this section shall expire ten days after the end of the second ~~complete regular~~ annual legislative session that follows the commissioner's granting of the temporary classification.

Sec. 2. Minnesota Statutes 1994, section 13.072, subdivision 1, is amended to read:

Subdivision 1. [OPINION; WHEN REQUIRED.] (a) Upon request of a state agency, statewide system, or political subdivision, the commissioner may give a written opinion on any question relating to public access to government data, rights of subjects of data, or classification of data under this chapter or other Minnesota statutes governing government data practices. Upon request of any person who disagrees with a determination regarding data practices made by a state agency, statewide system, or political subdivision, the commissioner may give a written opinion regarding the person's rights as a subject of government data or right to have access to government data. If the commissioner determines that no opinion will be issued, the commissioner shall give the state agency, statewide system, political subdivision, or person requesting the opinion notice of the decision not to issue the opinion within five days of receipt of the request. If this notice is not given, the commissioner shall issue an opinion within 20 days of receipt of the request. For good cause and upon written notice to the person requesting the opinion, the commissioner may extend this deadline for one additional 30-day period. The notice must state the reason for extending the deadline. The state agency, statewide system, or political subdivision must be provided a reasonable opportunity to explain the reasons for its decision regarding the data. The commissioner or the state agency, statewide system, or political subdivision may choose to give notice to the subject of the data concerning the dispute regarding the data.

(b) This section does not apply to a ~~question involving the exercise of a discretionary power~~

~~specifically granted by statute to a responsible authority to withhold or grant access to government data in a manner different than the data's general statutory classification determination made by the commissioner of health under section 13.38, subdivision 2, paragraph (c), or 144.6581.~~

(c) A written opinion issued by the attorney general shall take precedence over an opinion issued by the commissioner under this section.

Sec. 3. Minnesota Statutes 1994, section 13.072, is amended by adding a subdivision to read:

Subd. 4. [DATA SUBMITTED TO COMMISSIONER.] A state agency, statewide system, or political subdivision may submit not public data to the commissioner for the purpose of requesting or responding to a person's request for an opinion. Government data submitted to the commissioner by a state agency, statewide system, or political subdivision or copies of government data submitted by other persons have the same classification as the data have when held by the state agency, statewide system, or political subdivision. If the nature of the opinion is such that the release of the opinion would reveal not public data, the commissioner may issue an opinion using pseudonyms for individuals. Data maintained by the commissioner, in the record of an opinion issued using pseudonyms that would reveal the identities of individuals protected by the use of the pseudonyms, are private data on individuals.

Sec. 4. Minnesota Statutes 1994, section 13.08, subdivision 1, is amended to read:

Subdivision 1. [ACTION FOR DAMAGES.] Notwithstanding section 466.03, a political subdivision, responsible authority, statewide system, or state agency which violates any provision of this chapter is liable to a person or representative of a decedent who suffers any damage as a result of the violation, and the person damaged or a representative in the case of private data on decedents or confidential data on decedents may bring an action against the political subdivision, responsible authority, statewide system or state agency to cover any damages sustained, plus costs and reasonable attorney fees. Notwithstanding section 573.01, a cause of action under this subdivision survives to the representative of a decedent who was damaged by a violation of this chapter. In the case of a willful violation, the political subdivision, statewide system or state agency shall, in addition, be liable to exemplary damages of not less than \$100, nor more than \$10,000 for each violation. The state is deemed to have waived any immunity to a cause of action brought under this chapter.

Sec. 5. Minnesota Statutes 1994, section 13.10, subdivision 5, is amended to read:

Subd. 5. [ADOPTION RECORDS.] Notwithstanding any provision of this chapter, adoption records shall be treated as provided in sections ~~259.24~~ 259.53, 259.61, 259.79, and 259.83 to 259.89.

Sec. 6. Minnesota Statutes 1994, section 13.31, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] As used in this section, "benefit data" means data on individuals collected or created because an individual seeks information about becoming, is, or was an applicant for or a recipient of benefits or services provided under various housing, home ownership, and rehabilitation and community action agency, head start, and food assistance programs administered by state agencies, political subdivisions, or statewide systems. Benefit data does not include welfare data which shall be administered in accordance with section 13.46.

Sec. 7. Minnesota Statutes 1994, section 13.32, subdivision 2, is amended to read:

Subd. 2. [STUDENT HEALTH AND CENSUS DATA.] (a) Health data concerning students, including but not limited to, data concerning immunizations, notations of special physical or mental problems and records of school nurses; and pupil census data, including but not limited to, emergency information, family information and data concerning parents shall be considered are educational data. Access by parents to student health data shall be pursuant to section 13.02, subdivision 8.

(b) Pupil census data, including emergency information, family information, and data concerning parents are educational data.

Sec. 8. Minnesota Statutes 1994, section 13.43, subdivision 2, is amended to read:

Subd. 2. [PUBLIC DATA.] (a) Except for employees described in subdivision 5, the following personnel data on current and former employees, volunteers, and independent contractors of a state agency, statewide system, or political subdivision and members of advisory boards or commissions is public:

(1) name; actual gross salary; salary range; contract fees; actual gross pension; the value and nature of employer paid fringe benefits; and the basis for and the amount of any added remuneration, including expense reimbursement, in addition to salary;

(2) job title; job description; education and training background; and previous work experience;

(3) date of first and last employment;

(4) the existence and status of any complaints or charges against the employee, ~~whether or not~~ regardless of whether the complaint or charge resulted in a disciplinary action;

(5) the final disposition of any disciplinary action together with the specific reasons for the action and data documenting the basis of the action, excluding data that would identify confidential sources who are employees of the public body;

(6) the terms of any agreement settling any dispute arising out of the employment relationship;

(7) work location; a work telephone number; badge number; and honors and awards received; and

(8) payroll time sheets or other comparable data that are only used to account for employee's work time for payroll purposes, except to the extent that release of time sheet data would reveal the employee's reasons for the use of sick or other medical leave or other not public data; and city and county of residence.

(b) For purposes of this subdivision, a final disposition occurs when the state agency, statewide system, or political subdivision makes its final decision about the disciplinary action, regardless of the possibility of any later proceedings or court proceedings. In the case of arbitration proceedings arising under collective bargaining agreements, a final disposition occurs at the conclusion of the arbitration proceedings, or upon the failure of the employee to elect arbitration within the time provided by the collective bargaining agreement. Final disposition includes a resignation by an individual when the resignation occurs after the final decision of the state agency, statewide system, political subdivision, or arbitrator.

(c) The state agency, statewide system, or political subdivision may display a photograph of a current or former employee to a prospective witness as part of the state agency's, statewide system's, or political subdivision's investigation of any complaint or charge against the employee.

(d) A complainant has access to a statement provided by the complainant to a state agency, statewide system, or political subdivision in connection with a complaint or charge against an employee.

Sec. 9. Minnesota Statutes 1994, section 13.43, subdivision 5, is amended to read:

Subd. 5. [UNDERCOVER LAW ENFORCEMENT OFFICER.] All personnel data maintained by any state agency, statewide system or political subdivision relating to an individual employed as or an applicant for employment as an undercover law enforcement officer is are private data on individuals. When the individual is no longer assigned to an undercover position, the data become public unless the law enforcement agency determines that revealing the data would threaten the personal safety of the officer or jeopardize an active investigation.

Sec. 10. Minnesota Statutes 1994, section 13.46, subdivision 2, is amended to read:

Subd. 2. [GENERAL.] (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

(1) pursuant to section 13.05;

- (2) pursuant to court order;
- (3) pursuant to a statute specifically authorizing access to the private data;
- (4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation or prosecution of a criminal or civil proceeding relating to the administration of a program;
- (5) to personnel of the welfare system who require the data to determine eligibility, amount of assistance, and the need to provide services of additional programs to the individual;
- (6) to administer federal funds or programs;
- (7) between personnel of the welfare system working in the same program;
- (8) the amounts of cash public assistance and relief paid to welfare recipients in this state, including their names and social security numbers, upon request by the department of revenue to administer the property tax refund law, supplemental housing allowance, and the income tax;
- (9) to the Minnesota department of economic security for the purpose of monitoring the eligibility of the data subject for reemployment insurance, for any employment or training program administered, supervised, or certified by that agency, or for the purpose of administering any rehabilitation program, whether alone or in conjunction with the welfare system, and to verify receipt of energy assistance for the telephone assistance plan;
- (10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons;
- (11) data maintained by residential facilities programs as defined in section 245A.02 may be disclosed to the protection and advocacy system established in this state pursuant to Part C of Public Law Number 98-527 to protect the legal and human rights of persons with mental retardation or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person;
- (12) to the county medical examiner or the county coroner for identifying or locating relatives or friends of a deceased person;
- (13) data on a child support obligor who makes payments to the public agency may be disclosed to the higher education coordinating board to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5);
- (14) participant social security numbers and names collected by the telephone assistance program may be disclosed to the department of revenue to conduct an electronic data match with the property tax refund database to determine eligibility under section 237.70, subdivision 4a;
- (15) the current address of a recipient of aid to families with dependent children may be disclosed to law enforcement officers who provide the name and social security number of the recipient and satisfactorily demonstrate that: (i) the recipient is a fugitive felon, including the grounds for this determination; (ii) the location or apprehension of the felon is within the law enforcement officer's official duties; and (iii) the request is made in writing and in the proper exercise of those duties;
- (16) the current address of a recipient of general assistance, work readiness, or general assistance medical care may be disclosed to probation officers and corrections agents who are supervising the recipient, and to law enforcement officers who are investigating the recipient in connection with a felony level offense;
- (17) information obtained from food stamp applicant or recipient households may be disclosed to local, state, or federal law enforcement officials, upon their written request, for the purpose of investigating an alleged violation of the food stamp act, in accordance with Code of Federal Regulations, title 7, section 272.1(c); or

(18) data on a child support obligor who is in arrears may be disclosed for purposes of publishing the data pursuant to section 518.575; or

(19) data on child support payments made by a child support obligor may be disclosed to the obligee.

(b) Information on persons who have been treated for drug or alcohol abuse may only be disclosed in accordance with the requirements of Code of Federal Regulations, title 42, sections 2.1 to 2.67.

(c) Data provided to law enforcement agencies under paragraph (a), clause (15), (16), or (17), or paragraph (b), are investigative data and are confidential or protected nonpublic while the investigation is active. The data are private after the investigation becomes inactive under section 13.82, subdivision 5, paragraph (a) or (b).

(d) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

Sec. 11. Minnesota Statutes 1994, section 13.49, is amended to read:

13.49 [SOCIAL SECURITY NUMBERS.]

Subdivision 1. [GENERAL.] The social security numbers of individuals collected or maintained by a state agency, statewide system, or political subdivision are private data on individuals, except to the extent that access to the social security number is specifically authorized by law.

Subd. 2. [COUNTY RECORDER OR REGISTRAR OF TITLES.] Subdivision 1 does not apply to social security numbers that appear in documents or records filed or recorded with the county recorder or registrar of titles, other than documents filed under section 600.23.

Sec. 12. Minnesota Statutes 1994, section 13.50, subdivision 2, is amended to read:

Subd. 2. [PUBLIC DATA.] The data made confidential or protected nonpublic by the provisions of subdivision 1 shall become public upon the occurrence of any of the following:

- (a) The negotiating parties exchange appraisals;
- (b) The data are submitted to a court appointed condemnation commissioner;
- (c) The data are presented in court in condemnation proceedings; or
- (d) The negotiating parties enter into an agreement for the purchase and sale of the property.

Sec. 13. Minnesota Statutes 1994, section 13.551, is amended to read:

13.551 [~~CLASSIFICATION OF SAINT PAUL PORT AUTHORITY DATA.~~]

Subdivision 1. [SAINT PAUL PORT AUTHORITY.] The following data not on individuals collected and maintained by the Saint Paul port authority are classified as protected nonpublic, until 30 days before the date of a hearing on a proposed sale pursuant to section 469.065: financial studies and reports that are part of appraisers' estimates of value of or concerning projects as defined in chapter 474, prepared by personnel of the port authority or independent accountants, consultants, and appraisers for the purpose of marketing by sale or lease a project which the port authority has acquired or repossessed as the result of the default under and the termination of a revenue agreement as defined in chapter 474.

Subd. 2. [RED WING PORT AUTHORITY.] Data maintained by the Red Wing port authority that pertain to negotiations with property owners regarding the purchase of property are nonpublic data not on individuals. With the exception of the authority's evaluation of properties not purchased, all other negotiation data become public at the time of the closing of the property sale.

Sec. 14. [13.646] [LEGISLATIVE AND BUDGET PROPOSAL DATA.]

Subdivision 1. [DEFINITION.] As used in this section, "state administration" means the governor's office and the department of finance.

Subd. 2. [CLASSIFICATIONS.] Data relating to anticipated legislative or budget proposals, including preliminary drafts, that are created, collected, or maintained by the state administration are protected nonpublic data. The state administration may disclose any of the data within the state administration and to the public if disclosure would aid the administration in considering and preparing its proposals.

Sec. 15. Minnesota Statutes 1994, section 13.79, is amended to read:

13.79 [DEPARTMENT OF LABOR AND INDUSTRY DATA.]

Data that identify complaining employees and that appear on complaint forms received by the department of labor and industry concerning alleged violations of the fair labor standards act or, section 181.75 or 181.9641 are classified as private data.

Sec. 16. Minnesota Statutes 1994, section 13.793, is amended to read:

13.793 [NATURAL RESOURCES MINERAL DATA.]

Subdivision 1. [NONPUBLIC DATA.] Except as provided in subdivision 2, the following data received and maintained by the commissioner of natural resources are nonpublic data:

(1) a letter or other documentation from a person that is supplied to the commissioner before a public lease sale of metallic or other minerals for the purpose of making suggestions or recommendations about which state lands may be offered for public lease sale; or

(2) a written report or other documentation of private analyses of a state-owned or controlled drill core that is public data and is under the custody of the commissioner; or

(3) exploration data received by the commissioner under the terms of a state mineral lease.

Subd. 2. [DATA BECOME PUBLIC.] (a) Data under subdivision 1, clause (1), become public data three years after the date the lease sale was held or, if not held, within three years after the date the lease sale was scheduled to be held. Except as provided in paragraph (b), data under subdivision 1, clause (2), become public data one year after receipt by the commissioner. Except as provided in paragraph (c) or as otherwise provided for by law, data under subdivision 1, clause (3), become public data upon termination of the state mineral lease under which the data were gathered.

(b) If data under subdivision 1, clause (2), relate to private land that is under mineral lease to the person submitting the data, and the mineral lease is in force at the time the data are submitted, the data become public data only after the mineral lease is no longer in force. The person submitting the data that relate to private land that is under mineral lease shall provide to the commissioner at the time the data are submitted and annually thereafter, in a format designated by the commissioner, satisfactory evidence that the mineral lease is in effect. If, in a given year, satisfactory evidence that the mineral lease is still in effect is not provided to the commissioner before the anniversary date of receipt of the data by the commissioner, the data immediately become public data.

(c) If data under subdivision 1, clause (3), are nonpublic data under the provisions of section 103I.605, subdivision 4, clause (c), the data become public data pursuant to the provisions of section 103I.605, subdivision 4, clauses (c) and (d).

Sec. 17. Minnesota Statutes 1994, section 13.82, subdivision 3a, is amended to read:

Subd. 3a. [AUDIO RECORDING OF 911 CALL.] The audio recording of a call placed to a 911 system for the purpose of requesting service from a law enforcement, fire, or medical agency is private data on individuals with respect to the individual making the call, except that a written transcript of the audio recording is public, unless it reveals the identity of an individual otherwise protected under subdivision 10. A transcript shall be prepared upon request. The person requesting the transcript shall pay the actual cost of transcribing the call, in addition to any other applicable

costs provided under section 13.03, subdivision 3. The audio recording may be disseminated to law enforcement agencies for investigative purposes. The audio recording may be used for public safety ~~dispatcher~~ and emergency medical training purposes.

Sec. 18. Minnesota Statutes 1994, section 13.82, subdivision 5, is amended to read:

Subd. 5. [CRIMINAL INVESTIGATIVE DATA COLLECTION.] Except for the data defined in subdivisions 2, 3, and 4, investigative data collected or created by a law enforcement agency in order to prepare a case against a person, whether known or unknown, for the commission of a crime or ~~civil wrong~~ other offense for which the agency has primary investigative responsibility is confidential or protected nonpublic while the investigation is active. Inactive investigative data is public unless the release of the data would jeopardize another ongoing investigation or would reveal the identity of individuals protected under subdivision 10. Photographs which are part of inactive investigative files and which are clearly offensive to common sensibilities are classified as private or nonpublic data, provided that the existence of the photographs shall be disclosed to any person requesting access to the inactive investigative file. An investigation becomes inactive upon the occurrence of any of the following events:

- (a) a decision by the agency or appropriate prosecutorial authority not to pursue the case;
- (b) expiration of the time to bring a charge or file a complaint under the applicable statute of limitations, or 30 years after the commission of the offense, whichever comes earliest; or
- (c) exhaustion of or expiration of all rights of appeal by a person convicted on the basis of the investigative data.

Any investigative data presented as evidence in court shall be public. Data determined to be inactive under clause (a) may become active if the agency or appropriate prosecutorial authority decides to renew the investigation.

During the time when an investigation is active, any person may bring an action in the district court located in the county where the data is being maintained to authorize disclosure of investigative data. The court may order that all or part of the data relating to a particular investigation be released to the public or to the person bringing the action. In making the determination as to whether investigative data shall be disclosed, the court shall consider whether the benefit to the person bringing the action or to the public outweighs any harm to the public, to the agency or to any person identified in the data. The data in dispute shall be examined by the court in camera.

Sec. 19. Minnesota Statutes 1994, section 13.82, subdivision 10, is amended to read:

Subd. 10. [PROTECTION OF IDENTITIES.] A law enforcement agency or a law enforcement dispatching agency working under direction of a law enforcement agency ~~may~~ shall withhold public access to data on individuals to protect the identity of individuals in the following circumstances:

- (a) when access to the data would reveal the identity of an undercover law enforcement officer, as provided in section 13.43, subdivision 5;
- (b) when access to the data would reveal the identity of a victim or alleged victim of criminal sexual conduct or of a violation of section 617.246, subdivision 2;
- (c) when access to the data would reveal the identity of a paid or unpaid informant being used by the agency if the agency reasonably determines that revealing the identity of the informant would threaten the personal safety of the informant;
- (d) when access to the data would reveal the identity of a victim of or witness to a crime if the victim or witness specifically requests not to be identified publicly, and the agency reasonably determines that revealing the identity of the victim or witness would threaten the personal safety or property of the individual;
- (e) when access to the data would reveal the identity of a deceased person whose body was unlawfully removed from a cemetery in which it was interred;

(f) when access to the data would reveal the identity of a person who placed a call to a 911 system or the identity or telephone number of a service subscriber whose phone is used to place a call to the 911 system and: (1) the agency determines that revealing the identity may threaten the personal safety or property of any person; or (2) the object of the call is to receive help in a mental health emergency. For the purposes of this paragraph, a voice recording of a call placed to the 911 system is deemed to reveal the identity of the caller; or

(g) when access to the data would reveal the identity of a juvenile witness and the agency reasonably determines that the subject matter of the investigation justifies protecting the identity of the witness.

Data concerning individuals whose identities are protected by this subdivision are private data about those individuals. Law enforcement agencies shall establish procedures to acquire the data and make the decisions necessary to protect the identity of individuals described in clauses (c), (d), (f), and (g).

Sec. 20. Minnesota Statutes 1994, section 13.82, is amended by adding a subdivision to read:

Subd. 17. [BOOKING PHOTOGRAPHS.] (a) For purposes of this subdivision, "booking photograph" means a photograph or electronically produced image taken by law enforcement for identification purposes in connection with the arrest of a person.

(b) Except as otherwise provided in this subdivision, a booking photograph is public data. A law enforcement agency may temporarily withhold access to a booking photograph if the agency determines that access will adversely affect an active investigation.

Sec. 21. Minnesota Statutes 1994, section 13.83, subdivision 2, is amended to read:

Subd. 2. [PUBLIC DATA.] Unless specifically classified otherwise by state statute or federal law, the following data created or collected by a medical examiner or coroner on a deceased individual is public: name of the deceased; date of birth; date of death; address; sex; race; citizenship; height; weight; hair color; eye color; build; complexion; age, if known, or approximate age; identifying marks, scars and amputations; a description of the decedent's clothing; marital status; location of death including name of hospital where applicable; name of spouse; whether or not the decedent ever served in the armed forces of the United States; ~~social security number~~; occupation; business; father's name (also birth name, if different); mother's name (also birth name, if different); birthplace; birthplace of parents; cause of death; causes of cause of death; whether an autopsy was performed and if so, whether it was conclusive; date and place of injury, if applicable, including work place; how injury occurred; whether death was caused by accident, suicide, homicide, or was of undetermined cause; certification of attendance by physician; physician's name and address; certification by coroner or medical examiner; name and signature of coroner or medical examiner; type of disposition of body; burial place name and location, if applicable; date of burial, cremation or removal; funeral home name and address; and name of local register or funeral director.

Sec. 22. Minnesota Statutes 1994, section 13.89, subdivision 1, is amended to read:

Subdivision 1. [MENTAL RETARDATION.] Data on clients and residents of facilities or programs licensed pursuant to sections 144.50 to 144.58, 245A.01 to 245A.16, and 252.28, subdivision 2, may be disseminated to the protection and advocacy system established in this state pursuant to Part C of Public Law Number 98-527 to protect the legal and human rights of persons with mental retardation or other related conditions who live in residential facilities or programs for these persons if:

- (1) the protection and advocacy system receives a complaint by or on behalf of that person; and
- (2) the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person.

Sec. 23. Minnesota Statutes 1994, section 13.90, is amended to read:

13.90 [GOVERNMENT DATA PRACTICES JUDICIARY EXEMPT.]

Subdivision 1. [DEFINITION.] For purposes of this section, "judiciary" means any office, officer, department, division, board, commission, committee, or agency of the courts of this state, whether or not of record, including but not limited to the board of law examiners, the lawyer's professional responsibility board, the board of judicial standards, the lawyer's trust account board, the state law library, the state court administrator's office, the district court administrator's office, and the office of the court administrator.

Subd. 2. [APPLICATION EXEMPTION.] ~~The judiciary shall be governed by this chapter until August 1, 1987, or until the implementation of rules adopted by the supreme court regarding access to data, whichever comes first. Any data made a part of a criminal or civil case shall not be governed by this chapter at any time. The judiciary is not governed by this chapter. Access to data of the judiciary is governed by rules adopted by the supreme court.~~

Sec. 24. [13B.05] [REMEDIES.]

The remedies and penalties in sections 13.08 and 13.09 apply to this chapter.

Sec. 25. Minnesota Statutes 1994, section 268.12, subdivision 12, is amended to read:

Subd. 12. [INFORMATION.] Except as hereinafter otherwise provided, data gathered from any employing unit or individual pursuant to the administration of sections 268.03 to 268.231, and from any determination as to the benefit rights of any individual are private data on individuals or nonpublic data not on individuals as defined in section 13.02, subdivisions 9 and 12, and may not be disclosed except pursuant to this subdivision or a court order. These data may be disseminated to and used by the following agencies without the consent of the subject of the data:

- (a) state and federal agencies specifically authorized access to the data by state or federal law;
- (b) any agency of this or any other state; or any federal agency charged with the administration of an employment security law or the maintenance of a system of public employment offices;
- (c) local human rights groups within the state which have enforcement powers;
- (d) the department of revenue shall have access to department of economic security private data on individuals and nonpublic data not on individuals only to the extent necessary for enforcement of Minnesota tax laws;
- (e) public and private agencies responsible for administering publicly financed assistance programs for the purpose of monitoring the eligibility of the program's recipients;
- (f) the department of labor and industry on an interchangeable basis with the department of economic security subject to the following limitations and notwithstanding any law to the contrary:
 - (1) the department of economic security shall have access to private data on individuals and nonpublic data not on individuals for uses consistent with the administration of its duties under sections 268.03 to 268.231; and
 - (2) the department of labor and industry shall have access to private data on individuals and nonpublic data not on individuals for uses consistent with the administration of its duties under state law;
 - (g) the department of trade and economic development may have access to private data on individual employing units and nonpublic data not on individual employing units for its internal use only; when received by the department of trade and economic development, the data remain private data on individuals or nonpublic data;
 - (h) local and state welfare agencies for monitoring the eligibility of the data subject for assistance programs, or for any employment or training program administered by those agencies, whether alone, in combination with another welfare agency, or in conjunction with the department of economic security;
 - (i) local, state, and federal law enforcement agencies for the sole purpose of ascertaining the

last known address and employment location of the data subject, provided the data subject is the subject of a criminal investigation; and

(j) the department of health may have access to private data on individuals and nonpublic data not on individuals solely for the purposes of epidemiologic investigations; and

(k) a contractor of the department of economic security when access to the private or nonpublic data is necessary for the performance of the contract; the contracting party shall maintain the data that it receives according to the statutory provisions applicable to the data.

Data on individuals and employing units which are collected, maintained, or used by the department in an investigation pursuant to section 268.18, subdivision 3, are confidential as to data on individuals and protected nonpublic data not on individuals as defined in section 13.02, subdivisions 3 and 13, and shall not be disclosed except pursuant to statute or court order or to a party named in a criminal proceeding, administrative or judicial, for preparation of a defense.

Tape recordings and transcripts of recordings of proceedings before a referee of the department and exhibits offered by parties other than the department and received into evidence at those proceedings are private data on individuals and nonpublic data not on individuals and shall be disclosed only pursuant to the administration of section 268.10, subdivisions 3 to 8, or pursuant to a court order.

Aggregate data about employers compiled from individual job orders placed with the department of economic security are private data on individuals and nonpublic data not on individuals as defined in section 13.02, subdivisions 9 and 12, if the commissioner determines that divulging the data would result in disclosure of the identity of the employer. The general aptitude test battery and the nonverbal aptitude test battery as administered by the department are also classified as private data on individuals or nonpublic data.

Data on individuals collected, maintained, or created because an individual applies for benefits or services provided by the energy assistance and weatherization programs administered by the department of economic security is private data on individuals and shall not be disseminated except pursuant to section 13.05, subdivisions 3 and 4.

Data gathered by the department pursuant to the administration of sections 268.03 to 268.231 shall not be made the subject or the basis for any suit in any civil proceedings, administrative or judicial, unless the action is initiated by the department.

Testimony obtained under subdivision 13 and section 268.10, subdivision 3, may not be used or considered in any civil, administrative, or contractual proceeding, except by a local, state, or federal human rights group with enforcement powers, unless the proceeding is initiated by the department.

Sec. 26. Minnesota Statutes 1994, section 270B.02, subdivision 3, is amended to read:

Subd. 3. [CONFIDENTIAL DATA ON INDIVIDUALS; PROTECTED NONPUBLIC DATA.] (a) Except as provided in paragraph (b), ~~names the name or existence of informers an informer, informer letters, and other unsolicited data, in whatever form, given to the department of revenue by a person, other than the data subject, who informs that a specific taxpayer is not or may not be in compliance with tax laws, or nontax laws administered by the department of revenue, are confidential data on individuals or protected nonpublic data as defined in section 13.02, subdivisions 3 and 13.~~

(b) Data under paragraph (a) may be disclosed with the consent of the informer or upon a written finding by a court that the information provided by the informer was false and that there is evidence that the information was provided in bad faith. This subdivision does not alter disclosure responsibilities or obligations under the rules of criminal procedure.

Sec. 27. Minnesota Statutes 1994, section 270B.03, subdivision 1, is amended to read:

Subdivision 1. [WHO MAY INSPECT.] Returns and return information must, on written request, be made open to inspection by or disclosure to the data subject. For purposes of this chapter, the following are the data subject:

- (1) in the case of an individual return, that individual;
- (2) in the case of an income tax return filed jointly, either of the individuals with respect to whom the return is filed;
- (3) in the case of a partnership return, any person who was a member of the partnership during any part of the period covered by the return;
- (4) in the case of the return of a corporation or its subsidiary:
 - (i) any person designated by resolution of the board of directors or other similar governing body;
 - (ii) any officer or employee of the corporation upon written request signed by any officer and attested to by the secretary or another officer;
 - (iii) any bona fide shareholder of record owning one percent or more of the outstanding stock of the corporation;
 - (iv) if the corporation is a corporation that has made an election under section 1362 of the Internal Revenue Code of 1986, as amended through December 31, 1988, any person who was a shareholder during any part of the period covered by the return during which an election was in effect; or
 - (v) if the corporation has been dissolved, any person authorized by state law to act for the corporation or any person who would have been authorized if the corporation had not been dissolved;
- (5) in the case of an estate return:
 - (i) the personal representative or trustee of the estate; and
 - (ii) any heir at law, next of kin, or beneficiary of the estate, but only if the commissioner finds that the heir at law, next of kin, or beneficiary has a material interest that will be affected by information contained in the return;
- (6) in the case of a trust return:
 - (i) the trustee or trustees, jointly or separately; and
 - (ii) any beneficiary of the trust, but only if the commissioner finds that the beneficiary has a material interest that will be affected by information contained in the return;
- (7) if liability has been assessed to a transferee under section 289A.31, subdivision 3, the transferee is the data subject with regard to the returns and return information relating to the assessed liability; and
- (8) in the case of an Indian tribal government or an Indian tribal government-owned entity,
 - (i) the chair of the tribal government, or
 - (ii) any person authorized by the tribal government; and
- (9) in the case of a successor as defined in section 270.102, subdivision 1, paragraph (b), the successor is the data subject and information may be disclosed as provided by section 270.102, subdivision 4.

Sec. 28. [270B.085] [DISCLOSURES IN COLLECTION ACTIONS.]

Subdivision 1. [SEIZURE INFORMATION.] Following the execution of a writ of entry under section 270.70, the commissioner may disclose information identifying the individual or business subject to the writ, the basis for the writ, and the results of the execution, including lists of property seized.

Subd. 2. [LIEN PAYOFF INFORMATION.] The commissioner may disclose the outstanding obligation secured by a lien filed under section 270.69, subdivision 2.

Sec. 29. Minnesota Statutes 1994, section 270B.12, subdivision 2, is amended to read:

Subd. 2. [~~MUNICIPALITIES~~ LOCAL UNITS OF GOVERNMENT.] Sales and use tax returns and return information are open to inspection by or disclosure to the taxing officials of any ~~municipality~~ local unit of government of the state of Minnesota that has a local sales or use tax, for the purpose of and to the extent necessary for the administration of the local sales and or use tax.

Sec. 30. Minnesota Statutes 1994, section 270B.14, subdivision 1, is amended to read:

Subdivision 1. [DISCLOSURE TO COMMISSIONER OF HUMAN SERVICES.] (a) On the request of the commissioner of human services, the commissioner shall disclose return information regarding taxes imposed by chapter 290, and claims for refunds under chapter 290A, to the extent provided in paragraph (b) and for the purposes set forth in paragraph (c).

(b) Data that may be disclosed are limited to data relating to the identity, whereabouts, employment, income, and property of a person owing or alleged to be owing an obligation of child support.

(c) The commissioner of human services may request data only for the purposes of carrying out the child support enforcement program and to assist in the location of parents who have, or appear to have, deserted their children. Data received may be used only as set forth in section 256.978.

(d) The commissioner shall provide the records and information necessary to administer the supplemental housing allowance to the commissioner of human services.

(e) At the request of the commissioner of human services, the commissioner of revenue shall electronically match the social security numbers and names of participants in the telephone assistance plan operated under sections 237.69 to 237.711, with those of property tax refund filers, and determine whether each participant's household income is within the eligibility standards for the telephone assistance plan.

(f) The commissioner may provide records and information to the commissioner of human services as necessary to administer the early refund of refundable tax credits.

Sec. 31. Minnesota Statutes 1994, section 270B.14, subdivision 11, is amended to read:

Subd. 11. [DISCLOSURE TO COMMISSIONER OF HEALTH.] (a) On the request of the commissioner of health, the commissioner may disclose return information to the extent provided in paragraph (b) and for the purposes provided in paragraph (c).

(b) Data that may be disclosed are limited to the taxpayer's identity, as defined in section 270B.01, subdivision 5.

(c) The commissioner of health may request data only for the purposes of carrying out epidemiologic investigations, which includes conducting occupational health and safety surveillance, and locating and notifying individuals exposed to health hazards as a result of employment. Requests for data by the commissioner of health must be in writing and state the purpose of the request. Data received may be used only for the purposes of section 144.0525.

(d) The commissioner may disclose health care service revenue data to the commissioner of health as provided by section 62J.41, subdivision 2.

Sec. 32. [270B.161] [DATA AND INFORMATION ON MINE VALUE OF ORE.]

Data collected from taxpayers and maintained by the commissioner for the purpose of determining the mine value of ore under section 298.01 are nonpublic data as defined in section 13.02, subdivision 9.

Sec. 33. Minnesota Statutes 1994, section 336.9-407, is amended to read:

336.9-407 [INFORMATION FROM FILING OFFICER.]

(1) If the person filing any financing statement, termination statement, statement of assignment, or statement of release, furnishes the filing officer a copy thereof, the filing officer shall upon

request note upon the copy the file number and date and hour of the filing of the original and deliver or send the copy to such person.

(2) Upon request of any person, the filing officer shall conduct a search of the statewide computerized uniform commercial code database for any active financing statements naming a particular debtor. The filing officer shall report the findings as of the date and hour of the search by issuing:

(a) a certificate listing the file number, date, and hour of each filing and the names and addresses of each secured party;

(b) photocopies of those original documents on file and located in the office of the filing officer; or

(c) upon request, both the certificate and the photocopies referred to in (b).

The uniform fee for conducting the search and for preparing a certificate shall be \$15 if the request is in the standard form prescribed by the secretary of state. This uniform fee shall include up to ten photocopies of original documents. If the request for information is made on a form other than the standard form prescribed by the secretary of state, the fee shall be \$20 and shall include up to ten photocopies of original documents.

Another fee, at the same rate, shall also be charged for conducting a search and preparing a certificate showing federal and state tax liens on file with the filing officer naming a particular debtor.

There shall be an additional fee of \$1 per page for a photocopy of each financing statement or tax lien prepared in excess of the first ten.

Notwithstanding the fees set in this section, a natural person who is the subject of data must, upon the person's request, be shown the data without charge, and upon request be provided with photocopies of the data upon payment of no more than the actual cost of making the copies.

Notwithstanding section 13.49, a filing officer may include social security number information in a report of the findings following a search of the statewide computerized uniform commercial code database or the state and federal tax liens on file with the filing officer. A filing officer may also include social security number information on a photocopy of an original document on file whether provided in response to a request for information or in response to a request made pursuant to section 13.03.

Sec. 34. Minnesota Statutes 1994, section 336.9-411, is amended to read:

336.9-411 [COMPUTERIZED FILING SYSTEM.]

(a) The secretary of state shall develop and implement a statewide computerized filing system to accumulate and disseminate information relative to lien statements, financing statements, state and federal tax lien notices, and other uniform commercial code documents. The computerized filing system must allow information to be entered and retrieved from the computerized filing system by county recorders, the department of revenue, the department of economic security, and the Internal Revenue Service.

(b) County recorders shall enter information relative to lien statements, financing statements, state and federal tax lien notices, and other uniform commercial code documents filed in their offices into a central database maintained by the secretary of state. The information must be entered under the rules of the secretary of state. This requirement does not apply to tax lien notices filed under sections 268.161, subdivision 1, paragraph (b), clause (2); 270.69, subdivision 2, paragraph (b), clause (2); and 272.488, subdivision 1, but does apply to entry of the date and time of receipt and county recorder's file number of those notices.

(c) The secretary of state may allow private parties to have electronic-view-only access to the computerized filing system and to other computerized records maintained by the secretary of state on a fee basis, except that visual access to electronic display terminals at the public counters at the secretary of state's office will be without charge and available during public counter hours. If the

computerized filing system allows a form of electronic access to information regarding the obligations of debtors, the access must be available 24 hours a day, every day of the year.

Notwithstanding section 13.49, private parties who have electronic-view-only access to computerized records may view the social security number information about a debtor that is of record.

(d) The secretary of state shall adopt rules to implement the computerized filing system. The secretary of state may adopt permanent and emergency rules. The rules must:

(1) allow filings to be made at the offices of all county recorders and the secretary of state's office as required by section 336.9-401;

(2) establish a central database for all information relating to liens and security interests that are filed at the offices of county recorders and the secretary of state;

(3) provide procedures for entering data into a central database;

(4) allow the offices of all county recorders and the secretary of state's office to add, modify, and delete information in the central database as required by the uniform commercial code;

(5) allow the offices of all county recorders and the secretary of state's office to have access to the central database for review and search capabilities;

(6) allow the offices of all county recorders to have electronic-view-only access to the computerized business information records on file with the secretary of state;

(7) require the secretary of state to maintain the central database;

(8) provide security and protection of all information in the central database and monitor the central database to ensure that unauthorized entry is not allowed;

(9) require standardized information for entry into the central database;

(10) prescribe an identification procedure for debtors and secured parties that will enhance lien and financing statement searches; and

(11) prescribe a procedure for phasing-in or converting from the existing filing system to a computerized filing system.

(e) The secretary of state, county recorders, and their employees and agents shall not be liable for any loss or damages arising from errors in or omissions from information entered into the computerized filing system as a result of the electronic transmission of tax lien notices under sections 268.161, subdivision 1, paragraph (b), clause (2); 270.69, subdivision 2, paragraph (b), clause (2); 272.483; and 272.488, subdivision subdivisions 1 and 3.

Sec. 35. Minnesota Statutes 1994, section 383B.225, subdivision 6, is amended to read:

Subd. 6. [INVESTIGATION PROCEDURE.] (a) Upon notification of the death of any person, as provided in subdivision 5, the county medical examiner or a designee may proceed to the body, take charge of it, and order, when necessary, that there be no interference with the body or the scene of death. Any person violating the order of the examiner is guilty of a misdemeanor. The examiner or the examiner's designee shall make inquiry regarding the cause and manner of death and prepare written findings together with the report of death and its circumstances, which shall be filed in the office of the examiner. When it appears that death may have resulted from a criminal act and that further investigation is advisable, a copy of the report shall be transmitted to the county attorney. The examiner may take possession of all property of the deceased, mark it for identification, and make an inventory. The examiner shall take possession of all articles useful in establishing the cause of death, mark them for identification and retain them securely until they are no longer needed for evidence or investigation. The examiner shall release any property or articles needed for any criminal investigation to law enforcement officers conducting the investigation. When a reasonable basis exists for not releasing property or articles to law enforcement officers, the examiner shall consult with the county attorney. If the county attorney determines that a

reasonable basis exists for not releasing the property or articles, the examiner may retain them. The property or articles shall be returned immediately upon completion of the investigation. When the property or articles are no longer needed for the investigation or as evidence, the examiner shall release the property or articles to the person or persons entitled to them. Notwithstanding any other law to the contrary, when personal property of a decedent has come into the possession of the examiner, and is not used for a criminal investigation or as evidence, and has not been otherwise released as provided in this subdivision, the name of the decedent shall be filed with the probate court, together with a copy of the inventory of the decedent's property. At that time, an examination of the records of the probate court shall be made to determine whether a will has been admitted to probate or an administration has been commenced. Property of a nominal value, including wearing apparel, may be released to the spouse or any blood relative of the decedent or to the person accepting financial responsibility for burial of the decedent. If property has not been released by the examiner and no will has been admitted to probate or administration commenced within six months after death, the examiner shall sell the property at a public auction upon notice and in a manner as the probate court may direct; except that the examiner shall cause to be destroyed any firearm or other weapon that is not released to or claimed by a decedent's spouse or blood relative. If the name of the decedent is not known, the examiner shall inventory the property of the decedent and after six months may sell the property at a public auction. The examiner shall be allowed reasonable expenses for the care and sale of the property and shall deposit the net proceeds of the sale with the county administrator, or the administrator's designee, in the name of the decedent, if known. If the decedent is not known, the examiner shall establish a means of identifying the property of the decedent with the unknown decedent and shall deposit the net proceeds of the sale with the county administrator, or a designee, so, that, if the unknown decedent's identity is established within six years, the proceeds can be properly distributed. In either case, duplicate receipts shall be provided to the examiner, one of which shall be filed with the court, the other of which shall be retained in the office of the examiner. If a representative shall qualify within six years from the time of deposit, the county administrator, or a designee, shall pay the amount of the deposit to the representative upon order of the court. If no order is made within six years, the proceeds of the sale shall become a part of the general revenue of the county.

(b) For the purposes of this section, health-related records or data on a decedent, and chemical dependency treatment records or data on a decedent, except health data defined in section 13.38, whose death is being investigated under this section, whether the records or data are recorded or unrecorded, including but not limited to those concerning medical, surgical, psychiatric, psychological, or any other consultation, diagnosis, or treatment, including medical imaging, shall be made promptly available to the medical examiner, upon the medical examiner's written request, by a person having custody of, possession of, access to, or knowledge of the records or data. In cases involving a stillborn infant or the death of a fetus or an infant less than one year of age, the records on the decedent's mother shall also be made promptly available to the medical examiner. The medical examiner shall pay the reasonable costs of copies of records or data provided to the medical examiner under this section. Data collected or created pursuant to this subdivision relating to any psychiatric, psychological, or mental health consultation with, diagnosis of, or treatment of the decedent whose death is being investigated shall remain confidential or protected nonpublic data, except that the medical examiner's report may contain a summary of such data.

Sec. 36. Laws 1993, chapter 192, section 110, is amended to read:

Sec. 110. [REPEALER.]

(a) Minnesota Statutes 1992, section 309.502, is repealed.

(b) Minnesota Statutes 1992, sections 16A.095, subdivision 3; 16A.123; 16A.128; 16A.1281; 16A.35; 16A.45, subdivisions 2 and 3; 16A.80; and 290A.24, are repealed.

~~(c) Minnesota Statutes 1992, section 13.072, is repealed effective August 1, 1995.~~

Sec. 37. [REPEALER.]

Minnesota Statutes 1994, sections 13.69, subdivision 2; 13.71, subdivisions 9, 10, 11, 12, 13, 14, 15, 16, and 17; 13B.04; and Laws 1990, chapter 566, section 9, as amended by Laws 1992, chapter 569, section 36, and Laws 1994, chapter 618, article 1, section 47, are repealed.

Sec. 38. [EFFECTIVE DATE.]

Sections 2, 3, 33, 34, and 36 are effective the day following final enactment. Section 1 is effective retroactive to January 1, 1993.

ARTICLE 2

FINANCIAL ASSISTANCE DATA

Section 1. [13.311] [FINANCIAL ASSISTANCE DATA.]

Subdivision 1. [DEFINITIONS.] (a) As used in this section, the following terms have the meanings given them.

(b) "Financial assistance data" means government data on applicants for assistance or recipients of assistance under a financial assistance program administered by a state agency, statewide system, or political subdivision. Financial assistance data does not include:

- (1) benefit data under section 13.31;
- (2) welfare data under section 13.46;
- (3) employment and training data under section 13.47;
- (4) award data under section 13.48; and
- (5) data arising out of counseling, advocacy services, or other forms of nonfinancial assistance.

(c) "Financial assistance program" means a program that provides grants, loans, loan guarantees, loan restructuring, interest subsidies, insurance, or similar forms of financial assistance for business or economic development activities.

Subd. 2. [DATA ON APPLICANTS.] Unless made accessible to the public under other law, The following financial assistance data on applicants for financial assistance are private data on individuals or nonpublic data: financial information, including credit reports, financial statements, net worth calculations, personal or corporate income tax returns, business plans, income and expense projections, customer lists, and market and feasibility studies not paid for with public funds.

Subd. 3. [DATA ON RECIPIENTS.] Data that are not public data under subdivision 2 become public if the applicant receives financial assistance, except that the following data remain private or nonpublic: personal net worth calculations, personal or corporate income tax returns, business plans, income and expense projections, customer lists, and market and feasibility studies not paid for with public funds.

Sec. 2. Minnesota Statutes 1994, section 13.62, is amended to read:

13.62 [ECONOMIC ASSISTANCE DATA.]

~~The following Data collected by cities in their administration of the city economic development assistance program are classified as nonpublic data:~~

- ~~(1) application data, except company names, addresses, and other data that identify the applicant, until the application is approved by the city;~~
- ~~(2) application data, except company names, addresses, and other data that identify the applicant, that pertain to companies whose applications have been disapproved;~~
- ~~(3) attachments to applications including but, not limited to, business and personal financial records, until the application is approved;~~
- ~~(4) income tax returns, either personal or corporate, that are filed by applicants; and~~
- (5) are governed by section 13.311. In addition, correspondence between the program administrators and the an applicant are private data on individuals or nonpublic data until the application has been approved or disapproved.

Sec. 3. Minnesota Statutes 1994, section 13.671, is amended to read:

13.671 [IRON RANGE RESOURCES AND REHABILITATION BOARD DATA.]

~~Subdivision 1. [NONPUBLIC DATA.] The following Data that are submitted to the commissioner of the iron range resources and rehabilitation board by or to the board on businesses that are requesting financial assistance are nonpublic data: the identity of the business and financial information about the business including, but not limited to, credit reports, financial statements, net worth calculations, business plans, income and expense projections, customer lists, and market and feasibility studies not paid for with public funds governed by section 13.311.~~

~~Subd. 2. [PUBLIC DATA.] Data submitted to the commissioner under subdivision 1 become public data upon submission of the request for financial assistance to the iron range resources and rehabilitation board except that the following data remain nonpublic: business plans, income and expense projections, customer lists, and market and feasibility studies not paid for with public funds.~~

Sec. 4. Minnesota Statutes 1994, section 13.761, is amended to read:

13.761 [INDIAN AFFAIRS COUNCIL DATA.]

~~All financial information on individuals and business entities including, but not limited to, credit reports, financial statements, and net worth calculations, that are contained in applications Data received by the Indian affairs council in its administration of the Indian business development loan program are classified as private data with regard to data on individuals and as nonpublic data with regard to data not on individuals governed by section 13.311.~~

Sec. 5. Minnesota Statutes 1994, section 13.77, is amended to read:

13.77 [AGRICULTURAL RESOURCE LOAN BOARD DATA.]

~~Subdivision 1. [NONPUBLIC DATA.] Financial information concerning business persons Data received or prepared by the agriculture resource loan guaranty agricultural and economic development board in connection with applications for loan guarantees pursuant to Laws 1984, chapter 502, article 10, sections 1 to 12, including, but not limited to, credit reports, financial statements, and net worth calculations, is classified as nonpublic data under chapter 41A are governed by section 13.311.~~

~~Subd. 2. [PRIVATE DATA.] Financial information concerning individuals received or prepared by the agriculture resource loan guaranty board in connection with applications for loan guarantees pursuant to Laws 1984, chapter 502, article 10, sections 1 to 12, including, but not limited to, credit reports, financial statements, and net worth calculations is classified as private data.~~

Sec. 6. Minnesota Statutes 1994, section 13.78, is amended to read:

13.78 [MINNESOTA EXPORT AUTHORITY DATA.]

~~Financial information concerning business persons Data received or prepared by the export authority in connection with applications for financial assistance pursuant to section 116J.9673, including, but not limited to, credit reports, financial statements, net worth calculations, income and expense projections, and are governed by section 13.311. In addition, proposed terms of trade and foreign risk coverage, is classified as nonpublic data if it is data not on an individual and as private data if it is data on an individual individuals.~~

Sec. 7. Minnesota Statutes 1994, section 17.117, subdivision 12, is amended to read:

~~Subd. 12. [DATA PRIVACY.] The following Data on applicants or borrowers collected by the commissioner under this section are private for data on individuals as provided in section 13.02, subdivision 12, or nonpublic for data not on individuals as provided in section 13.02, subdivision 9: financial information, including, but not limited to, credit reports, financial statements, tax returns and net worth calculations received or prepared by the commissioner governed by section 13.311.~~

Sec. 8. Minnesota Statutes 1994, section 41.63, is amended to read:

41.63 [DATA PRIVACY.]

~~Personal financial information, credit reports, financial statements, tax refund calculations, and net worth statements; Data received or prepared by the commissioner regarding any family farm security loans; are private data on individuals under chapter 13 governed by section 13.311.~~

Sec. 9. Minnesota Statutes 1994, section 41B.211, is amended to read:

41B.211 [DATA PRIVACY.]

~~Financial information, including credit reports, financial statements, and net worth calculations; Data received or prepared by the authority regarding any authority loan and the name of each individual who is the recipient of a loan are private data on individuals, under chapter 13, except that are governed by section 13.311. Information obtained under the agricultural development bond program in sections 41C.01 to 41C.13 may be released as required by federal tax law.~~

Sec. 10. Minnesota Statutes 1994, section 116O.03, subdivision 7, is amended to read:

Subd. 7. [APPLICATION AND INVESTIGATIVE DATA.] ~~The following Data is classified as private data with regard to data on individuals under section 13.02, subdivision 12, or as nonpublic data with regard to data not on individuals under section 13.02, subdivision 9, whichever is applicable:~~

~~(1) financial data, statistics, and information furnished in connection with assistance or proposed assistance under section 116O.06, including credit reports, financial statements, statements of net worth, income tax returns, either personal or corporate, and any other business and personal financial records; or~~

~~(2) are governed by section 13.311, except that security information, trade secret information, or labor relations information, as defined in are governed by section 13.37, subdivision 1, disclosed to members of the corporation board or employees of the corporation under section 116O.06.~~

Sec. 11. Minnesota Statutes 1994, section 116S.02, subdivision 8, is amended to read:

Subd. 8. [APPLICATION AND INVESTIGATIVE DATA.] ~~Financial data, statistics, and information Data furnished to the corporation in connection with assistance or proposed assistance, including credit reports, financial statements, statements of net worth, income tax returns, either personal or corporate, and any other business and personal financial records are private data with regard to data on individuals under section 13.02, subdivision 12, or as nonpublic data with regard to data not on individuals under section 13.02, subdivision 9 are governed by section 13.311.~~

Sec. 12. Minnesota Statutes 1994, section 446A.11, subdivision 11, is amended to read:

Subd. 11. [FINANCIAL INFORMATION.] ~~Financial information, including credit reports, financial statements and net worth calculations; Data received or prepared by the authority regarding an authority loan, financial assistance, or insurance is private data with regard to data on individuals as defined in section 13.02, subdivision 12 and nonpublic data with regard to data not on individuals as defined in section 13.02, subdivision 9 are governed by section 13.311.~~

Sec. 13. [REPEALER.]

Minnesota Statutes 1994, section 13.76, subdivision 1, is repealed.

ARTICLE 3

INFORMATION POLICY TRAINING PROGRAM

Section 1. [13.073] [PUBLIC INFORMATION POLICY TRAINING PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] The commissioner shall establish a program for training state and local government officials and employees on public information policy, including

government data practices laws and official records and records management statutes. The program must provide for the development of broad-based expertise within state and local government entities. The program components must include basic training, specific training for specialized service sectors, and policy analysis and support.

Subd. 2. [GENERAL PROVISIONS.] The commissioner shall publicize the development and implementation of the training program under this section and shall seek input from state and local government entities. The commissioner shall prepare a training guide that includes an overview of the training program and its components.

Subd. 3. [BASIC TRAINING.] The basic training component must be designed to meet the basic information policy needs of all government employees and public officials with a focus on key data practices laws and procedures that apply to all government entities. The commissioner shall design the basic training component in a manner that minimizes duplication of the effort and cost for government entities to provide basic training. The commissioner shall develop general programs and materials for basic training such as video presentations, data practices booklets, and training guides. The commissioner shall assist state and local government agencies in developing training expertise within their own agencies and shall offer assistance for periodic training sessions for this purpose.

Subd. 4. [SECTOR-SPECIFIC TRAINING.] (a) The sector-specific training component must be designed to provide for the development of specific expertise needed to deal with information policy issues within a particular service area. Service areas may include government entities such as state agencies, counties, cities, or school districts, or functional areas such as education, human services, child protection, or law enforcement. This component must focus on training individuals who implement or administer data practices and other information policy laws within their government entity.

(b) The commissioner shall provide technical assistance and support and help coordinate efforts to develop sector-specific training within different sectors. Elements of sector-specific training must include:

(1) designation, training, and coordination of data practices specialists with responsibility for clarification and resolution of sector-specific information policy issues;

(2) development of telephone hot lines within different sectors for handling information policy inquiries;

(3) development of forums under which individuals with ongoing information policy administrative responsibilities may meet to discuss issues arising within their sectors;

(4) availability of expertise for coaching and consultation on specific issues; and

(5) preparation of publications, including reference guides to materials and resource persons.

Subd. 5. [POLICY ANALYSIS AND SUPPORT.] The policy analysis and support component must be designed to address information policy issues at the policy level and to provide ongoing consultation and support regarding major areas of concern with a goal of developing a coherent and coordinated approach to information policy within the state. The commissioner shall assist in the development and implementation of information policy and provide a clearinghouse for ideas, information, and resources. The commissioner shall review public information policy and identify how that policy can be updated, simplified, and made consistent.

Subd. 6. [GRANTS.] The commissioner may make grants to statewide systems, political subdivisions, or associations of political subdivisions for purposes of supplementing and encouraging local government efforts under this section.

Sec. 2. [REPORT.]

By January 1, 1997, the commissioner of administration shall report to the legislature on the implementation of the training program under section 1. The report must include an analysis of the effectiveness of the program in improving information policy practices, recommendations for any changes in the program, and recommendations for amendments to public information policies that will update and simplify those policies.

Sec. 3. [APPROPRIATION.]

\$..... is appropriated from the general fund to the commissioner of administration for purposes of developing the training program under section 1 and making grants under section 1, subdivision 6.

ARTICLE 4

INDEX OF CLASSIFICATIONS OUTSIDE OF CHAPTER 13

Section 1. Minnesota Statutes 1994, section 13.99, subdivision 1, is amended to read:

Subdivision 1. [PROVISIONS CODED IN OTHER CHAPTERS.] The laws enumerated in this section are codified outside of this chapter and classify government data as other than public or place restrictions on access to government data. Except for records of the judiciary, the definitions and general provisions in sections 13.01 to 13.07 and the remedies and penalties provided in sections 13.08 and 13.09 also apply to data and records listed in this section and to other provisions of statute that provide access to government data and records or rights regarding government data similar to those established by section 13.04.

Sec. 2. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 5a. [ETHICAL PRACTICES BOARD OPINIONS.] A request for an ethical practices board advisory opinion and the opinion itself are classified under section 10A.02, subdivision 12.

Sec. 3. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 6d. [AGRICULTURAL COMMODITY HANDLERS.] Access to data filed with the commissioner of agriculture by agricultural commodity handlers is governed by section 17.694, subdivision 1.

Sec. 4. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 11a. [CERTAIN DATA RECEIVED BY COMMISSIONER OF COMMERCE.] Certain data received because of the participation of the commissioner of commerce in various organizations are classified under section 45.012.

Sec. 5. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 11b. [BANK INCORPORATORS DATA.] Financial data on individuals submitted by incorporators proposing to organize a bank are classified under section 46.041, subdivision 1.

Sec. 6. Minnesota Statutes 1994, section 13.99, subdivision 12, is amended to read:

Subd. 12. [COMMERCE DEPARTMENT DATA ON FINANCIAL INSTITUTIONS.] The disclosure by the commissioner of commerce of facts and information obtained in the course of examining financial institutions and in relation to complaints filed with the commissioner is governed by section 46.07, ~~subdivision~~ subdivisions 2 and 3.

Sec. 7. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 12a. [ELECTRONIC FINANCIAL TERMINAL DATA.] Information obtained by the commissioner of commerce in the course of verifying electronic financial terminal equipment is classified under section 47.66.

Sec. 8. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 14a. [SURPLUS LINES INSURER DATA.] Reports and recommendations on the financial condition of eligible surplus lines insurers submitted to the commissioner of commerce are classified under section 60A.208, subdivision 7.

Sec. 9. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 17b. [INSURER FINANCIAL CONDITION DATA.] Recommendations on the financial condition of an insurer submitted to the commissioner of commerce by the insurance guaranty association are classified under section 60C.15.

Sec. 10. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 18a. [INSURER SUPERVISION DATA.] Data on insurers supervised by the commissioner of commerce under chapter 60G are classified under section 60G.03, subdivision 1.

Sec. 11. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 18b. [INSURANCE AGENT TERMINATION.] Access to data on insurance agent terminations held by the commissioner of commerce is governed by section 60K.10.

Sec. 12. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 18c. [ASSOCIATION DATA.] Certain data submitted to the commissioner of commerce by a life and health guaranty association are classified under section 61B.28, subdivision 2.

Sec. 13. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 18d. [SOLICITOR OR AGENT DATA.] Data relating to suspension or revocation of a solicitor's or agent's license are classified under section 62C.17, subdivision 4.

Sec. 14. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 19f. [LEGAL SERVICE PLAN SOLICITOR OR AGENT DATA.] Information contained in a request by a legal service plan for termination of a solicitor's or agent's license is classified under section 62G.20, subdivision 3.

Sec. 15. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 19g. [ANTITRUST EXEMPTION.] Trade secret data submitted in an application for exemption from antitrust laws by health care entities are classified under section 62J.2914, subdivision 5.

Sec. 16. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 19h. [HEALTH CARE COST CONTAINMENT.] Data required to be submitted under health care cost containment provisions are classified by sections 62J.35, subdivision 3, and 62J.45, subdivision 4a.

Sec. 17. Minnesota Statutes 1994, section 13.99, subdivision 20, is amended to read:

Subd. 20. [AUTO THEFT DATA.] The sharing of data on auto thefts between law enforcement and prosecutors and insurers is governed by section ~~65B.81~~ 65B.82.

Sec. 18. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 20a. [INSURANCE CONTRACT DATA.] Certain insurance contract data held by the commissioner of commerce are classified under section 72A.20, subdivision 15.

Sec. 19. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 20b. [HEALTH CLAIMS APPEALS.] Documents that are part of an appeal from denial of health care coverage for experimental treatment are classified under section 72A.327.

Sec. 20. Minnesota Statutes 1994, section 13.99, subdivision 21a, is amended to read:

Subd. 21a. [MINERAL DEPOSIT EVALUATION DATA.] Data submitted in applying for a permit for mineral deposit evaluation and as a result of exploration are classified under section 103I.605, ~~subdivision~~ subdivisions 2 and 4.

Sec. 21. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 21d. [WASTE MANAGEMENT HAULER DATA.] Data on waste management haulers inspected under section 115A.47 are classified under section 115A.47, subdivision 5.

Sec. 22. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 24a. [VOLUNTARY BUY-OUT DATA.] Data obtained by the commissioner of commerce from insurers under the voluntary buy-out law are classified under section 115B.46, subdivision 6.

Sec. 23. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 24b. [PETROLEUM TANK RELEASE.] Certain data in connection with a petroleum tank release are classified under section 115C.03, subdivision 8.

Sec. 24. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 24c. [TOXIC POLLUTION PREVENTION PLANS.] Toxic pollution prevention plans are classified under section 115D.09.

Sec. 25. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 27e. [DEVELOPMENTAL SCREENING.] Data collected in early childhood developmental screening programs are classified under section 123.704.

Sec. 26. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 27f. [TEACHER LICENSE REPORTING.] Data on certain teacher discharges and resignations reported under section 125.09 are classified under that section.

Sec. 27. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 28a. [HIGHER EDUCATION COORDINATING BOARD.] Financial records submitted by schools registering with the higher education coordinating board are classified under section 136A.64.

Sec. 28. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 29b. [PUBLIC HEALTH STUDIES.] Data held by the commissioner of health in connection with public health studies are classified under section 144.053.

Sec. 29. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 29c. [RURAL HOSPITAL GRANTS.] Financial data on individual hospitals under the rural hospital grant program are classified under section 144.147, subdivision 5.

Sec. 30. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 35c. [TRAUMATIC INJURY DATA.] Data on individuals with a brain or spinal injury collected by the commissioner of health are classified under section 144.665.

Sec. 31. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 38b. [LEAD EXPOSURE DATA.] Data on individuals exposed to lead in their residences are classified under section 144.874, subdivision 1.

Sec. 32. Minnesota Statutes 1994, section 13.99, subdivision 42a, is amended to read:

Subd. 42a. [PHYSICIAN HEALTH DATA BOARD OF MEDICAL PRACTICE.] ~~Physician health data obtained by the licensing board in connection with a disciplinary action are classified under section 147.091, subdivision 6~~ Data held by the board of medical practice in connection with disciplinary matters are classified under sections 147.01, subdivision 4, and 147.091, subdivision 6.

Sec. 33. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 52b. [UNLICENSED MENTAL HEALTH PRACTITIONERS.] Certain data in connection with the investigation of an unlicensed mental health practitioner are classified under section 148B.66, subdivision 2.

Sec. 34. Minnesota Statutes 1994, section 13.99, subdivision 54, is amended to read:

Subd. 54. [MOTOR VEHICLE REGISTRATION.] ~~The residence address of certain individuals provided to the commissioner of public safety for~~ Various data on motor vehicle registrations is are classified under section sections 168.345 and 168.346.

Sec. 35. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 54b. [DRIVERS' LICENSE CANCELLATIONS.] Access to data on individuals whose driver's licenses have been canceled is governed by section 171.043.

Sec. 36. Minnesota Statutes 1994, section 13.99, subdivision 55, is amended to read:

Subd. 55. [DRIVERS' LICENSE PHOTOGRAPHS AND IMAGES.] Photographs or electronically produced images taken by the commissioner of public safety for drivers' licenses are classified under section 171.07, subdivision 1a.

Sec. 37. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 56a. [DRIVERS' LICENSE CANCELLATION DUE TO BLINDNESS.] Data on a visual examination performed for purposes of drivers' license cancellation are classified under section 171.32, subdivision 3.

Sec. 38. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 58b. [WORKERS' COMPENSATION COVERAGE.] Access to the identity of anyone reporting that an employer may not have workers' compensation insurance is governed by section 176.184, subdivision 5.

Sec. 39. Minnesota Statutes 1994, section 13.99, subdivision 64, is amended to read:

Subd. 64. [HEALTH LICENSING BOARDS.] Data received held by health licensing boards from the commissioner of human services are classified under section sections 214.10, subdivision 8, and 214.25, subdivision 1.

Sec. 40. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 64a. [COMBINED BOARDS DATA.] Data held by licensing boards participating in a health professional services program are classified under sections 214.34 and 214.35.

Sec. 41. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 74c. [OMBUDSMAN ON AGING.] Data held by the ombudsman on aging are classified under section 256.9744.

Sec. 42. Minnesota Statutes 1994, section 13.99, subdivision 78, is amended to read:

Subd. 78. [~~ADOPTEE'S ORIGINAL BIRTH CERTIFICATE~~ ADOPTION RECORDS.] Various adoption records are classified under section 259.53, subdivision 1. Access to the original birth certificate of a person who has been adopted is governed by section 259.89.

Sec. 43. Minnesota Statutes 1994, section 13.99, subdivision 79, is amended to read:

Subd. 79. [PEACE OFFICERS, COURT SERVICES, AND CORRECTIONS RECORDS OF JUVENILES.] Inspection and maintenance of juvenile records held by police and the commissioner of corrections are governed by section 260.161, subdivision 3, and disclosure to school officials of court services data on juveniles adjudicated delinquent is are governed by section 260.161, subdivision 1b.

Sec. 44. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 81b. [MINNESOTA YOUTH PROGRAM.] Data on individuals under the Minnesota youth program are classified under section 268.561, subdivision 7.

Sec. 45. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 90a. [CRIMINAL JUSTICE INFORMATION NETWORK.] Data collected by the criminal justice data communications network are classified under section 299C.46, subdivision 5.

Sec. 46. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 92e. [PROFESSIONAL CORPORATIONS.] Access to records of a professional corporation held by a licensing board under section 319A.17 is governed by that section.

Sec. 47. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 92f. [PRIVATE DETECTIVE LICENSE.] Certain data on applicants for licensure as private detectives are classified under section 326.3382, subdivision 3.

Sec. 48. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 98a. [ARENA ACQUISITION.] Certain data in connection with a decision whether to acquire a sports arena are classified under section 473.598, subdivision 4.

Sec. 49. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 98b. [METROPOLITAN AIRPORTS COMMISSION.] Certain airline data submitted to the metropolitan airports commission in connection with the issuance of revenue bonds are classified under section 473.6671, subdivision 3.

Sec. 50. Minnesota Statutes 1994, section 13.99, subdivision 112, is amended to read:

Subd. 112. [CHILD ABUSE REPORT RECORDS.] Data contained in child abuse report records are classified under section 626.556, subdivisions 11 and 11b.

Sec. 51. Minnesota Statutes 1994, section 13.99, is amended by adding a subdivision to read:

Subd. 113a. [CHILD PROTECTION TEAM.] Data acquired by a case consultation committee or subcommittee of a child protection team are classified by section 626.558, subdivision 3.

ARTICLE 5

CHILD ABUSE VICTIM VIDEOTAPES

Section 1. Minnesota Statutes 1994, section 13.03, subdivision 6, is amended to read:

Subd. 6. [DISCOVERABILITY OF NOT PUBLIC DATA.] If a state agency, political subdivision, or statewide system opposes discovery of government data or release of data pursuant to court order on the grounds that the data are classified as not public, the party that seeks access to the data may bring before the appropriate presiding judicial officer, arbitrator, or administrative law judge an action to compel discovery or an action in the nature of an action to compel discovery.

The presiding officer shall first decide whether the data are discoverable or releasable pursuant to the rules of evidence and of criminal, civil, or administrative procedure appropriate to the action.

If the data are discoverable the presiding officer shall decide whether the benefit to the party seeking access to the data outweighs any harm to the confidentiality interests of the agency maintaining the data, or of any person who has provided the data or who is the subject of the data, or to the privacy interest of an individual identified in the data. In making the decision, the presiding officer shall consider whether notice to the subject of the data is warranted and, if warranted, what type of notice must be given. The presiding officer may fashion and issue any protective orders necessary to assure proper handling of the data by the parties. If the data are a videotape of a child victim or alleged victim alleging, explaining, denying, or describing an act of physical or sexual abuse, the presiding officer shall consider the provisions of section 611A.90, subdivision 2, paragraph (b).

Sec. 2. [13.391] [VIDEOTAPES OF CHILD ABUSE VICTIMS.]

(a) Notwithstanding section 13.04, subdivision 3, an individual subject of data may not obtain a copy of a videotape in which a child victim or alleged victim is alleging, explaining, denying, or describing an act of physical or sexual abuse without a court order under section 13.03, subdivision 6, or 611A.90. The definitions of physical abuse and sexual abuse in section 626.556,

subdivision 2, apply to this subdivision, except that abuse is not limited to acts by a person responsible for the child's care or in a significant relationship with the child or position of authority.

(b) This subdivision does not limit other rights of access to data by an individual under section 13.04, subdivision 3, other than the right to obtain a copy of the videotape.

Sec. 3. Minnesota Statutes 1994, section 13.82, subdivision 6, is amended to read:

Subd. 6. [ACCESS TO DATA FOR CRIME VICTIMS.] On receipt of a written request, the prosecuting authority shall release investigative data collected by a law enforcement agency to the victim of a criminal act or alleged criminal act or to the victim's legal representative unless the release to the individual subject of the data would be prohibited under section 13.391 or the prosecuting authority reasonably believes:

(a) that the release of that data will interfere with the investigation; or

(b) that the request is prompted by a desire on the part of the requester to engage in unlawful activities.

Sec. 4. Minnesota Statutes 1994, section 144.335, subdivision 2, is amended to read:

Subd. 2. [PATIENT ACCESS.] (a) Upon request, a provider shall supply to a patient complete and current information possessed by that provider concerning any diagnosis, treatment and prognosis of the patient in terms and language the patient can reasonably be expected to understand.

(b) Except as provided in paragraph (e), upon a patient's written request, a provider, at a reasonable cost to the patient, shall promptly furnish to the patient (1) copies of the patient's health record, including but not limited to laboratory reports, X-rays, prescriptions, and other technical information used in assessing the patient's health condition, or (2) the pertinent portion of the record relating to a condition specified by the patient. With the consent of the patient, the provider may instead furnish only a summary of the record. The provider may exclude from the health record written speculations about the patient's health condition, except that all information necessary for the patient's informed consent must be provided.

(c) If a provider, as defined in subdivision 1, clause (b)(1), reasonably determines that the information is detrimental to the physical or mental health of the patient, or is likely to cause the patient to inflict self harm, or to harm another, the provider may withhold the information from the patient and may supply the information to an appropriate third party or to another provider, as defined in subdivision 1, clause (b)(1). The other provider or third party may release the information to the patient.

(d) A provider as defined in subdivision 1, clause (b)(3), shall release information upon written request unless, prior to the request, a provider as defined in subdivision 1, clause (b)(1), has designated and described a specific basis for withholding the information as authorized by paragraph (c).

(e) A provider may not release a copy of a videotape of a child victim or alleged victim of physical or sexual abuse without a court order under section 13.03, subdivision 6, or as provided in section 611A.90. This paragraph does not limit the right of a patient to view the videotape.

Sec. 5. [611A.90] [RELEASE OF VIDEOTAPES OF CHILD ABUSE VICTIMS.]

Subdivision 1. [DEFINITION.] For purposes of this section, "physical abuse" and "sexual abuse" have the meanings given in section 626.556, subdivision 2, except that abuse is not limited to acts by a person responsible for the child's care or in a significant relationship with the child or position of authority.

Subd. 2. [COURT ORDER REQUIRED.] (a) A custodian of a videotape of a child victim or alleged victim alleging, explaining, denying, or describing an act of physical or sexual abuse as part of an investigation or evaluation of the abuse may not release a copy of the videotape without a court order, notwithstanding that the subject has consented to the release of the videotape or that the release is authorized under law.

(b) The court order may govern the purposes for which the videotape may be used, reproduction, release to other persons, retention and return of copies, and other requirements reasonably necessary for protection of the privacy and best interests of the child.

Subd. 3. [PETITION.] An individual subject of data, as defined in section 13.02, or a patient, as defined in section 144.335, who is seeking a copy of a videotape governed by this section may petition the district court in the county where the alleged abuse took place or where the custodian of the videotape resides for an order releasing a copy of the videotape under subdivision 2. Nothing in this section establishes a right to obtain access to a videotape by any other person if access is not otherwise authorized by law or pursuant to discovery in a court proceeding.

ARTICLE 6 HEALTH DATA

Section 1. Minnesota Statutes 1994, section 144.225, is amended by adding a subdivision to read:

Subd. 2a. [HEALTH DATA ASSOCIATED WITH BIRTH REGISTRATION.] Information from which an identification of risk for disease, disability, or developmental delay in a mother or child can be made, that is collected in conjunction with birth registration or fetal death reporting, is private data as defined in section 13.02, subdivision 12. The commissioner may disclose to a local board of health, as defined in section 145A.02, subdivision 2, health data associated with birth registration which identifies a mother or child at high risk for serious disease, disability, or developmental delay in order to assure access to appropriate health, social, or educational services.

Sec. 2. Minnesota Statutes 1994, section 144.3351, is amended to read:

144.3351 [IMMUNIZATION DATA.]

Providers as defined in section 144.335, subdivision 1, group purchasers as defined in section 62J.03, subdivision 6, elementary or secondary schools or child care facilities as defined in section 123.70, subdivision 9, public or private post-secondary educational institutions as defined in section 135A.14, subdivision 1, paragraph (b), a board of health as defined in section 145A.02, subdivision 2, community action agencies as defined in section 268.53, subdivision 1, and the commissioner of health may exchange immunization data with one another, without the patient's consent, ~~on the date and type of immunizations administered to a patient, regardless of the date of immunization,~~ if the person requesting access provides services on behalf of the patient. For purposes of this section immunization data includes:

- (1) patient's name, address, date of birth, gender, parent or guardian's name; and
- (2) date vaccine was received, vaccine type, lot number, and manufacturer of all immunizations received by the patient, and whether there is a contradiction or an adverse reaction indication.

This section applies to all immunization data, regardless of when the immunization occurred.

Sec. 3. Minnesota Statutes 1994, section 144.651, subdivision 21, is amended to read:

Subd. 21. [COMMUNICATION PRIVACY.] Patients and residents may associate and communicate privately with persons of their choice and enter and, except as provided by the Minnesota Commitment Act, leave the facility as they choose. Patients and residents shall have access, at their expense, to writing instruments, stationery, and postage. Personal mail shall be sent without interference and received unopened unless medically or programmatically contraindicated and documented by the physician in the medical record. There shall be access to a telephone where patients and residents can make and receive calls as well as speak privately. Facilities which are unable to provide a private area shall make reasonable arrangements to accommodate the privacy of patients' or residents' calls. Upon admission to a facility, ~~a patient or resident, or the patient's or resident's legal guardian or conservator, shall be given the opportunity to authorize disclosure of the patient's or resident's presence in the facility, to callers or visitors who may seek to communicate with the patient or resident. This disclosure option must be made available in all cases where federal law prohibits unauthorized disclosure of patient or resident identifying information to callers and visitors, the patient or resident, or the legal guardian or conservator of~~

the patient or resident, shall be given the opportunity to authorize disclosure of the patient's or resident's presence in the facility to callers and visitors who may seek to communicate with the patient or resident. To the extent possible, the legal guardian or conservator of a patient or resident shall consider the opinions of the patient or resident regarding the disclosure of the patient's or resident's presence in the facility. This right is limited where medically inadvisable, as documented by the attending physician in a patient's or resident's care record. Where programmatically limited by a facility abuse prevention plan pursuant to section 626.557, subdivision 14, clause 2, this right shall also be limited accordingly.

Sec. 4. Minnesota Statutes 1994, section 144.651, subdivision 26, is amended to read:

Subd. 26. [RIGHT TO ASSOCIATE.] Residents may meet with visitors and participate in activities of commercial, religious, political, as defined in section 203B.11 and community groups without interference at their discretion if the activities do not infringe on the right to privacy of other residents or are not programmatically contraindicated. This includes the right to join with other individuals within and outside the facility to work for improvements in long-term care. Upon admission to a facility, ~~a patient or resident, or the patient's or resident's legal guardian or conservator, shall be given the opportunity to authorize disclosure of the patient's or resident's presence in the facility, to callers or visitors who may seek to communicate with the patient or resident.~~ This disclosure option must be made available in all cases where federal law prohibits unauthorized disclosure of patient or resident identifying information to callers and visitors, the patient or resident, or the legal guardian or conservator of the patient or resident, shall be given the opportunity to authorize disclosure of the patient's or resident's presence in the facility to callers and visitors who may seek to communicate with the patient or resident. To the extent possible, the legal guardian or conservator of a patient or resident shall consider the opinions of the patient or resident regarding the disclosure of the patient's or resident's presence in the facility.

Sec. 5. Minnesota Statutes 1994, section 253B.03, subdivision 3, is amended to read:

Subd. 3. [VISITORS AND PHONE CALLS.] Subject to the general rules of the treatment facility, a patient has the right to receive visitors and make phone calls. The head of the treatment facility may restrict visits and phone calls on determining that the medical welfare of the patient requires it. Any limitation imposed on the exercise of the patient's visitation and phone call rights and the reason for it shall be made a part of the clinical record of the patient. Upon admission to a facility, ~~a patient or resident, or the patient's or resident's legal guardian or conservator, shall be given the opportunity to authorize disclosure of the patient's or resident's presence in the facility, to callers or visitors who may seek to communicate with the patient or resident.~~ This disclosure option must be made available in all cases where federal law prohibits unauthorized disclosure of patient or resident identifying information to callers and visitors, the patient or resident, or the legal guardian or conservator of the patient or resident, shall be given the opportunity to authorize disclosure of the patient's or resident's presence in the facility to callers and visitors who may seek to communicate with the patient or resident. To the extent possible, the legal guardian or conservator of a patient or resident shall consider the opinions of the patient or resident regarding the disclosure of the patient's or resident's presence in the facility.

Sec. 6. Minnesota Statutes 1994, section 253B.03, subdivision 4, is amended to read:

Subd. 4. [SPECIAL VISITATION; RELIGION.] A patient has the right to meet with or call a personal physician, spiritual advisor, and counsel at all reasonable times. Upon admission to a facility, ~~a patient or resident, or the patient's or resident's legal guardian or conservator, shall be given the opportunity to authorize disclosure of the patient's or resident's presence in the facility, to callers or visitors who may seek to communicate with the patient or resident.~~ This disclosure option must be made available in all cases where federal law prohibits unauthorized disclosure of patient or resident identifying information to callers and visitors, the patient or resident, or the legal guardian or conservator of the patient or resident, shall be given the opportunity to authorize disclosure of the patient's or resident's presence in the facility to callers and visitors who may seek to communicate with the patient or resident. To the extent possible, the legal guardian or conservator of a patient or resident shall consider the opinions of the patient or resident regarding the disclosure of the patient's or resident's presence in the facility. The patient has the right to continue the practice of religion.

Sec. 7. [HUNTINGTON'S DISEASE DATA.]

Data created, collected, received, or maintained by the commissioner of health on individuals relating to genetic counseling services for Huntington's disease may be permanently transferred from the department to the Hennepin county medical center.

Sec. 8. [REPEALER.]

Minnesota Statutes 1994, section 13.38, subdivision 4, is repealed."

Delete the title and insert:

"A bill for an act relating to privacy; providing for the classification of and access to government data; clarifying data provisions; providing for survival of actions under the data practices act; computer matching; eliminating report requirements; imposing penalties; providing for the classification and release of booking photographs; conforming provisions dealing with financial assistance data; providing for an information policy training program; limiting the release of copies of videotapes of child abuse victims; requiring a court order in certain cases; appropriating money; amending Minnesota Statutes 1994, sections 13.03, subdivision 6; 13.06, subdivision 6; 13.072, subdivision 1, and by adding a subdivision; 13.08, subdivision 1; 13.10, subdivision 5; 13.31, subdivision 1; 13.32, subdivision 2; 13.43, subdivisions 2 and 5; 13.46, subdivision 2; 13.49; 13.50, subdivision 2; 13.551; 13.62; 13.671; 13.761; 13.77; 13.78; 13.79; 13.793; 13.82, subdivisions 3a, 5, 10, and by adding a subdivision; 13.83, subdivision 2; 13.89, subdivision 1; 13.90; 13.99, subdivisions 1, 12, 20, 21a, 42a, 54, 55, 64, 78, 79, 112, and by adding subdivisions; 17.117, subdivision 12; 41.63; 41B.211; 116O.03, subdivision 7; 116S.02, subdivision 8; 144.225, by adding a subdivision; 144.335, subdivision 2; 144.3351; 144.651, subdivisions 21 and 26; 253B.03, subdivisions 3 and 4; 268.12, subdivision 12; 270B.02, subdivision 3; 270B.03, subdivision 1; 270B.12, subdivision 2; 270B.14, subdivisions 1 and 11; 336.9-407; 336.9-411; 383B.225, subdivision 6; and 446A.11, subdivision 11; Laws 1993, chapter 192, section 110; proposing coding for new law in Minnesota Statutes, chapters 13; 13B; 270B; and 611A; repealing Minnesota Statutes 1994, sections 13.38, subdivision 4; 13.69, subdivision 2; 13.71, subdivisions 9, 10, 11, 12, 13, 14, 15, 16, and 17; 13.76, subdivision 1; 13B.04; and Laws 1990, chapter 566, section 9, as amended."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Ms. Flynn from the Committee on Judiciary, to which was referred

S.F. No. 1024: A bill for an act relating to paternity; changing time limits for bringing certain actions; amending Minnesota Statutes 1994, section 257.57, subdivision 2.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 257.57, subdivision 2, is amended to read:

Subd. 2. The child, the mother, or personal representative of the child, the public authority chargeable by law with the support of the child, the personal representative or a parent of the mother if the mother has died or is a minor, a man alleged or alleging himself to be the father, or the personal representative or a parent of the alleged father if the alleged father has died or is a minor may bring an action:

(1) at any time for the purpose of declaring the existence of the father and child relationship presumed under section 257.55, subdivision 1, paragraph (d), (e), (f), (g), or (h), or the nonexistence of the father and child relationship presumed under clause (d) of that subdivision;

(2) for the purpose of declaring the nonexistence of the father and child relationship presumed under section 257.55, subdivision 1, paragraph (e) or (g), only if the action is brought within ~~three~~ three years six months after the ~~date of the execution of the declaration or recognition of parentage~~ person bringing the action obtains the results of blood or genetic tests that indicate that the presumed father is not the father of the child; or

(3) for the purpose of declaring the nonexistence of the father and child relationship presumed under section 257.55, subdivision 1, paragraph (f), only if the action is brought within three years after the party bringing the action, or the party's attorney of record, has been provided the blood test results.

Sec. 2. [APPLICATION.]

Notwithstanding section 1, a person whose action to declare the existence of the father and child relationship would be barred by section 1 but not by Minnesota Statutes 1994, section 257.57, subdivision 2, clause (2), has until August 1, 1996, or until three years after the date of execution of the declaration or recognition of parentage, whichever is sooner, to bring an action to declare the nonexistence of the father and child relationship presumed under Minnesota Statutes, section 257.55, subdivision 1, paragraph (e) or (g)."

And when so amended the bill do pass.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Chmielewski from the Committee on Transportation and Public Transit, to which was referred

S.F. No. 1199: A bill for an act relating to motor vehicles; requiring vehicle buyer to notify registrar of motor vehicles of vehicle transfer within ten days; imposing fees and penalties; amending Minnesota Statutes 1994, sections 168.101, subdivision 2; and 168.15; proposing coding for new law in Minnesota Statutes, chapter 168.

Reports the same back with the recommendation that the bill be amended as follows:

Page 3, line 16, delete "transfer has been filed" and insert "transferee has executed and delivered to the department an application for a new certificate of title"

Page 3, line 17, after "168A.10" insert ", subdivision 2"

Page 3, line 20, delete everything after the comma and insert "a transferee who has failed to execute and deliver to the department an application for new certificate of title, as provided under section 168A.10, subdivision 2, within 14 days of assignment, shall pay a \$2 fee to the registrar."

Page 3, delete lines 21 and 22

Page 3, line 24, delete "license plates on a vehicle" and insert "an owner's registration"

Page 3, line 25, delete "deliver the title certificate" and insert "execute and deliver an application for a new certificate of title"

Page 3, line 26, delete "1" and insert "2"

Page 3, line 32, delete "being cited for violating" and insert "the alleged violation of"

Page 3, line 33, after "section" insert "or section 168.09, subdivision 1," and after "or" insert "that"

Page 3, lines 35 and 36, delete "being charged" and insert "the date of the citation"

Page 4, after line 3, insert:

"Sec. 4. [REPEALER.]

Minnesota Statutes 1994, section 168A.10, subdivision 6, is repealed."

Amend the title as follows:

Page 1, line 7, before the period, insert "; repealing Minnesota Statutes 1994, section 168A.10, subdivision 6"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health Care, to which was referred

H.F. No. 331: A bill for an act relating to health; modifying provisions relating to access to patients and residents; amending Minnesota Statutes 1994, sections 144.651, subdivisions 21 and 26; and 253B.03, subdivisions 3 and 4.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 6, insert:

"Section 1. Minnesota Statutes 1994, section 144.6501, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given them.

(a) "Facility" means a nursing home licensed under chapter 144A or a boarding care facility licensed under sections 144.50 to 144.58.

(b) "Contract of admission," "admission contract," or "admission agreement," includes, but is not limited to, all documents that a resident or resident's representative must sign at the time of, or as a condition of, admission to the facility. Oral representations and statements between the facility and the resident or resident's representative are not part of the contract of admission unless expressly contained in writing in those documents. The contract of admission must specify the obligations of the resident or the responsible party.

(c) "Legal representative" means an attorney-in-fact under a valid power of attorney executed by the prospective resident, or a conservator or guardian of the person or of the estate, or a representative payee appointed for the prospective resident, or other agent of limited powers.

(d) "Responsible party" means a person who has access to the resident's income and assets and who agrees to apply the resident's income and assets to pay for the resident's care or who agrees to make and complete an application for medical assistance on behalf of the resident.

Sec. 2. Minnesota Statutes 1994, section 144.6501, subdivision 4, is amended to read:

Subd. 4. ~~[RESIDENTS' SIGNATURES]~~ RESIDENT AND FACILITY OBLIGATIONS. (a) Before or at the time of admission, the facility shall make reasonable efforts to communicate the content of the admission contract to, and obtain on the admission contract the signature of, the person who is to be admitted to the facility and the responsible party. The admission contract must be signed by the prospective resident unless the resident is legally incompetent or cannot understand or sign the admission contract because of the resident's medical condition.

(b) If the resident cannot sign the admission contract, the reason must be documented in the resident's medical record by the admitting physician.

(c) If the determination under paragraph (b) has been made, the facility may request the signature of another person on behalf of the applicant, subject to the provisions of paragraph (d). The facility must not require the person to disclose any information regarding the person's personal financial assets, liabilities, or income, unless the person voluntarily chooses to become financially responsible for the resident's care. The facility must issue timely billing, respond to questions, and monitor timely payment.

(d) A person who desires to assume financial responsibility for the resident's care may contract with the facility to do so. A person other than the resident or a financially responsible spouse who is financially responsible for the resident who signs an admission contract must not be required by the facility to assume personal financial responsibility liability for the resident's care. A person who desires to assume financial responsibility for the resident's care may contract with the facility to do so. However, if the responsible party has signed the admission contract and fails to make timely payment of the facility obligation, or knowingly fails to spenddown the resident's assets appropriately for the purpose of obtaining medical assistance, then the responsible party shall be

liable to the facility for the resident's costs of care which are not paid for by medical assistance. A responsible party shall be personally liable only to the extent the resident's income or assets were misapplied.

(e) The admission contract must include written notice in the signature block, in bold capital letters, that a person other than the resident or financially responsible spouse may not be required by the facility to assume personal financial responsibility liability for the resident's care.

(f) This subdivision does not preclude the facility from obtaining the signature of a legal representative, if applicable."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after "sections" insert "144.6501, subdivisions 1 and 4;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Bertram from the Committee on Agriculture and Rural Development, to which was referred

S.F. No. 1270: A bill for an act relating to agriculture; clarifying certain procedures for agricultural chemical response reimbursement; amending Minnesota Statutes 1994, sections 18E.02, by adding subdivisions; and 18E.04, subdivisions 2 and 4.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, delete section 1

Page 3, delete lines 14 to 25 and insert:

"(e) The board may not make reimbursement greater than the maximum allowed under paragraph (a) for all incidents on a single site which:

(1) were not reported at the time of release but were discovered and reported after July 1, 1989; and

(2) may have occurred prior to July 1, 1989, as determined by the commissioner.

(f) The board may only reimburse an eligible person for separate incidents within a single site if the commissioner determines that each incident is completely separate and distinct in respect of location within the single site or time of occurrence."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, delete the first "subdivisions" and insert "a subdivision"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Bertram from the Committee on Agriculture and Rural Development, to which was referred

S.F. No. 708: A bill for an act relating to agriculture; exempting a program from recovery of statewide and agency indirect costs; amending Minnesota Statutes 1994, section 16A.127, subdivision 8.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 17.115, subdivision 2, is amended to read:

Subd. 2. [LOAN CRITERIA.] (a) The shared savings loan program must provide loans for purchase of new or used machinery, installation of equipment, and projects that reduce or make more efficient farm energy use. Eligible loan uses do not include seed, fertilizer, or fuel.

(b) Loans may not exceed \$15,000 per individual applying for a loan and may not exceed \$75,000 for loans to five or more individuals on joint projects. The loan repayment period may be up to seven years as determined by project cost and energy savings. The interest on the loans is ~~six~~ seven percent.

(c) Loans may only be made to residents of this state engaged in farming."

Delete the title and insert:

"A bill for an act relating to agriculture; changing the interest rate on the shared savings loan program; amending Minnesota Statutes 1994, section 17.115, subdivision 2."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Bertram from the Committee on Agriculture and Rural Development, to which was referred

S.F. No. 429: A bill for an act relating to agriculture; eliminating the sunset date for the farmer-lender mediation act; repealing Laws 1986, chapter 398, article 1, section 18, as amended.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, delete section 1 and insert:

"Section 1. Laws 1986, chapter 398, article 1, section 18, as amended by Laws 1987, chapter 292, section 37; Laws 1989, chapter 350, article 16, section 8; Laws 1990, chapter 525, section 1; Laws 1991, chapter 208, section 2; and Laws 1993, First Special Session chapter 2, article 6, section 2, is amended to read:

Sec. 18. [REPEALER.]

Sections 1 to 17 and Minnesota Statutes, section 336.9-501, subsections (6) and (7), and sections 583.284, 583.285, 583.286, and 583.305, are repealed on July 1, ~~1995~~ 1997.

Sec. 2. [STUDY; REPORT.]

The extension service shall conduct a study on whether the state should eliminate or continue the state mediation program or expand the program to include some or all of the additional issues eligible for mediation as provided by the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994, Public Law Number 103-354, section 282. The extension service shall, after receiving testimony from all interested parties, report to the agriculture policy committees of the senate and the house of representatives all its findings not later than January 31, 1996. The report shall include an estimate of the annual cost of the state mediation program if additional issues are made eligible for mediation."

Page 1, line 12, delete "2" and insert "3"

Amend the title as follows:

Page 1, line 2, delete "eliminating" and insert "extending"

Page 1, line 3, after the semicolon, insert "providing for a study of expansion of the mediation program;" and delete "repealing" and insert "amending"

And when so amended the bill do pass. Mr. Merriam questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Ms. Berglin from the Committee on Health Care, to which was referred

S.F. No. 1188: A bill for an act relating to health; encouraging breast feeding; establishing a well-baby designation; exempting breast-feeding from indecent exposure; amending Minnesota Statutes 1994, section 617.23; proposing coding for new law in Minnesota Statutes, chapter 145.

Reports the same back with the recommendation that the bill be amended as follows:

Pages 1 and 2, delete section 1

Pages 2 and 3, delete section 3

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete everything after "health;"

Page 1, line 3, delete everything before "exempting"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 579: A bill for an act relating to commerce; regulating charitable organizations; regulating filing statement; appropriating money; amending Minnesota Statutes 1994, sections 309.52, subdivisions 2 and 7; 309.53, subdivisions 1, 2, 3, and 8; 309.531, subdivisions 1 and 4; 309.54, subdivision 1; 309.556, subdivision 1; 501B.36; 501B.37, subdivision 2, and by adding a subdivision; and 501B.38; repealing Minnesota Statutes 1994, sections 309.53, subdivision 1a.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 11, insert:

"Section 1. Minnesota Statutes 1994, section 309.501, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) As used in this section, the following terms have the meanings given them.

(b) "Registered combined charitable organization" means a federated funding organization:

(1) which is tax exempt under section 501(c)3 of the Internal Revenue Code of 1986, as amended through December 31, 1992 (hereinafter "Internal Revenue Code"), and to which contributions are deductible under section 170 of the Internal Revenue Code;

(2) which exists for purposes other than solely fundraising;

(3) which secures funds for distribution to 14 or more affiliated agencies in a single, annual consolidated effort;

(4) which is governed either by a local, independent, voluntary board of directors which represents the broad interests of the public and 90 percent of the directors of the governing board live or work in the community or surrounding area or, if the charitable agencies are solely educational institutions which meet the requirements of paragraph (c), by a national board of directors that has a local advisory board composed of members who live or work in the community or surrounding area;

(5) which distributes at least 70 percent of its total campaign income and revenue, plus donor designated amounts raised to its affiliated agencies and to the designated agencies it supports and expends no more than 30 percent of its total income and revenue, plus donor designated amounts raised for management and general costs and fund raising costs;

(6) which distributes at least 70 percent of its total campaign income and revenue to affiliated agencies and designated agencies that are incorporated in Minnesota or headquartered in the service area in which the state employee combined charitable campaign takes place or, if the

charitable agencies are solely educational institutions which meet the requirements of paragraph (c), distributes at least 70 percent of the state employee combined charitable campaign income and revenue directly to Minnesota residents using established eligibility criteria;

(7) and each designated or affiliated agency supported by the recipient institution devotes substantially all of its activities directly to providing health, welfare, social, or other human services to individuals;

(8) and each designated or affiliated agency supported by the recipient institution with funds contributed by state employees through the combined charitable campaign provides all or substantially all of its health, welfare, social, or other human services, in the community and surrounding area in which the state employee combined charitable campaign takes place;

(9) and each charitable agency is affiliated with no more than one registered combined charitable organization within the registered combined charitable organization's service area in the state's employee combined charitable campaign; and

(10) which has been registered with the commissioner of employee relations in accordance with this section.

Registered combined charitable organization includes a charitable organization organized by Minnesota state employees and their exclusive representatives for the purpose of providing grants to nonprofit agencies providing Minnesota residents with food or shelter if the charitable organization meets the requirements of clauses (1), (4), and (5).

(c) "Affiliated agency" means a charitable agency that is represented by a federation and has an ongoing relationship with that federation which involves a review and monitoring process to ensure financial, managerial, and programmatic responsibility.

(d) "Charitable agency" means a governmental agency or an organization (1) which is tax exempt under section 501(c)3 of the Internal Revenue Code; (2) to which contributions are deductible under section 170 of the Internal Revenue Code; and (3) which is in compliance with the provisions of this chapter.

(e) "State employees combined charitable campaign" means the annual state campaign whereby a state employee may designate that the employee's contribution to a registered combined charitable organization may be deducted from the pay of the employee for each pay period."

Page 2, line 32, before the period, insert ", except any schedules of contributors to the organization"

Page 3, line 35, delete everything after "organizations"

Page 3, line 36, delete everything before the period and insert "as required by the Internal Revenue Service in completing the federal information return form 990"

Page 6, after line 16, insert:

"Sec. 12. [309.611] [ANNUAL APPROPRIATION.]

\$75,000 is annually appropriated from the general fund to the attorney general for the administration of sections 309.50 to 309.61, and 501B.33 to 501B.45."

Page 9, delete section 15

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after "sections" insert "309.501, subdivision 1;"

Page 1, line 9, before "repealing" insert "proposing coding for new law in Minnesota Statutes, chapter 309;"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 1337: A bill for an act relating to commerce; regulating sales by transient merchants; prohibiting the sale of certain items by certain merchants; prescribing penalties; amending Minnesota Statutes 1994, sections 329.099; and 329.14; proposing coding for new law in Minnesota Statutes, chapter 329.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 329.099, is amended to read:

329.099 [DEFINITION.]

The term "transient merchant" includes any person, individual, copartnership, limited liability company, and corporation, both as principal and agent, who engage in, do, or transact any temporary and transient business in this state, either in one locality, or in traveling from place to place in this state, selling goods, wares, and merchandise; and who, for the purpose of carrying on such business, hire, lease, occupy, or use a building, structure, vacant lot, or railroad car for the exhibition and sale of such goods, wares, and merchandise. The term "transient merchant" does not include a seller or exhibitor in a firearms collector show involving two or more sellers or exhibitors.

Sec. 2. [329.135] [PROHIBITED SALES.]

No transient merchant or seller at a flea market, except an authorized manufacturer's representative, shall offer for sale any of the following items:

(1) infant formula or other food intended primarily for consumption by a child under the age of two years; and

(2) over-the-counter drugs, medical devices, and cosmetics.

Sec. 3. Minnesota Statutes 1994, section 329.14, is amended to read:

329.14 [CERTAIN SALES EXCEPTED.]

The provisions of sections 329.10 to 329.13 and 329.14 to 329.17 shall not apply to sales made to dealers by commercial travelers or selling agents in the usual course of business, nor to bona fide sales of goods, wares, and merchandise by sample, catalog, or brochure, for future delivery, or to hawkers on the street, or to peddlers from vehicles, baskets, or packs carried on their backs, or to sheriffs, constables, or other public officers selling goods, wares, and merchandise according to law; nor to bona fide assignees or receivers appointed in this state selling goods, wares, and merchandise for the benefit of creditors, nor to persons who may sell or peddle the products of the farm or garden occupied and cultivated by themselves, nor to sales made by a seller at a residential premises pursuant to an invitation issued by the owner or legal occupant of the premises."

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 1056: A bill for an act relating to real property; authorizing municipalities to establish trust or escrow accounts for proceeds from losses arising from fire or explosion of certain insured real property; authorizing municipalities to utilize escrowed funds to secure, repair, or demolish damaged or destroyed structures; shortening the period of redemption for certain properties sold at

mortgage foreclosure sales; amending Minnesota Statutes 1994, section 580.23, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 65A.

Reports the same back with the recommendation that the bill be amended as follows:

Page 7, delete lines 14 to 16

Page 7, line 17, delete "17" and insert "16"

Page 7, line 32, delete "18" and insert "17"

Page 8, delete section 2

Page 8, line 25, delete "3" and insert "2"

Page 8, line 26, delete everything after the period

Page 8, delete lines 27 to 29

Amend the title as follows:

Page 1, line 7, delete everything after the semicolon

Page 1, delete lines 8 and 9

Page 1, line 10, delete everything before "proposing"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Commerce and Consumer Protection, to which was re-referred

S.F. No. 1020: A bill for an act relating to workers' compensation; providing for comprehensive reform of the workers' compensation system; providing a group insurance mechanism; regulating benefits; providing safety incentives and assistance; strengthening antifraud tools; regulating independent contractors; regulating the reinsurance association; appropriating money; amending Minnesota Statutes 1994, sections 13.69, subdivision 1; 79.085; 79.211, subdivision 1; 79.34, subdivision 2; 79.35; 79A.01, by adding subdivisions; 79A.02, subdivisions 1 and 4; 79A.03, subdivisions 2, 6, 7, 8, 9, and 11; 79A.08; 175.16; 176.011, subdivision 18; 176.021, subdivisions 3 and 3a; 176.041, subdivision 1; 176.061, subdivision 10; 176.101, subdivisions 1, 2, 6, and by adding a subdivision; 176.105, subdivisions 2 and 4; 176.106, subdivision 7; 176.132, subdivision 2; 176.135, subdivision 2; 176.179; 176.181, subdivision 8; 176.185, subdivision 1; 176.191, subdivisions 5, 7, and by adding a subdivision; 176.221, subdivisions 1 and 6a; 176.232; 176.238, subdivision 6; 268.08, subdivision 3; 299C.46, subdivision 2; 626.05, subdivision 2; 626.11; 626.13; and 626.84, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 79; and 176; proposing coding for new law as Minnesota Statutes, chapter 79B; repealing Minnesota Statutes 1994, sections 79.01, subdivision 8; 79.50; 79.51; 79.52; 79.53; 79.54; 79.55; 79.56; 79.57; 79.58; 79.59; 79.60; 79.61; 79.62; 176.011, subdivisions 25 and 26; 176.101, subdivisions 3a, 3b, 3c, 3d, 3e, 3f, 3g, 3h, 3i, 3j, 3k, 3l, 3m, 3n, 3o, 3p, 3q, 3r, 3s, 3t, and 3u; Laws 1990, chapter 521, section 4.

Reports the same back with the recommendation that the bill be amended as follows:

Page 38, line 16, delete "employer" and insert "business" and delete "an" and insert "a business"

Page 38, line 17, delete "employer"

Page 38, line 26, delete "4" and insert "5"

Page 38, line 31, delete "5" and insert "6"

Page 60, delete lines 13 and 14 and insert:

"This article is effective October 1, 1995, and applies to related injuries occurring on and after that date."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1063 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1063	858				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1063 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1063 and insert the language after the enacting clause of S.F. No. 858, the first engrossment; further, delete the title of H.F. No. 1063 and insert the title of S.F. No. 858, the first engrossment.

And when so amended H.F. No. 1063 will be identical to S.F. No. 858, and further recommends that H.F. No. 1063 be given its second reading and substituted for S.F. No. 858, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1468 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1468	1268				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1052 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1052	565				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 1647, 801, 1199, 1270, 708, 1188, 1337 and 1056 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 694, 331, 1063, 1468 and 1052 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Morse moved that the name of Mr. Mondale be added as a co-author to S.F. No. 547. The motion prevailed.

Mr. Mondale moved that the name of Mr. Bertram be added as a co-author to S.F. No. 1170. The motion prevailed.

Mr. Laidig moved that the name of Mr. Metzen be added as a co-author to S.F. No. 1221. The motion prevailed.

S.F. No. 335 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 335

A bill for an act relating to the organization and operation of state government; providing supplemental appropriations for certain purposes.

April 6, 1995

The Honorable Allan H. Spear
President of the Senate

The Honorable Irv Anderson
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 335, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 335 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [APPROPRIATIONS SUMMARY.]

The sums shown in columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in the following sections of this act to be available for the fiscal year indicated for each purpose. The figure "1995," whenever used in this act, means that the appropriations listed under it are available for the year ending June 30, 1995.

SUMMARY BY FUND

General Fund	1995 \$3,183,000
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APPROPRIATIONS
Available for the Year
Ending June 30

1995

Sec. 2. PUBLIC DEFENSE BOARD; JUVENILE JUSTICE BILL MANDATES; COST OF TRANSCRIPTS 1,500,000

This appropriation is added to the appropriations in Laws 1993, chapter 146, article 2, section 3.

Sec. 3. RACING COMMISSION 77,000

This appropriation is added to the appropriation in Laws 1993, chapter 146, article 3, section 3, for regulating, licensing, and monitoring pari-mutuel horse racing activities.

Sec. 4. VETERANS AFFAIRS; EMERGENCY ASSISTANCE 500,000

This appropriation is added to the appropriation in Laws 1993, chapter 192, section 23, for the emergency financial and medical needs of veterans.

Sec. 5. MILITARY AFFAIRS; ARMORY ASSESSMENTS 46,000

This appropriation is added to the appropriation in Laws 1993, chapter 192, section 22, for special assessments due to the city of Roseville for National Guard property under Minnesota Statutes, section 435.19, subdivision 2.

Sec. 6. PUBLIC SAFETY; EMERGENCY MANAGEMENT, FLOOD RELIEF 30,000

This appropriation is added to the appropriation in Laws 1993, chapter 266, section 5, subdivision 7, to provide matching funds for federal emergency management assistance funds received for flood damaged counties under federal disaster declaration numbers 929, 946, and 993.

Sec. 7. HEALTH; MENINGITIS 1,030,000

This appropriation is added to the appropriation in Laws 1993, First Special Session chapter 1, article 1, section 3, subdivision 2, for health protection programs to deal with the meningitis outbreak in Minnesota.

Sec. 8. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Dennis R. Frederickson, Steven Morse, Gene Merriam

House Conferees: (Signed) Jim Girard, Loren Solberg, Darlene Luther

Mr. Frederickson moved that the foregoing recommendations and Conference Committee Report on S.F. No. 335 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 335 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 61 and nays 3, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Laidig	Neuville	Sams
Beckman	Janezich	Langseth	Novak	Samuelson
Belanger	Johnson, D.E.	Larson	Oliver	Scheevel
Berg	Johnson, D.J.	Lesewski	Olson	Solon
Bertram	Johnson, J.B.	Lessard	Ourada	Spear
Betzold	Johnston	Limmer	Pariseau	Stevens
Chandler	Kelly	Marty	Piper	Terwilliger
Chmielewski	Kiscaden	Merriam	Pogemiller	Vickerman
Day	Kleis	Metzen	Price	Wiener
Dille	Knutson	Moe, R.D.	Ranum	
Finn	Kramer	Mondale	Riveness	
Frederickson	Krentz	Morse	Robertson	
Hanson	Kroening	Murphy	Runbeck	

Mses. Berglin, Flynn and Pappas voted in the negative.

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 566 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 566: A bill for an act relating to education; allowing the residential program operated by independent school district No. 518 to remain open until June 1, 1996; amending Laws 1994, chapter 643, section 14, subdivision 8.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Murphy	Runbeck
Beckman	Hanson	Kroening	Neuville	Sams
Belanger	Hottinger	Laidig	Novak	Samuelson
Berg	Janezich	Langseth	Oliver	Scheevel
Berglin	Johnson, D.E.	Larson	Olson	Solon
Bertram	Johnson, D.J.	Lesewski	Ourada	Spear
Betzold	Johnson, J.B.	Lessard	Pappas	Stevens
Chandler	Johnston	Limmer	Pariseau	Terwilliger
Chmielewski	Kelly	Marty	Piper	Vickerman
Day	Kiscaden	Metzen	Pogemiller	Wiener
Dille	Kleis	Moe, R.D.	Price	
Finn	Knutson	Mondale	Ranum	
Flynn	Kramer	Morse	Riveness	

Mr. Merriam and Ms. Robertson voted in the negative.

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1363 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1363: A bill for an act relating to health; modifying provisions relating to drug dispensing; amending Minnesota Statutes 1994, section 152.11, subdivisions 1 and 2.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Neuville	Runbeck
Beckman	Hanson	Laidig	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berg	Janezich	Larson	Olson	Scheevel
Berglin	Johnson, D.J.	Lesewski	Ourada	Solon
Bertram	Johnson, J.B.	Lessard	Pappas	Spear
Betzold	Johnston	Limmer	Pariseau	Stevens
Chandler	Kelly	Marty	Piper	Terwilliger
Chmielewski	Kiscaden	Merriam	Pogemiller	Vickerman
Day	Kleis	Metzen	Price	Wiener
Dille	Knutson	Mondale	Ranum	
Finn	Kramer	Morse	Riveness	
Flynn	Krentz	Murphy	Robertson	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 568 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 568: A bill for an act relating to traffic regulations; requiring adult motorcycle rider to wear eye protection device; amending Minnesota Statutes 1994, section 169.974, subdivision 4.

Ms. Pappas moved to amend H.F. No. 568 as follows:

Page 1, line 10, strike "under the age of 18"

CALL OF THE SENATE

Ms. Johnston imposed a call of the Senate for the balance of the proceedings on H.F. No. 568. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Pappas amendment.

The roll was called, and there were yeas 9 and nays 55, as follows:

Those who voted in the affirmative were:

Anderson	Kelly	Merriam	Piper	Spear
Flynn	Kroening	Pappas	Ranum	

Those who voted in the negative were:

Beckman	Day	Johnson, D.J.	Laidig	Moe, R.D.
Belanger	Dille	Johnson, J.B.	Langseth	Mondale
Berg	Finn	Johnston	Larson	Morse
Bertram	Frederickson	Kiscaden	Lesewski	Murphy
Betzold	Hanson	Kleis	Lessard	Neuville
Chandler	Hottinger	Knutson	Limmer	Novak
Chmielewski	Janezich	Kramer	Marty	Oliver
Cohen	Johnson, D.E.	Krentz	Metzen	Olson

Ourada
Pariseau
Pogemiller

Reichgott Junge
Riveness
Robertson

Runbeck
Sams
Samuelson

Scheevel
Solon
Stevens

Terwilliger
Vickerman
Wiener

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

H.F. No. 568 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Mondale	Reichgott Junge
Beckman	Frederickson	Krentz	Morse	Riveness
Belanger	Hanson	Kroening	Murphy	Robertson
Berg	Hottinger	Laidig	Neuville	Runbeck
Berglin	Janezich	Langseth	Novak	Sams
Bertram	Johnson, D.E.	Larson	Oliver	Samuelson
Betzold	Johnson, D.J.	Lesewski	Olson	Scheevel
Chandler	Johnson, J.B.	Lessard	Ourada	Solon
Chmielewski	Johnston	Limmer	Pappas	Spear
Cohen	Kelly	Marty	Pariseau	Stevens
Day	Kiscaden	Merriam	Piper	Terwilliger
Dille	Kleis	Metzen	Pogemiller	Vickerman
Finn	Knutson	Moe, R.D.	Ranum	Wiener

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 670 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 670: A bill for an act relating to Winona county; authorizing Winona county to negotiate and enter into a contract for deed with Winona county developmental achievement center.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Morse	Riveness
Beckman	Frederickson	Krentz	Murphy	Robertson
Belanger	Hanson	Kroening	Neuville	Runbeck
Berg	Hottinger	Laidig	Novak	Sams
Berglin	Janezich	Larson	Oliver	Samuelson
Bertram	Johnson, D.E.	Lesewski	Olson	Scheevel
Betzold	Johnson, D.J.	Lessard	Ourada	Solon
Chandler	Johnson, J.B.	Limmer	Pappas	Spear
Chmielewski	Johnston	Marty	Pariseau	Stevens
Cohen	Kelly	Merriam	Piper	Terwilliger
Day	Kiscaden	Metzen	Pogemiller	Vickerman
Dille	Kleis	Moe, R.D.	Ranum	Wiener
Finn	Knutson	Mondale	Reichgott Junge	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 457 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 457: A bill for an act relating to commerce; real estate; regulating certain licensees and registrants and recovery fund actions; amending Minnesota Statutes 1994, sections 82.18; 82.19, subdivision 7; 82.195, subdivision 1; 82.20, subdivision 13; 82.34, subdivision 7; 82A.11, subdivision 3; 83.28, subdivision 5; 386.65, subdivision 1; 386.66; 386.67; 386.68; and 386.69.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Morse	Reichgott Junge
Beckman	Hanson	Kroening	Murphy	Riveness
Belanger	Hottinger	Laidig	Neuville	Robertson
Berg	Janezich	Langseth	Novak	Runbeck
Berglin	Johnson, D.E.	Larson	Oliver	Sams
Bertram	Johnson, D.J.	Lesewski	Olson	Samuelson
Betzold	Johnson, J.B.	Lessard	Ourada	Scheevel
Chmielewski	Johnston	Limmer	Pappas	Solon
Cohen	Kelly	Marty	Pariseau	Spear
Day	Kiscaden	Merriam	Piper	Stevens
Dille	Kleis	Metzen	Pogemiller	Terwilliger
Finn	Knutson	Moe, R.D.	Price	Vickerman
Flynn	Kramer	Mondale	Ranum	Wiener

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 782 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 782: A bill for an act relating to Western Lake Superior Sanitary District; providing for compliance with certain requirements of the Internal Revenue Code; proposing coding for new law in Minnesota Statutes, chapter 458D.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Morse	Reichgott Junge
Beckman	Frederickson	Krentz	Murphy	Riveness
Belanger	Hanson	Kroening	Neuville	Robertson
Berg	Hottinger	Laidig	Novak	Runbeck
Berglin	Janezich	Langseth	Oliver	Sams
Bertram	Johnson, D.E.	Larson	Olson	Samuelson
Betzold	Johnson, D.J.	Lesewski	Ourada	Scheevel
Chandler	Johnson, J.B.	Lessard	Pappas	Solon
Chmielewski	Johnston	Limmer	Pariseau	Spear
Cohen	Kelly	Marty	Piper	Stevens
Day	Kiscaden	Metzen	Pogemiller	Terwilliger
Dille	Kleis	Moe, R.D.	Price	Vickerman
Finn	Knutson	Mondale	Ranum	Wiener

Mr. Merriam voted in the negative.

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 150 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 150: A bill for an act relating to liquor; term of temporary on-sale licenses; amending Minnesota Statutes 1994, sections 340A.404, subdivision 10; and 340A.410, subdivision 10.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Murphy	Robertson
Beckman	Hanson	Laidig	Neuville	Runbeck
Belanger	Hottinger	Langseth	Novak	Sams
Berg	Janezich	Larson	Oliver	Samuelson
Berglin	Johnson, D.E.	Lesewski	Ourada	Scheevel
Bertram	Johnson, D.J.	Lessard	Pappas	Solon
Betzold	Johnson, J.B.	Limmer	Pariseau	Spear
Chandler	Johnston	Marty	Piper	Stevens
Chmielewski	Kelly	Merriam	Pogemiller	Terwilliger
Day	Kiscaden	Metzen	Price	Vickerman
Dille	Kleis	Moe, R.D.	Ranum	Wiener
Finn	Knutson	Mondale	Reichgott Junge	
Flynn	Kramer	Morse	Riveness	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 228 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 228: A bill for an act relating to occupations and professions; board of medical practice; reinstating certain advisory councils.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 58 and nays 5, as follows:

Those who voted in the affirmative were:

Anderson	Finn	Kramer	Morse	Runbeck
Beckman	Flynn	Krentz	Murphy	Sams
Belanger	Frederickson	Kroening	Neuville	Samuelson
Berg	Hanson	Laidig	Oliver	Scheevel
Berglin	Hottinger	Langseth	Ourada	Solon
Bertram	Janezich	Lesewski	Pappas	Spear
Betzold	Johnson, D.E.	Lessard	Piper	Stevens
Chandler	Johnson, D.J.	Limmer	Pogemiller	Terwilliger
Chmielewski	Johnson, J.B.	Marty	Price	Vickerman
Cohen	Kelly	Merriam	Ranum	Wiener
Day	Kiscaden	Metzen	Reichgott Junge	
Dille	Kleis	Moe, R.D.	Riveness	

Those who voted in the negative were:

Johnston	Knutson	Olson	Pariseau	Robertson
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So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 226 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 226: A bill for an act relating to occupations and professions; requiring reporting of certain insurance settlements to board of medical practice; amending Minnesota Statutes 1994, sections 147.111, subdivision 5; and 147.161, subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 3, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Laidig	Novak	Sams
Beckman	Hottinger	Langseth	Oliver	Samuelson
Belanger	Janezich	Lesewski	Olson	Scheevel
Berglin	Johnson, D.E.	Lessard	Ourada	Solon
Bertram	Johnson, D.J.	Limmer	Pappas	Spear
Betzold	Johnson, J.B.	Marty	Pariseau	Stevens
Chandler	Johnston	Merriam	Piper	Terwilliger
Chmielewski	Kelly	Metzen	Pogemiller	Vickerman
Cohen	Kiscaden	Moe, R.D.	Price	Wiener
Day	Kleis	Mondale	Ranum	
Dille	Knutson	Morse	Reichgott Junge	
Finn	Kramer	Murphy	Robertson	
Flynn	Krentz	Neuville	Runbeck	

Mr. Berg, Ms. Hanson and Mr. Riveness voted in the negative.

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 715 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 715: A bill for an act relating to towns; providing for damage award to affected property owner when town board adopts a recorded town road map; amending Minnesota Statutes 1994, section 164.35, subdivision 4.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Murphy	Riveness
Beckman	Frederickson	Kroening	Neuville	Robertson
Belanger	Hanson	Laidig	Novak	Runbeck
Berg	Hottinger	Langseth	Oliver	Sams
Berglin	Janezich	Lesewski	Olson	Samuelson
Bertram	Johnson, D.E.	Lessard	Ourada	Scheevel
Betzold	Johnson, D.J.	Limmer	Pappas	Solon
Chandler	Johnson, J.B.	Marty	Pariseau	Spear
Chmielewski	Johnston	Merriam	Piper	Stevens
Cohen	Kelly	Metzen	Pogemiller	Terwilliger
Day	Kiscaden	Moe, R.D.	Price	Vickerman
Dille	Kleis	Mondale	Ranum	
Finn	Knutson	Morse	Reichgott Junge	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 216 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 216: A bill for an act relating to motor vehicles; changing definition of fleet for vehicle registration purposes; amending Minnesota Statutes 1994, section 168.011, subdivision 34.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Morse	Reichgott Junge
Beckman	Frederickson	Krentz	Murphy	Riveness
Belanger	Hanson	Kroening	Neuville	Robertson
Berg	Hottinger	Laidig	Novak	Runbeck
Berglin	Janezich	Langseth	Oliver	Sams
Bertram	Johnson, D.E.	Lesewski	Olson	Samuelson
Betzold	Johnson, D.J.	Lessard	Ourada	Scheevel
Chandler	Johnson, J.B.	Limmer	Pappas	Solon
Chmielewski	Johnston	Marty	Pariseau	Spear
Cohen	Kelly	Merriam	Piper	Stevens
Day	Kiscaden	Metzen	Pogemiller	Terwilliger
Dille	Kleis	Moe, R.D.	Price	Vickerman
Finn	Knutson	Mondale	Ranum	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 612 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 612: A bill for an act relating to health; requiring equal treatment of prescription drug prescribers; proposing coding for new law in Minnesota Statutes, chapter 62A.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Morse	Riveness
Beckman	Frederickson	Krentz	Neuville	Robertson
Belanger	Hanson	Kroening	Novak	Runbeck
Berg	Hottinger	Laidig	Oliver	Sams
Berglin	Janezich	Langseth	Olson	Samuelson
Bertram	Johnson, D.E.	Lesewski	Ourada	Scheevel
Betzold	Johnson, D.J.	Lessard	Pappas	Solon
Chandler	Johnson, J.B.	Limmer	Pariseau	Spear
Chmielewski	Johnston	Marty	Piper	Stevens
Cohen	Kelly	Merriam	Pogemiller	Terwilliger
Day	Kiscaden	Metzen	Price	Vickerman
Dille	Kleis	Moe, R.D.	Ranum	
Finn	Knutson	Mondale	Reichgott Junge	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1088 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1088: A bill for an act relating to courts; civil actions; modifying the requirements for an application to proceed in forma pauperis by an inmate; allowing the court to dismiss an inmate's action for false allegations of poverty or if it is frivolous or malicious; providing for a hearing; providing for the payment of fees and costs by inmates; providing for the disposition of damages recovered by an inmate; allowing parties to defend certain actions brought by inmates without paying costs; requiring disciplinary rules on false claims or evidence by an inmate; amending Minnesota Statutes 1994, sections 243.23, subdivision 3; and 563.01, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 243; 244; and 563.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Mondale	Reichgott Junge
Beckman	Frederickson	Krentz	Morse	Riveness
Belanger	Hanson	Kroening	Neuville	Robertson
Berg	Hottinger	Laidig	Novak	Runbeck
Berglin	Janezich	Langseth	Oliver	Sams
Bertram	Johnson, D.E.	Larson	Olson	Samuelson
Betzold	Johnson, D.J.	Lesewski	Ourada	Scheevel
Chandler	Johnson, J.B.	Lessard	Pappas	Solon
Chmielewski	Johnston	Limmer	Pariseau	Spear
Cohen	Kelly	Marty	Piper	Stevens
Day	Kiscaden	Merriam	Pogemiller	Terwilliger
Dille	Kleis	Metzen	Price	Vickerman
Finn	Knutson	Moe, R.D.	Ranum	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 544 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 544: A bill for an act relating to courts; requiring the state court administrator to prepare a guide to informal probate.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Day	Johnston	Larson	Oliver
Beckman	Dille	Kelly	Lesewski	Olson
Belanger	Finn	Kiscaden	Lessard	Ourada
Berg	Flynn	Kleis	Limmer	Pappas
Berglin	Frederickson	Knutson	Marty	Pariseau
Bertram	Hanson	Kramer	Merriam	Piper
Betzold	Janezich	Krentz	Metzen	Pogemiller
Chandler	Johnson, D.E.	Kroening	Moe, R.D.	Price
Chmielewski	Johnson, D.J.	Laidig	Morse	Ranum
Cohen	Johnson, J.B.	Langseth	Neuville	Reichgott Junge

Riveness
Robertson
Runbeck

Sams
Samuelson

Scheevel
Solon

Spear
Stevens

Terwilliger
Vickerman

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1105 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1105: A bill for an act relating to paternity; eliminating a presumption for husbands in certain cases; allowing husbands to join in a recognition of parentage; amending Minnesota Statutes 1994, sections 257.55, subdivision 1; 257.57, subdivision 2; and 257.75, subdivisions 1, 2, 4, and by adding a subdivision.

Ms. Krentz moved to amend H.F. No. 1105, as amended pursuant to Rule 49, adopted by the Senate March 30, 1995, as follows:

(The text of the amended House File is identical to S.F. No. 626.)

Page 3, line 32, after "executed" insert "within one year after the child's birth and"

Page 3, line 34, delete ", and" and insert ". The joinder"

Page 4, line 1, after the period, insert "The joinder must be on a form prepared by the commissioner of human services."

Page 4, line 23, after the comma, insert "husband or former husband who executed a joinder," and after the first "or" insert "the" and strike the second "or" and insert a comma and after the second "father" insert ", or husband or former husband who executed a joinder"

Page 4, line 31, strike "and" and after "father" insert ", and husband or former husband who executed a joinder"

The motion prevailed. So the amendment was adopted.

Ms. Krentz moved that H.F. No. 1105 be laid on the table. The motion prevailed.

CONSENT CALENDAR

H.F. No. 1065: A bill for an act relating to St. Louis county; modifying certain accounting and expenditure requirements for road and bridge fund tax money derived from unorganized townships; proposing coding for new law in Minnesota Statutes, chapter 383C.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Mondale	Reichgott Junge
Beckman	Frederickson	Krentz	Morse	Riveness
Belanger	Hanson	Kroening	Murphy	Robertson
Berg	Hottinger	Laidig	Neuville	Runbeck
Berglin	Janezich	Langseth	Novak	Sams
Bertram	Johnson, D.E.	Larson	Oliver	Samuelson
Betzold	Johnson, D.J.	Lesewski	Ourada	Scheevel
Chandler	Johnson, J.B.	Lessard	Pappas	Solon
Chmielewski	Johnston	Limmer	Pariseau	Spear
Cohen	Kelly	Marty	Piper	Stevens
Day	Kiscaden	Merriam	Pogemiller	Terwilliger
Dille	Kleis	Metzen	Price	Vickerman
Finn	Knutson	Moe, R.D.	Ranum	Wiener

So the bill passed and its title was agreed to.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Reports of Committees, Second Reading of Senate Bills and Second Reading of House Bills.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 1125, 47, 1135, 1103 and reports pertaining to appointments. The motion prevailed.

Mr. Vickerman from the Committee on Metropolitan and Local Government, to which was referred

S.F. No. 1441: A bill for an act relating to public funds; regulating the deposit and investment of these funds, and agreements related to these funds; proposing coding for new law as Minnesota Statutes, chapter 118A; repealing Minnesota Statutes 1994, sections 118.005; 118.01; 118.02; 118.08; 118.09; 118.10; 118.11; 118.12; 118.13; 118.14; 118.16; 124.05; 471.56; 475.66; and 475.76.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 17, delete from "police" through page 1, line 23, to "entity," and insert "or" and delete "or an"

Page 1, delete line 24 and insert "except an entity whose investment authority is specified under chapter 11A or 356A."

Page 7, after line 20, insert:

"Sec. 7. [118A.07] [ADDITIONAL INVESTMENT AUTHORITY.]

Subdivision 1. [AUTHORITY PROVIDED.] A government entity that meets the requirements of subdivisions 2 and 3 has additional investment authority under subdivisions 4, 5, and 6.

Subd. 2. [WRITTEN POLICIES AND PROCEDURES.] Prior to exercising any additional authority under subdivisions 4, 5, and 6, a government entity must have written investment policies and procedures governing the following:

(1) the use of or limitation on mutual bond funds or other securities authorized or permitted investments under law;

(2) specifications for and limitations on the use of derivatives;

(3) the final maturity of any individual security;

(4) the maximum average weighted life of the portfolio;

(5) the use of and limitations on reverse repurchase agreements;

(6) credit standards for financial institutions with which the government entity deals; and

(7) credit standards for investments made by the government entity.

Subd. 3. [OVERSIGHT PROCESS.] Prior to exercising any authority under subdivisions 4, 5, and 6, a government entity must establish an oversight process that provides for review of the government entity's investment strategy and the composition of the financial portfolio. This process may include audit, committee review, or internal management control.

Subd. 4. [REPURCHASE AGREEMENTS.] A government entity may enter into repurchase agreements as authorized under section 118A.05, provided that the exclusion of mortgage-backed

securities defined as "high risk mortgage-backed securities" under section 118A.04, subdivision 6, shall not apply to repurchase agreements under this authority if the margin requirements are 101 percent or more.

Subd. 5. [REVERSE REPURCHASE AGREEMENTS.] Notwithstanding the limitations contained in section 118A.05, subdivision 2, a government entity may enter into reverse repurchase agreements to:

(1) meet cash flow needs; or

(2) generate cash for investments, provided that the total securities owned shall be limited to an amount not to exceed 120 percent of the annual daily average of general investable monies for the fiscal year as disclosed in the most recently available audited financial report. Excluded from this limit are:

(i) securities with maturities of one year or less; and

(ii) securities that have been reversed to maturity.

There shall be no limit on the term of a reverse repurchase agreement. Reverse repurchase agreements shall not be included in computing the net debt of the county, and may be made without an election or public sale, and the interest payable thereon shall not be subject to the limitation in section 475.55. The interest shall not be deducted or excluded from gross income of the recipient for the purpose of state income, corporate franchise, or bank excise taxes, or if so provided by federal law, for the purpose of federal income tax.

Subd. 6. [OPTIONS.] A government entity may enter into option agreements to buy or sell securities authorized under law as legal investments for counties, but only with respect to securities owned by the government entity, including securities which are the subject of reverse repurchase agreements under this section which expire at or before the due date of the option agreement."

Page 7, line 26, delete "7" and insert "8"

Renumber the sections in sequence

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Ms. Flynn from the Committee on Judiciary, to which was referred

H.F. No. 990: A bill for an act relating to consumer protection; providing warranties for new assistive devices; providing enforcement procedures; proposing coding for new law in Minnesota Statutes, chapter 325G.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 12, before "used" insert "designed and"

Page 2, line 1, after the period, insert "Assistive device" does not include a transcutaneous electrical nerve stimulator, neuromuscular electrical stimulator, or dynamic range of motion splint, if the stimulator or splint is already covered by a warranty."

Page 4, line 15, before the period, insert "or replaced"

Page 6, line 20, delete ", twice the amount of"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was re-referred

S.F. No. 1112: A bill for an act relating to local government; authorizing Sherburne county to convey certain county ditches to the city of Elk River under certain conditions.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 867: A bill for an act relating to game and fish; identification required on ice fishing shelters; amending Minnesota Statutes 1994, section 97C.355, subdivision 1.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 1250: A bill for an act relating to tax-forfeited land; modifying the terms of payment for certain tax-forfeited timber; amending Minnesota Statutes 1994, section 282.04, subdivision 1.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 1583: A bill for an act relating to state lands; authorizing the commissioner of natural resources to sell certain acquired state lands located in Becker county.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, lines 3 and 4, delete "Perry and Alice Gust" and insert "the occupier of the land"

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

H.F. No. 1018: A bill for an act relating to the environment; conforming state regulation of chlorofluorocarbons to federal law; amending Minnesota Statutes 1994, sections 116.731, subdivisions 2, 4, and 4a; and 116.735.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 11, strike "APPLIANCE RECYCLERS AND SERVICERS;"

Page 2, delete line 14 and insert "persons who service, process, or recycle appliances that may contain CFCs, as"

Page 2, line 16, delete "such" and insert "these"

Page 2, line 20, delete "Such" and insert "The" and after "persons" insert "completing the training"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 1073: A bill for an act relating to the environment; establishing a private cause of action for abandonment of hazardous waste; proposing coding for new law in Minnesota Statutes, chapter 116.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 9, after "which" insert "containers of hazardous waste or material which is"

Page 1, line 15, delete the comma and insert "and"

Page 1, line 16, delete ", and attorney fees"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was re-referred

S.F. No. 1076: A bill for an act relating to energy; regulating wind energy conversion systems siting; authorizing rulemaking; proposing coding for new law in Minnesota Statutes, chapter 116C.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, lines 12 and 16, delete "(OR SYSTEMS)"

Page 1, lines 13 and 17, delete "(or systems)"

Amend the title as follows:

Page 1, line 2, delete "regulating" and insert "exempting"

Page 1, line 3, before the first semicolon, insert "from the power plant siting act"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

S.F. No. 529: A bill for an act relating to public safety; requiring installation of automatic sprinkler systems in certain existing high-rise buildings; proposing coding for new law in Minnesota Statutes, chapter 299F.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 17, after "(6)" insert "electric generation and distribution facilities operated by a public utility as defined in section 216B.02, subdivision 4, a municipal utility, and a cooperative electric association;"

(7)"

Page 2, line 18, delete "(7)" and insert "(8)"

Page 2, after line 36, insert:

"(f) The commissioner shall grant extensions to public housing agencies and other owners of publicly subsidized housing where lack of capital improvement funds reasonably precludes compliance with the times prescribed in subdivisions 3 and 4."

Page 5, line 3, after the first comma, insert "the Minneapolis public housing authority,"

Page 5, line 8, after "existing" insert "capital improvement"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was re-referred

S.F. No. 1075: A bill for an act relating to health; modifying provisions relating to X-ray operators and inspections; establishing an advisory committee; amending Minnesota Statutes 1994, section 144.121, by adding subdivisions.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was re-referred

S.F. No. 1417: A bill for an act relating to health; occupations and professions; modifying provisions relating to the office of mental health practice; licensing of chemical dependency counselors and hearing instrument dispensers; establishing an advisory council; providing penalties; amending Minnesota Statutes 1994, sections 148B.66, subdivisions 1 and 2, and by adding a subdivision; 148B.68, subdivision 1; 148B.70, subdivision 3; 148C.01; 148C.02; 148C.03, subdivision 1, and by adding a subdivision; 148C.04, subdivisions 1, 2, 3, and 4; 148C.05; 148C.06; 148C.07; 148C.08; 148C.09; 148C.10; 148C.11; 153A.13; 153A.14; 153A.15, subdivisions 1 and 2; 153A.17; 153A.18; 153A.19; 214.01, subdivision 2; 214.10, subdivision 8; and 214.103, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 148C; and 153A; repealing Minnesota Statutes 1994, sections 148B.62; 148C.01, subdivision 8; 148C.03, subdivisions 2 and 3; 148C.035; 148C.09, subdivision 3; and 153A.19, subdivision 1; Minnesota Rules, chapters 4692; and 4745.

Reports the same back with the recommendation that the bill be amended as follows:

Pages 2 and 3, delete sections 2 and 3

Pages 5 and 6, delete section 5

Page 22, line 4, delete "subdivision 4"

Page 25, delete lines 33 to 36

Page 26, delete lines 1 to 36

Page 27, delete lines 1 to 10

Page 30, line 29, delete everything after the period

Page 30, delete lines 30 to 32

Pages 33 and 34, delete section 24

Page 34, line 13, delete "Subdivision 1. [COOPERATION.]"

Page 34, line 19, delete the comma

Page 34, delete lines 20 to 29

Page 34, line 30, delete everything before the period

Page 34, delete lines 33 to 36

Page 35, delete lines 1 to 9

Page 38, lines 1 to 3, delete the new language

Page 59, line 35, delete "38" and insert "34"

Renumber the sections in sequence

Amend the title as follows:

Page 1, delete lines 8 and 9 and insert "subdivision 1; 148B.68, subdivision 1;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Chmielewski from the Committee on Transportation and Public Transit, to which was referred

S.F. No. 1536: A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions; amending Minnesota Statutes 1994, section 611A.57, by adding a subdivision.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [TRANSPORTATION AND OTHER AGENCIES APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "1996," and "1997," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1996, or June 30, 1997, respectively.

SUMMARY BY FUND

	1996	1997	TOTAL
General	\$ 51,990,000	\$ 50,592,000	\$102,582,000
Airports	16,000,000	16,400,000	32,400,000
C.S.A.H.	285,642,000	293,068,000	578,710,000
Highway User	10,325,000	10,332,000	20,657,000
M.S.A.S.	87,078,000	89,240,000	176,318,000
Special Revenue	910,000	934,000	1,844,000
Trunk Highway	813,464,000	811,899,000	1,625,363,000
Transfers to Other			
Direct	(2,916,000)	(2,674,000)	(5,590,000)
TOTAL	1,262,493,000	1,269,791,000	2,532,284,000

APPROPRIATIONS

Available for the Year
Ending June 30

1996 1997

Sec. 2. TRANSPORTATION

Subdivision 1. Total

Appropriation 1,147,784,000 1,157,292,000

The appropriations in this section are from the trunk highway fund, except when another fund is named.

Summary by Fund

General	11,146,000	11,146,000
Airports	15,950,000	16,350,000
C.S.A.H.	285,642,000	293,068,000
M.S.A.S.	87,078,000	89,240,000
Trunk Highway	747,968,000	747,488,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Aeronautics	15,880,000	16,280,000
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This appropriation is from the state airports fund.

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Airport Development and Assistance

11,349,000	11,748,000
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\$2,146,000 the first year and \$2,146,000 the second year are for navigational aids.

\$6,800,000 the first year and \$7,200,000 the second year are for airport construction grants.

\$2,300,000 the first year and \$2,300,000 the second year are for airport maintenance grants.

If the appropriation for either year for navigational aids, airport construction grants, or airport maintenance grants is insufficient, the appropriation for the other year is available for it. The appropriations for construction grants and maintenance grants must be expended only for grant-in-aid programs for airports that are not state owned.

These appropriations must be expended in accordance with Minnesota Statutes, section 360.305, subdivision 4.

The commissioner of transportation may transfer unencumbered balances among the appropriations for airport development and assistance with the approval of the governor after consultation with the legislative advisory commission.

\$12,000 the first year and \$12,000 the second year are for maintenance of the Pine Creek Airport.

\$91,000 the first year and \$90,000 the second year are for air service grants.

(b) Aviation Support

4,470,000	4,471,000
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\$65,000 the first year and \$65,000 the second year are for the civil air patrol.

\$15,000 the first year and \$15,000 the second year are for the advisory council on metropolitan airport planning. The commissioner of transportation shall transfer these funds to the legislative coordinating commission. These funds are available in either year of the biennium.

(c) Air Transportation Services

61,000	61,000
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This appropriation is from the state airports fund.

Subd. 3. Transit	11,010,000	11,010,000
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Summary by Fund

General	10,722,000	10,722,000
Trunk Highway	288,000	288,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Greater Minnesota Transit Assistance

10,319,000	10,319,000
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This appropriation is from the general fund.

(b) Transit Administration

691,000	691,000
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Summary by Fund

General	403,000	403,000
Trunk Highway	288,000	288,000

Subd. 4. Railroads and Waterways	1,181,000	1,181,000
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Summary by Fund

General	242,000	242,000
Trunk Highway	939,000	939,000

Subd. 5. Motor Carrier Regulation	2,266,000	2,267,000
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Summary by Fund

General	107,000	107,000
Trunk Highway	2,159,000	2,160,000

Subd. 6. Local Roads	372,720,000	382,308,000
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Summary by Fund

C.S.A.H.	285,642,000	293,068,000
M.S.A.S.	87,078,000	89,240,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) County State Aids

285,642,000	293,068,000
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This appropriation is from the county state-aid highway fund and is available until spent.

(b) Municipal State Aids

87,078,000	89,240,000
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This appropriation is from the municipal state-aid street fund and is available until spent.

If an appropriation for either county state aids or municipal state aids does not exhaust the balance in the fund from which it is made in the year for which it is made, the commissioner of finance, upon request of the commissioner of transportation, shall notify the committee on finance of the senate and the committee on ways

and means of the house of representatives of the amount of the remainder and shall then add that amount to the appropriation. The amount added is appropriated for the purposes of county state aids or municipal state aids, as appropriate.

(c) State Aid Technical Assistance
5,706,000 5,852,000

These amounts are for payments from the following statutory open appropriations.

Summary by Fund

C.S.A.H.	4,373,000	4,486,000	
M.S.A.S.	1,333,000	1,366,000	
Subd. 7. State Road Construction		516,960,000	515,986,000

Summary by Fund

Trunk Highway	516,935,000	515,961,000
General	25,000	25,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) State Road Construction
383,352,000 384,652,000

It is estimated that the appropriation from the trunk highway fund will be funded as follows:

Federal Highway Aid

205,000,000 205,000,000

Highway User Taxes

178,352,000 179,652,000

The commissioner of transportation shall notify the chair of the committee on finance of the senate and chair of the committee on ways and means of the house of representatives quarterly of any events that should cause these estimates to change.

This appropriation is for the actual construction, reconstruction, and improvement of trunk highways. This includes the cost of actual payment to landowners for lands acquired for highway right-of-way, payment to lessees, interest subsidies, and relocation expenses.

The department may receive monies covering other shares of the cost of partnership projects. These receipts are appropriated to the commissioner for these projects.

(b) Highway Debt Service
21,728,000 19,602,000

\$11,948,000 the first year and \$7,641,000 the second year are for transfer to the state bond fund.

If this appropriation is insufficient to make all transfers required in the year for which it is made, the commissioner of finance shall notify the committee on finance of the senate and the committee on ways and means of the house of representatives of the amount of the deficiency and shall then transfer that amount under the statutory open appropriation.

Any excess appropriation must be canceled to the trunk highway fund.

(c) Research and Investment Management
10,388,000 10,390,000

\$243,000 the first year and \$243,000 the second year are available for grants for transportation studies outside the metropolitan area for transportation studies to identify critical concerns, problems, and issues. These grants are available to (1) regional development commissions, and (2) in regions where no regional development commission is functioning, joint-powers boards established under agreement of two or more political subdivisions in the region to exercise the planning functions of a regional development commission.

\$180,000 the first year and \$180,000 the second year are available for grants to metropolitan planning organizations outside the seven-county metropolitan area.

\$75,000 the first year and \$75,000 the second year are for a transportation research contingent account to finance research projects that are reimbursable from the federal government or from other sources. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

(d) Design Engineering
46,992,000 46,992,000

Of these appropriations, \$2,304,000 the first year and \$2,304,000 the second year are for equipment. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Summary by Fund

General	25,000	25,000
Trunk Highway	46,967,000	46,967,000

Of these appropriations, no more than \$13,178,000 the first year and \$13,178,000 the second year, shall be used for design engineering expenses/contractual services.

Of these appropriations, up to \$150,000 from the trunk highway fund may be used for resurveying

and mapping that portion of the right-of-way of trunk highway 61 lying within the boundaries of the Grand Portage Indian reservation, provided that the reservation tribal council matches this appropriation dollar for dollar. As part of this project, the commissioner, in cooperation with the tribal council, shall determine those portions of the right-of-way that are no longer needed for trunk highway purposes. This determination shall be made according to criteria developed by the commissioner in consultation with the tribal council. Following the completion of this project the commissioner may, pursuant to Minnesota Statutes, section 161.43, relinquish and quit claim to the Grand Portage Band where it is the fee owner, or to the United States where it holds the fee in trust for the Grand Portage Band, any easement or portion of an easement that has been determined to be no longer needed by the transportation department for trunk highway purposes. For the purposes of section 161.43, the tribal council shall be treated in the same manner as if it were a political subdivision of the state, provided that the matching funds contributed by the tribal council to the surveying and mapping project described above shall be considered full compensation for the relinquishment and quit claim of any easements or portions of any easements over tribal or tribal trust lands.

(e) Construction Engineering
 54,500,000 54,500,000

Of these appropriations, no more than \$308,000 the first year and \$308,000 the second year shall be used for construction engineering expenses/contractual services.

Subd. 8. State Road Operations 192,412,000 192,775,000

Summary by Fund

Trunk Highway	192,403,000	192,766,000
General	9,000	9,000

(a) State Road Operations
 188,244,000 188,607,000

\$14,018,000 the first year and \$14,006,000 the second year are for equipment. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

(b) Electronic Communications
 4,168,000 4,168,000

Summary by Fund

General	9,000	9,000
Trunk Highway	4,159,000	4,159,000

\$9,000 the first year and \$9,000 the second year are from the general fund for equipment and operation of the Roosevelt signal tower for Lake of the Woods weather broadcasting.

Subd. 9. General Administration 35,355,000 35,485,000

Summary by Fund

General	41,000	41,000
Airports	70,000	70,000
Trunk Highway	35,244,000	35,374,000

The amounts that may be spent from this appropriation for each activity are as follows:

(a) General Management

22,943,000	22,999,000
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\$100,000 each year is appropriated from the trunk highway fund to the commissioner of transportation for grants to stimulate telecommuting as an alternative to peak-hour highway commuting. The commissioner and the Minnesota telecommuting partnership shall determine grant purposes and recipients. Initial consideration will be given to the communities of Cottage Grove, Upsala, and Morrison county.

Notwithstanding any laws to the contrary, the commissioner of transportation is authorized to implement a demonstration congestion pricing project involving interstate trunk highway facilities to determine the feasibility of charging user fees as allowed by Section 1012(b) of the Intermodal Surface Transportation Efficiency Act of 1991, Public Law Number 102-240 (ISTEA). For the purposes of this demonstration project, the commissioner shall be exempt from any rulemaking requirements, and from obtaining prior approval of any other governmental entity. All fees collected by the commissioner shall be deposited in the trunk highway fund and are appropriated to implement and administer this demonstration project.

\$250,000 is appropriated from the trunk highway fund for fiscal year 1996 to the commissioner of transportation as follows: \$150,000 is immediately available and an additional \$100,000 is available only if matched with \$50,000 in money and \$50,000 in-kind funding from private or other public sources. The commissioner shall seek federal funding as well as local matching funds. The commissioner shall disburse money from this appropriation for the following purposes.

The commissioner of transportation shall research and operationally test the installation of a road powered electric vehicle (RPEV) system,

either with high occupancy vehicles (HOVs), shuttles, or full-size buses, as part of the Saints road project in St. Cloud, Minnesota, in coordination with the St. Cloud area metropolitan transit commission. The commissioner shall analyze findings and make recommendations specifically discussing: (1) snow and ice removal over extended periods of system operation; (2) design applications for road installation, durability, and reliability over extended periods of operation of a RPEV system installed in public or test roadbed; (3) research on safety factors and mitigation related to probabilities of occurrence; and (4) preliminary research on RPEV application to intelligent transportation systems.

The commissioner of transportation shall manage the department of transportation in such a manner as to provide seasonal employees of the department with the maximum feasible amount of employment security consistent with the efficient delivery of department programs.

(b) General Services

	12,412,000	12,486,000	
			Summary by Fund
General	41,000		41,000
Airports	70,000		70,000
Trunk Highway	12,301,000		12,375,000

\$3,500,000 the first year and \$3,500,000 the second year are for data processing development. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Subd. 10. Transfers

The commissioner of transportation with the approval of the commissioner of finance may transfer unencumbered balances among the appropriations from the trunk highway fund and the state airports fund made in this section. No transfer may be made from the appropriation for state road construction. No transfer may be made from the appropriations for debt service to any other appropriation. Transfers may not be made between funds. Transfers must be reported immediately to the committee on finance of the senate and the committee on ways and means of the house of representatives.

Sec. 3. METROPOLITAN COUNCIL TRANSIT

Subdivision 1. Total			
Appropriation	34,542,000		34,542,000

This appropriation is from the general fund.

Subd. 2. Regular Route

16,400,000	16,400,000
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Subd. 3. Metro Mobility

14,637,000	14,637,000
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The metropolitan council must not spend any money for metro mobility outside this appropriation.

Subd. 4. Community Based
and Agency Costs

3,505,000	3,505,000
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Sec. 4. TRANSPORTATION
REGULATION BOARD

605,000

This appropriation is from the trunk highway fund.

Sec. 5. PUBLIC SAFETY

Subdivision 1. Total
Appropriation

80,555,000	80,062,000
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Summary by Fund

General	4,821,000	4,777,000
Highway User	10,200,000	10,207,000
Special Revenue	910,000	934,000
Trunk Highway	64,624,000	64,144,000
Transfers to Other		
Direct	(2,916,000)	(2,674,000)

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Administration and
Related Services

6,286,000	5,647,000
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Summary by Fund

General	798,000	798,000
Highway User	19,000	19,000
Trunk Highway	5,469,000	4,830,000

\$326,000 the first year and \$326,000 the second year are for payment of public safety officer survivor benefits under Minnesota Statutes, section 299A.44. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$275,000 the first year and \$275,000 the second year from the general fund is for the continuation of the crime fax integrated criminal alert network project.

\$745,000 the first year and \$88,000 the second year are for integration and development of the statewide juvenile criminal history system, extended juvenile justice data system, statewide misdemeanor system, and the tracking system for domestic abuse orders for protection with the department's centralized computer systems. These appropriations are from the trunk highway fund.

\$206,000 the first year and \$206,000 the second year are for improvements in the department's internal systems support functions. These appropriations are from the trunk highway fund.

Up to \$1,000,000 from dedicated noncriminal justice records fees shall be used to implement the electronic livescan/cardscan fingerprint technology for the statewide arrest/booking locations in accordance with the Minnesota criminal and juvenile justice task force recommendations.

Subd. 3. State Patrol

43,727,000	43,835,000
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Summary by Fund

General	451,000	406,000
Highway User	60,000	60,000
Trunk Highway	43,216,000	43,369,000

During the biennium ending June 30, 1997, no more than five positions, excluding the chief patrol officer, in the state patrol support activity may be filled by state troopers.

During the biennium ending June 30, 1997, the commissioner may purchase other motor fuel when gasohol is not available for the operation of state patrol vehicles.

\$45,000 is available from the general fund for the biennium to replace security equipment at the governor's residence.

Subd. 4. Driver and Vehicle Services

29,446,000	29,460,000
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Summary by Fund

General	3,511,000	3,512,000
Highway User	10,121,000	10,128,000
Trunk Highway	15,756,000	15,761,000
Special Revenue	58,000	59,000

The appropriation from the special revenue fund is from the bicycle transportation account.

Subd. 5. Traffic Safety

244,000	245,000
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Summary by Fund

General	61,000	61,000
Trunk Highway	183,000	184,000
Subd. 6. Pipeline Safety		
	852,000	875,000

This appropriation is from the pipeline safety account in the special revenue fund.

Subd. 7. Reimbursements

(a) \$1,761,000 the first year and \$1,517,000 the second year are appropriated from the general fund for transfer by the commissioner of finance to the trunk highway fund on January 1, 1996, and January 1, 1997, respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for general fund purposes in the administration and related services program.

(b) \$439,000 the first year and \$441,000 the second year are appropriated from the highway user tax distribution fund for transfer by the commissioner of finance to the trunk highway fund on January 1, 1996, and January 1, 1997, respectively, in order to reimburse the trunk highway fund for expenses not related to the fund. These represent amounts appropriated out of the trunk highway fund for highway user fund purposes in the administration and related services program.

(c) \$716,000 the first year and \$716,000 the second year are appropriated from the highway user tax distribution fund for transfer by the commissioner of finance to the general fund on January 1, 1996, and January 1, 1997, respectively, in order to reimburse the general fund for expenses not related to the fund. These represent amounts appropriated out of the general fund for operation of the criminal justice data network related to driver and motor vehicle licensing.

Sec. 6. SUPREME COURT

1,481,000

127,000

This appropriation is from the general fund for the following purposes:

\$675,000 the first year and \$63,000 the second year are for the statewide juvenile criminal history system, extended juvenile justice data, statewide misdemeanor system, and the tracking system for domestic abuse orders for protection.

\$73,000 the first year and \$64,000 the second year are to administer the statewide criminal and juvenile justice community model including salary expenses.

\$733,000 the first year is to implement the electronic livescan/cardscan fingerprint technology for the statewide designated court locations in accordance with the Minnesota criminal and juvenile justice task force recommendations.

Sec. 7. MINNESOTA SAFETY COUNCIL

67,000 67,000

This appropriation is from the trunk highway fund.

Sec. 8. GENERAL CONTINGENT ACCOUNTS

375,000 375,000

The appropriations in this section may only be spent with the approval of the governor after consultation with the legislative advisory commission pursuant to Minnesota Statutes, section 3.30.

If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Summary by Fund

Trunk Highway Fund

200,000 200,000

Highway User Tax Distribution Fund

125,000 125,000

State Airports Fund

50,000 50,000

Sec. 9. TORT CLAIMS

600,000 600,000

To be spent by the commissioner of finance.

This appropriation is from the trunk highway fund.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it."

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was re-referred

S.F. No. 462: A bill for an act relating to the environment; implementing the transfer of solid waste management duties of the metropolitan council to the office of environmental assistance; providing for the management of waste; providing penalties; amending Minnesota Statutes 1992, section 115A.33, as reenacted; Minnesota Statutes 1994, sections 16B.122, subdivision 3; 115.071, subdivision 1; 115A.055; 115A.07, subdivision 3; 115A.072, subdivisions 1, 3, and 4; 115A.12; 115A.14, subdivision 4; 115A.15, subdivision 9; 115A.191, subdivisions 1 and 2;

115A.32; 115A.411; 115A.42; 115A.45; 115A.46, subdivisions 1 and 5; 115A.55, by adding a subdivision; 115A.5501, subdivisions 2, 3, and 4; 115A.5502; 115A.551, subdivisions 2a, 4, 5, 6, and 7; 115A.554; 115A.557, subdivisions 3 and 4; 115A.558; 115A.63, subdivision 3; 115A.84, subdivision 3; 115A.86, subdivision 2; 115A.919, subdivision 3; 115A.921, subdivision 1; 115A.923, subdivision 1; 115A.9302, subdivisions 1 and 2; 115A.951, subdivision 4; 115A.96, subdivision 2; 115A.965, subdivision 1; 115A.9651, subdivision 3; 115A.97, subdivisions 5 and 6; 115A.981, subdivision 3; 116.07, subdivision 4j; 116.072; 116.66, subdivisions 2 and 4; 116.92, subdivision 4; 400.16; 400.161; 473.149, subdivisions 1, 2d, 2e, 3, 4, and 6; 473.151; 473.516, subdivision 2; 473.801, subdivision 1, and by adding subdivisions; 473.8011; 473.803, subdivisions 1, 1c, 2, 2a, 3, 4, and 5; 473.804; 473.811, subdivisions 1, 4a, 5, 5c, 7, and 8; 473.813, subdivision 2; 473.823, subdivisions 3, 5, and 6; 473.843, subdivision 1; 473.844, subdivisions 1a and 4; 473.8441, subdivisions 2, 4, and 5; 473.845, subdivision 4; 473.846; and 473.848, subdivisions 2 and 4; Laws 1994, chapter 628, article 3, section 209; proposing coding for new law in Minnesota Statutes, chapters 16B; 115A; 116; and 480; repealing Minnesota Statutes 1994, sections 115A.81, subdivision 3; 115A.90, subdivision 3; 116.94; 383D.71, subdivision 2; 473.149, subdivisions 2, 2a, 2c, 2f, and 5; 473.181, subdivision 4; and 473.803, subdivisions 1b and 1e.

Reports the same back with the recommendation that the bill be amended as follows:

Page 4, line 23, delete "50" and insert "49"

Pages 18 and 19, delete section 26

Pages 29 and 30, delete section 34

Page 30, lines 16 and 17, delete "Minnesota Statutes 1994,"

Page 30, after line 24, insert:

"Sec. 34. Minnesota Statutes 1994, section 116.92, subdivision 4, is amended to read:

Subd. 4. [REMOVAL FROM SERVICE; PRODUCTS CONTAINING MERCURY.] (a) When an item listed in subdivision 3 is removed from service the mercury in the item must be reused, recycled, or otherwise managed to ensure compliance with section 115A.932.

(b) A person who is in the business of replacing or repairing an item listed in subdivision 3 in households shall ensure, or deliver the item to a facility that will ensure, that the mercury contained in an item that is replaced or repaired is reused or recycled or otherwise managed in compliance with section 115A.932.

(c) A person may not crush a motor vehicle unless the person has first made a good faith effort to remove all of the mercury switches in the motor vehicle. A person who removes a mercury switch from a motor vehicle shall turn it over to the commissioner without cost."

Page 45, after line 1, insert:

"Sec. 50. [REPORT.]

The commissioner of the pollution control agency and the agency board shall each, by February 1, 1996, report to the chairs of the senate governmental operations and veterans committee, and the house of representatives governmental operations committee on the effect of the agency board's activities on the agency's ability to operate in a timely, efficient, and effective manner. The report must include recommended changes to improve the agency's ability to further the policy in Minnesota Statutes, section 116.01."

Page 45, line 7, delete "38 to 48" and insert "37 to 47"

Page 45, line 22, delete "38, 39, 40, 41, 43, 44, 45" and insert "37, 38, 39, 40, 42, 43, 44"

Page 45, line 26, delete "Sections 26 and 49 are" and insert "Section 48 is"

Renumber the sections in sequence

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

S.F. No. 1572: A bill for an act relating to state government; prohibiting investment of public funds in certain assets; amending Minnesota Statutes 1994, sections 11A.24, subdivision 1; 356A.06, by adding a subdivision; and 475.66, subdivision 3.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 18, after "be" insert "concurrently"

Page 1, line 23, delete "and" and insert "or" and after the period, insert "Only securities authorized by this section, excluding those under subdivision 6, paragraph (a), clauses (1) to (4), may be accepted as collateral or offsetting securities."

Page 2, line 1, after "be" insert "concurrently"

Page 2, line 7, delete "and" and insert "or" and after the period, insert "Only securities authorized by this section, excluding those under subdivision 7, paragraph (g), clause (1), items (1) to (iv), may be accepted as collateral or offsetting securities."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 375: A bill for an act relating to energy; adding pumped hydropower to the list of preferred alternative energy sources; providing for incentive payments to pumped hydropower facilities; amending Minnesota Statutes 1994, sections 216C.051, subdivision 7; and 216C.41, subdivision 1.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Report adopted.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

H.F. No. 733: A bill for an act relating to employment; modifying provisions relating to high pressure piping installation; providing penalties; amending Minnesota Statutes 1994, sections 326.48, subdivisions 1, 2, 3, 4, and 5; 326.50; 326.51; and 326.52; repealing Minnesota Statutes 1994, section 326.47, subdivisions 3 and 4.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

H.F. No. 354: A bill for an act relating to utilities; allowing small gas utility franchises an exemption from rate regulation for incidental utility service; amending Minnesota Statutes 1994, section 216B.16, subdivision 12.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 1125: A bill for an act relating to employment; establishing the labor education advancement grant program; proposing coding for new law in Minnesota Statutes, chapter 178.

Reports the same back with the recommendation that the bill do pass and be placed on the Consent Calendar. Mr. Merriam questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 1303: A bill for an act relating to the city of Richfield; authorizing the formation of nonprofit corporations for the purpose of owning low and moderate income housing developments.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Report adopted.

Ms. Berglin from the Committee on Health Care, to which was referred

S.F. No. 47: A bill for an act relating to human services; changing the monthly allowance deduction for children of institutionalized patients on medical assistance; amending Minnesota Statutes 1994, section 256B.0575.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

DEPARTMENT OF HUMAN SERVICES FINANCE AND MANAGEMENT POLICY

Section 1. Minnesota Statutes 1994, section 16B.08, subdivision 5, is amended to read:

Subd. 5. [~~FEDERAL GENERAL SERVICES ADMINISTRATION AGENCY PRICE SCHEDULES.~~] Notwithstanding anything in this chapter to the contrary, the commissioner may, instead of soliciting bids, contract for purchases with suppliers who have published schedules of prices effective for sales to ~~the General Services Administration~~ any federal agency of the United States. These contracts may be entered into, regardless of the amount of the purchase price, if the commissioner considers them advantageous and if the purchase price of all the commodities purchased under the contract do not exceed the price specified by the schedule.

Sec. 2. Minnesota Statutes 1994, section 171.07, is amended by adding a subdivision to read:

Subd. 10. [AGREEMENTS WITH OTHER AGENCIES.] The commissioner of public safety is authorized to enter into agreements with other agencies to issue cards to clients of those agencies for use in their programs. The cards may be issued to persons who do not qualify for a Minnesota driver's license or do not provide evidence of name and identity as required by rule for a Minnesota identification card. Persons issued cards under this subdivision will meet the identification verification requirements of the contracting agency.

The interagency agreement may include provisions for the payment of the county fee provided in section 171.06, subdivision 4, and the actual cost to manufacture the card.

Cards issued under this subdivision are not Minnesota identification cards for the purposes defined in sections 48.512, 201.061, 201.161, 332.50, and 340A.503.

Sec. 3. Minnesota Statutes 1994, section 256.014, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT OF SYSTEMS.] The commissioner of human services shall establish and enhance computer systems necessary for the efficient operation of the programs the commissioner supervises, including:

(1) management and administration of the food stamp and income maintenance programs, including the electronic distribution of benefits;

- (2) management and administration of the child support enforcement program; and
- (3) administration of medical assistance and general assistance medical care.

The commissioner shall distribute the nonfederal share of the costs of operating and maintaining the systems to the commissioner and to the counties participating in the system in a manner that reflects actual system usage, except that the nonfederal share of the costs of the MAXIS computer system and child support enforcement systems shall be borne entirely by the commissioner. Development costs must not be assessed against county agencies.

Sec. 4. Minnesota Statutes 1994, section 256.045, subdivision 4, is amended to read:

Subd. 4. [CONDUCT OF HEARINGS.] All hearings held pursuant to subdivision 3, 3a, or 4a shall be conducted according to the provisions of the federal Social Security Act and the regulations implemented in accordance with that act to enable this state to qualify for federal grants-in-aid, and according to the rules and written policies of the commissioner of human services. County agencies shall install equipment necessary to conduct telephone hearings. A state human services referee may schedule a telephone conference hearing when the distance or time required to travel to the county agency offices will cause a delay in the issuance of an order, or to promote efficiency, or at the mutual request of the parties. Hearings may be conducted by telephone conferences unless the applicant, recipient, or former recipient objects. The hearing shall not be held earlier than five days after filing of the required notice with the county or state agency. The state human services referee shall notify all interested persons of the time, date, and location of the hearing at least five days before the date of the hearing. Interested persons may be represented by legal counsel or other representative of their choice, including a provider of therapy services, at the hearing and may appear personally, testify and offer evidence, and examine and cross-examine witnesses. The applicant, recipient, or former recipient shall have the opportunity to examine the contents of the case file and all documents and records to be used by the county or state agency at the hearing at a reasonable time before the date of the hearing and during the hearing. Upon request, the county agency shall provide reimbursement for transportation, child care, photocopying, medical assessment, witness fee, and other necessary and reasonable costs incurred by the applicant, recipient, or former recipient in connection with the appeal. All evidence, except that privileged by law, commonly accepted by reasonable people in the conduct of their affairs as having probative value with respect to the issues shall be submitted at the hearing and such hearing shall not be "a contested case" within the meaning of section 14.02, subdivision 3. The agency must present its evidence prior to or at the hearing, and may not submit evidence after the hearing except by agreement of the parties at the hearing, provided the recipient has the opportunity to respond.

Sec. 5. Minnesota Statutes 1994, section 256.045, subdivision 5, is amended to read:

Subd. 5. [ORDERS OF THE COMMISSIONER OF HUMAN SERVICES.] A state human services referee shall conduct a hearing on the appeal and shall recommend an order to the commissioner of human services. The recommended order must be based on all relevant evidence and must not be limited to a review of the propriety of the state or county agency's action. A referee may take official notice of adjudicative facts. The commissioner of human services may accept the recommended order of a state human services referee and issue the order to the county agency and the applicant, recipient, former recipient, or prepaid health plan. The commissioner on refusing to accept the recommended order of the state human services referee, shall notify the county agency and the applicant, recipient, former recipient, or prepaid health plan of that fact and shall state reasons therefor and shall allow each party ten days' time to submit additional written argument on the matter. After the expiration of the ten-day period, the commissioner shall issue an order on the matter to the county agency and the applicant, recipient, former recipient, or prepaid health plan.

A party aggrieved by an order of the commissioner may appeal under subdivision 7, or request reconsideration by the commissioner within 30 days after the date the commissioner issues the order. The commissioner may reconsider an order upon request of any party or on the commissioner's own motion. A request for reconsideration does not stay implementation of the commissioner's order. Upon reconsideration, the commissioner may issue an amended order or an order affirming the original order.

Any order of the commissioner issued under this subdivision shall be conclusive upon the parties unless appeal is taken in the manner provided by subdivision 7. Any order of the commissioner is binding on the parties and must be implemented by the state agency or a county agency until the order is reversed by the district court, or unless the commissioner or a district court orders monthly assistance or aid or services paid or provided under subdivision 10.

Except for a prepaid health plan, a vendor of medical care as defined in section 256B.02, subdivision 7, or a vendor under contract with a county agency to provide social services under section 256E.08, subdivision 4, is not a party and may not request a hearing or seek judicial review of an order issued under this section, unless assisting a recipient as provided in subdivision 4.

Sec. 6. Minnesota Statutes 1994, section 256.736, subdivision 13, is amended to read:

Subd. 13. [STATE SHARE.] The state must pay 75 percent of the nonfederal share of costs incurred by counties under subdivision 11.

Beginning July 1, 1991, the state will reimburse counties, up to the limit of state appropriations, according to the payment schedule in section 256.025, for the county share of county agency expenditures made under subdivision 11 from January 1, 1991, ~~on~~ to June 30, 1995. Payment to counties under this subdivision is subject to the provisions of section 256.017.

Beginning July 1, 1995, the state must pay 100 percent of the nonfederal share incurred by counties under subdivision 11, up to the limit of state appropriations. If the state appropriation is not sufficient to fund the cost of case management services for all caretakers identified in subdivision 2a, the commissioner must define a statewide subgroup of caretakers which includes all caretakers in subdivision 2a, clause (1), and as many caretakers as possible from subdivision 2a, clauses (2) and (3).

Sec. 7. [256.986] [ASSISTANCE TRANSACTION CARD FEE.]

Subdivision 1. [REPLACEMENT CARD.] The commissioner of human services may charge a cardholder, defined as a person in whose name an assistance transaction card is issued, a \$2 fee to replace an assistance transaction card. The fees shall be appropriated to the commissioner and used for electronic benefit purposes.

Subd. 2. [TRANSACTION FEE.] Contingent upon the results of a state study to determine the cost-effectiveness of a transaction fee, the commissioner may charge a transaction fee of up to \$1 for each automated teller machine transaction in excess of four per month, up to a cap of \$10 in transaction fees per cardholder, per month. A transaction fee subsequently set by the federal government may supersede a fee established under this subdivision. The fees shall be appropriated to the commissioner and used for electronic benefit purposes.

ARTICLE 2

LIFE SKILLS SELF-SUFFICIENCY POLICY

Section 1. Minnesota Statutes 1994, section 144.0723, subdivision 1, is amended to read:

~~Subdivision 1. [CLIENT REIMBURSEMENT CLASSIFICATIONS.] The commissioner of health shall establish reimbursement classifications based upon the assessment of each client in intermediate care facilities for the mentally retarded conducted after December 31, 1988 1994, under section 256B.501, subdivision 3g, or under rules established by the commissioner of human services under section 256B.501, subdivision 3j. The reimbursement classifications established by the commissioner must conform to the section 256B.501, subdivision 3g, and subsequent rules established by the commissioner of human services to set payment rates for intermediate care facilities for the mentally retarded beginning on or after October 1, 1990.~~

Sec. 2. Minnesota Statutes 1994, section 144.0723, subdivision 2, is amended to read:

~~Subd. 2. [NOTICE OF CLIENT REIMBURSEMENT CLASSIFICATION.] The commissioner of health shall notify each client and intermediate care facility for the mentally retarded in which the client resides of the reimbursement classification classifications established under subdivision 1 for each client residing in the facility. The notice must inform the client~~

~~intermediate care facility for the mentally retarded of the classification classifications that was are assigned, the opportunity to review the documentation supporting the classification, the opportunity to obtain clarification from the commissioner, and the opportunity to request a reconsideration of the classification any classifications assigned. The notice of classification must be sent by first-class mail. The individual client notices may be sent to the client's intermediate care facility for the mentally retarded for distribution to the client. The facility must distribute the notice to the client's case manager and to the client or to the client's representative. This notice must be distributed within three working days after the facility receives the notices from the department. For the purposes of this section, "representative" includes the client's legal representative as defined in Minnesota Rules, part 9525.0015, subpart 18, the person authorized to pay the client's facility expenses, or any other individual designated by the client.~~

Sec. 3. Minnesota Statutes 1994, section 144.0723, subdivision 3, is amended to read:

Subd. 3. [REQUEST FOR RECONSIDERATION.] ~~The client, client's representative, or the intermediate care facility for the mentally retarded may request that the commissioner reconsider the assigned classification. The request for reconsideration must be submitted in writing to the commissioner within 30 days after the receipt of the notice of client classification. The request for reconsideration must include the name of the client, the name and address of the facility in which the client resides, the reasons for the reconsideration, the requested classification changes, and documentation supporting the requested classification. The documentation accompanying the reconsideration request is limited to documentation establishing that the needs of the client and services provided to the client at the time of the assessment resulting in the disputed classification justify a change of classification.~~

Sec. 4. Minnesota Statutes 1994, section 144.0723, subdivision 4, is amended to read:

Subd. 4. [ACCESS TO INFORMATION.] ~~Annually, at the interdisciplinary team meeting, the intermediate care facility for the mentally retarded shall inform the client or the client's representative and case manager of the client's most recent classification as determined by the department of health. Upon written request, the intermediate care facility for the mentally retarded must give the client's case manager, the client, or the client's representative a copy of the assessment form and the other documentation that was given to the department to support the assessment findings. The facility shall also provide access to and a copy of other information from the client's record that has been requested by or on behalf of the client to support a client's reconsideration request. A copy of any requested material must be provided within three working days after the facility receives a written request for the information. If the facility fails to provide the material within this time, it is subject to the issuance of a correction order and penalty assessment. Notwithstanding this section, any order issued by the commissioner under this subdivision must require that the facility immediately comply with the request for information and that as of the date the order is issued, the facility shall forfeit to the state a \$100 fine the first day of noncompliance, and an increase in the \$100 fine by \$50 increments for each day the noncompliance continues.~~

Sec. 5. Minnesota Statutes 1994, section 144.0723, subdivision 6, is amended to read:

Subd. 6. [RECONSIDERATION.] ~~The commissioner's reconsideration must be made by individuals not involved in reviewing the assessment that established the disputed classification. The reconsideration must be based upon the initial assessment and upon the information provided to the commissioner under subdivisions subdivision 3 and 5. If necessary for evaluating the reconsideration request, the commissioner may conduct on-site reviews. At the commissioner's discretion, the commissioner may review the reimbursement classifications assigned to all clients in the facility. Within 15 working days after receiving the request for reconsideration, the commissioner shall affirm or modify the original client classification. The original classification must be modified if the commissioner determines that the assessment resulting in the classification did not accurately reflect the status of the client at the time of the assessment. The client and the intermediate care facility for the mentally retarded shall be notified within five working days after the decision is made. The commissioner's decision under this subdivision is the final administrative decision of the agency.~~

Sec. 6. Minnesota Statutes 1994, section 252.27, subdivision 1a, is amended to read:

Subd. 1a. [DEFINITIONS.] ~~A person has a "related condition" if that person has a condition that is found to be closely related to mental retardation, including, but not limited to, cerebral palsy, epilepsy, autism, and Prader-Willi syndrome and that meets all of the following criteria: (a) is severe, and chronic disability that meets all of the following conditions: (a) is attributable to cerebral palsy, epilepsy, autism, Prader-Willi syndrome, or any other condition, other than mental illness as defined under section 245.462, subdivision 20, or an emotional disturbance, as defined under section 245.4871, subdivision 15, found to be closely related to mental retardation because the condition; (b) results in impairment of general intellectual functioning or adaptive behavior similar to that of persons with mental retardation and; (c) requires treatment or services similar to those required for persons with mental retardation; (b) (d) is manifested before the person reaches 22 years of age; (e) (e) is likely to continue indefinitely; and (d) (f) results in substantial functional limitations in three or more of the following areas of major life activity: (1) self-care, (2) understanding and use of language, (3) learning, (4) mobility, (5) self-direction, (6) capacity for independent living; and (g) is not attributable to mental illness as defined in section 245.462, subdivision 20, or an emotional disturbance as defined in section 245.4871, subdivision 15. For purposes of clause (g), notwithstanding section 245.462, subdivision 20, or 245.4871, subdivision 15, "mental illness" does not include autism or other pervasive developmental disorders.~~

Sec. 7. Minnesota Statutes 1994, section 252.275, subdivision 3, is amended to read:

Subd. 3. [REIMBURSEMENT.] Counties shall be reimbursed for all expenditures made pursuant to subdivision 1 at a rate of 70 percent, up to the allocation determined pursuant to subdivisions 4, ~~4a,~~ and 4b. However, the commissioner shall not reimburse costs of services for any person if the costs exceed the state share of the average medical assistance costs for services provided by intermediate care facilities for a person with mental retardation or a related condition for the same fiscal year, and shall not reimburse costs of a one-time living allowance for any person if the costs exceed \$1,500 in a state fiscal year. ~~For the biennium ending June 30, 1993, the commissioner shall not reimburse costs in excess of the 85th percentile of hourly service costs based upon the cost information supplied to the legislature in the proposed budget for the biennium.~~ The commissioner may make payments to each county in quarterly installments. The commissioner may certify an advance of up to 25 percent of the allocation. Subsequent payments shall be made on a reimbursement basis for reported expenditures and may be adjusted for anticipated spending patterns.

Sec. 8. Minnesota Statutes 1994, section 252.275, subdivision 4, is amended to read:

Subd. 4. [FORMULA.] ~~Effective January 1, 1992,~~ The commissioner shall allocate funds on a calendar year basis. ~~For calendar year 1992, funds shall be allocated based on each county's portion of the statewide reimbursement received under this section for state fiscal year 1991. For subsequent calendar years, funds shall be~~ Beginning with the calendar year in the 1996 grant period, funds shall be allocated first in amounts equal to each county's guaranteed floor according to subdivision 4b, with any remaining available funds allocated based on each county's portion of the statewide expenditures eligible for reimbursement under this section during the 12 months ending on June 30 of the preceding calendar year.

If the legislature appropriates funds for special purposes, the commissioner may allocate the funds based on proposals submitted by the counties to the commissioner in a format prescribed by the commissioner. Nothing in this section prevents a county from using other funds to pay for additional costs of semi-independent living services.

Sec. 9. Minnesota Statutes 1994, section 252.275, subdivision 8, is amended to read:

Subd. 8. [USE OF FEDERAL FUNDS AND TRANSFER OF FUNDS TO MEDICAL ASSISTANCE.] (a) The commissioner shall make every reasonable effort to maximize the use of federal funds for semi-independent living services.

(b) The commissioner shall reduce the payments to be made under this section to each county from January 1, 1994 to June 30, 1996, by the amount of the state share of medical assistance reimbursement for services other than residential services provided under the home and community-based waiver program under section 256B.092 from January 1, 1994 to June 30, 1996, for clients for whom the county is financially responsible and who have been transferred by the county from the semi-independent living services program to the home and community-based

waiver program. Unless otherwise specified, all reduced amounts shall be transferred to the medical assistance state account.

(c) For fiscal year 1997, the base appropriation available under this section shall be reduced by the amount of the state share of medical assistance reimbursement for services other than residential services provided under the home and community-based waiver program authorized in section 256B.092 from January 1, 1995 to December 31, 1995, for persons who have been transferred from the semi-independent living services program to the home and community-based waiver program. The base appropriation for the medical assistance state account shall be increased by the same amount.

(d) For purposes of calculating the guaranteed floor under subdivision 4b and to establish the calendar year 1996 allocations, each county's original allocation for calendar year 1995 shall be reduced by the amount transferred to the state medical assistance account under paragraph (b) during the six months ending on June 30, 1995. For purposes of calculating the guaranteed floor under subdivision 4b and to establish the calendar year 1997 allocations, each county's original allocation for calendar year 1996 shall be reduced by the amount transferred to the state medical assistance account under paragraph (b) during the six months ending on ~~June 30, 1996~~ December 31, 1995.

Sec. 10. Minnesota Statutes 1994, section 252.46, subdivision 1, is amended to read:

Subdivision 1. [RATES.] Payment rates to vendors, except regional centers, for county-funded day training and habilitation services and transportation provided to persons receiving day training and habilitation services established by a county board are governed by subdivisions 2 to 19. The commissioner shall approve the following three payment rates for services provided by a vendor:

(1) a full-day service rate for persons who receive at least six service hours a day, including the time it takes to transport the person to and from the service site;

(2) a partial-day service rate that must not exceed 75 percent of the full-day service rate for persons who receive less than a full day of service; and

(3) a transportation rate for providing, or arranging and paying for, transportation of a person to and from the person's residence to the service site.

The commissioner may also approve an hourly job-coach, follow-along rate for services provided by one employee en route to or from community locations to supervise, support, and assist one person receiving the vendor's services to learn job-related skills necessary to obtain or retain employment when and where no other persons receiving services are present and when all the following criteria are met:

(1) the vendor requests and the county recommends an optimal rate;

(2) the service is prior authorized by the county on the medicaid management information system for no more than 414 hours in a 12-month period and the daily per person charge to medical assistance does not exceed the vendor's approved full day plus transportation rates;

(3) separate full day, partial day, and transportation rates are not billed for the same person on the same day;

(4) the approved hourly rate does not exceed the sum of the vendor's current average hourly direct service wage, including fringe benefits and taxes, plus a component equal to the vendor's average hourly nondirect service wage expenses; and

(5) the actual revenue received for provision of hourly job-coach, follow-along services is subtracted from the vendor's total expenses for the same time period and those adjusted expenses are used for determining recommended full day and transportation payment rates under subdivision 5 in accordance with the limitations in subdivision 3.

Medical assistance rates for home and community-based service provided under section 256B.501, subdivision 4, by licensed vendors of day training and habilitation services must not be greater than the rates for the same services established by counties under sections 252.40 to

252.47. For very dependent persons with special needs the commissioner may approve an exception to the approved payment rate under section 256B.501, subdivision 4 or 8.

Sec. 11. Minnesota Statutes 1994, section 252.46, subdivision 3, is amended to read:

Subd. 3. [RATE MAXIMUM.] Unless a variance is granted under subdivision 6, the maximum payment rates for each vendor for a calendar year must be equal to the payment rates approved by the commissioner for that vendor in effect December 1 of the previous calendar year. The commissioner of finance shall include as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11 annual inflation adjustments in reimbursement rates for each vendor, based upon the projected percentage change in the urban consumer price index, all items, published by the United States Department of Labor, for the upcoming calendar year over the current calendar year. ~~The commissioner shall not provide an annual inflation adjustment for the biennium ending June 30, 1993.~~

Sec. 12. Minnesota Statutes 1994, section 252.46, subdivision 17, is amended to read:

Subd. 17. [HOURLY RATE STRUCTURE.] Counties participating as host counties under the pilot study of hourly rates established under Laws 1988, chapter 689, article 2, section 117, may recommend continuation of the hourly rates for participating vendors. The recommendation must be made annually under subdivision 5 and according to the methods and standards provided by the commissioner. The commissioner shall approve the hourly rates when service authorization, billing, and payment for services is possible through the Medicaid management information system and the other criteria in this subdivision are met. Counties and vendors operating under the pilot study of hourly rates established under Laws 1988, chapter 689, article 2, section 117, shall work with the commissioner to translate the hourly rates and actual expenditures into rates meeting the criteria in subdivisions 1 to 16 unless hourly rates are approved under this subdivision. If the rates meeting the criteria in subdivisions 1 to 16 are lower than the county's or vendor's current rate, the county or vendor must continue to receive the current rate.

Sec. 13. Minnesota Statutes 1994, section 254B.02, subdivision 1, is amended to read:

Subdivision 1. [CHEMICAL DEPENDENCY TREATMENT ALLOCATION.] The chemical dependency funds appropriated for allocation shall be placed in a special revenue account. For the fiscal year beginning July 1, 1987, funds shall be transferred to operate the vendor payment, invoice processing, and collections system for one year. The commissioner shall annually transfer funds from the chemical dependency fund to pay for operation of the drug and alcohol abuse normative evaluation system and to pay for all costs incurred by adding two positions for licensing of chemical dependency treatment and rehabilitation programs located in hospitals for which funds are not otherwise appropriated. The commissioner shall annually divide the money available in the chemical dependency fund that is not held in reserve by counties from a previous allocation. Twelve percent of the remaining money must be reserved for treatment of American Indians by eligible vendors under section 254B.05. The remainder of the money must be allocated among the counties according to the following formula, using state demographer data and other data sources determined by the commissioner:

~~(a) The county non-Indian and over age 14 per capita months of eligibility for aid to families with dependent children, general assistance, and medical assistance is divided by the total state non-Indian and over age 14 per capita months of eligibility to determine the caseload factor for each county.~~

~~(b) The average median married couple income for the previous three years for the state is divided by the average median married couple income for the previous three years for each county to determine the income factor.~~

~~(c) The non-Indian and over age 14 population of the county is multiplied by the sum of the income factor and the caseload factor to determine the adjusted population.~~

(a) For purposes of this formula, American Indians and children under age 14 are subtracted from the population of each county to determine the restricted population.

(b) The amount of chemical dependency fund expenditures for entitled persons for services not

covered by prepaid plans governed by section 256B.69 in the previous year is divided by the amount of chemical dependency fund expenditures for entitled persons for all services to determine the proportion of exempt service expenditures for each county.

(c) The prepaid plan months of eligibility is multiplied by the proportion of exempt service expenditures to determine the adjusted prepaid plan months of eligibility for each county.

(d) The adjusted prepaid plan months of eligibility is added to the number of restricted population fee for service months of eligibility for aid to families with dependent children, general assistance, and medical assistance and divided by the county restricted population to determine county per capita months of covered service eligibility.

(e) The number of adjusted prepaid plan months of eligibility for the state is added to the number of fee for service months of eligibility for aid to families with dependent children, general assistance, and medical assistance for the state restricted population and divided by the state restricted population to determine state per capita months of covered service eligibility.

(f) The county per capita months of covered service eligibility is divided by the state per capita months of covered service eligibility to determine the county welfare caseload factor.

(g) The median married couple income for the most recent three-year period available for the state is divided by the median married couple income for the same period for each county to determine the income factor for each county.

(h) The county restricted population is multiplied by the sum of the county welfare caseload factor and the county income factor to determine the adjusted population.

~~(i)~~ (i) \$15,000 shall be allocated to each county.

~~(e)~~ (j) The remaining funds shall be allocated proportional to the county adjusted population.

Sec. 14. Minnesota Statutes 1994, section 254B.05, subdivision 1, is amended to read:

Subdivision 1. [LICENSURE REQUIRED.] Programs licensed by the commissioner are eligible vendors. Hospitals may apply for and receive licenses to be eligible vendors, notwithstanding the provisions of section 245A.03. American Indian programs located on federally recognized tribal lands that provide chemical dependency primary treatment, extended care, transitional residence, or outpatient treatment services, and are licensed by tribal government are eligible vendors. Detoxification programs are not eligible vendors. Programs that are not licensed as a chemical dependency residential or nonresidential treatment program by the commissioner or by tribal government are not eligible vendors. To be eligible for payment under the Consolidated Chemical Dependency Treatment Fund, a vendor must participate in the Drug and Alcohol Abuse Normative Evaluation System and the treatment accountability plan.

Sec. 15. Minnesota Statutes 1994, section 256.975, is amended by adding a subdivision to read:

Subd. 6. [INDIAN ELDERS POSITION.] The Minnesota board on aging shall create an Indian elders coordinator position, and shall hire staff as appropriations permit for the purposes of coordinating efforts with the National Indian Council on Aging and developing a comprehensive statewide service system for Indian elders. An Indian elder is defined for purposes of this subdivision as an Indian enrolled in a band or tribe who is 55 years or older. The statewide service system must include the following components:

(1) an assessment of the program eligibility, examining the need to change the age-based eligibility criteria to need-based eligibility criteria;

(2) a planning system that would grant or make recommendations for granting federal and state funding for services;

(3) a plan for service focal points, senior centers, or community centers for socialization and service accessibility for Indian elders;

(4) a plan to develop and implement education and public awareness campaigns including awareness programs, sensitivity cultural training, and public education on Indian elder needs;

(5) a plan for information and referral services including trained advocates and an Indian elder newsletter;

(6) a plan for a coordinated health care system including health promotion/prevention, in-home service, long-term care service, and health care services;

(7) a plan for ongoing research involving Indian elders including needs assessment and needs analysis;

(8) information and referral services for legal advice or legal counsel; and

(9) a plan to coordinate services with existing organizations including the council of Indian affairs, the Minnesota Indian council of elders, the Minnesota board on aging, and tribal governments.

Sec. 16. Minnesota Statutes 1994, section 256B.092, is amended by adding a subdivision to read:

Subd. 4c. [LIVING ARRANGEMENTS BASED ON A 24-HOUR PLAN OF CARE.] (a) Notwithstanding the requirements for licensure under Minnesota Rules, part 9525.1860, subpart 6, item D, and upon federal approval of an amendment to the home- and community-based services waiver for persons with mental retardation or related conditions, a person receiving home- and community-based services may choose to live in their own home without requiring that the living arrangement be licensed under Minnesota Rules, parts 9555.5050 to 9555.6265, provided the following conditions are met:

(1) the person receiving home- and community-based services has chosen to live in their own home;

(2) home- and community-based services are provided by a qualified vendor who meets the provider standards as approved in the Minnesota home- and community-based services waiver plan for persons with mental retardation or related conditions;

(3) the person, or their legal representative, individually or with others has purchased or rents the home and the person's service provider has no financial interest in the home; and

(4) the service planning team, as defined in Minnesota Rules, part 9525.0004, subpart 24, has determined that the planned services, the 24-hour plan of care, and the housing arrangement are appropriate to address the health, safety, and welfare of the person.

(b) The county agency may require safety inspections of the selected housing as part of their determination of the adequacy of the living arrangement.

Sec. 17. [REPEALER.]

Minnesota Statutes 1994, sections 144.0723, subdivision 5; and 252.275, subdivisions 4a and 10, are repealed.

ARTICLE 3

CHILDREN'S PROGRAMS POLICY

Section 1. Minnesota Statutes 1994, section 245.4871, is amended by adding a subdivision to read:

Subd. 35. [TRANSITION SERVICES.] "Transition services" means mental health services, designed within an outcome oriented process that promotes movement from school to postschool activities, including post-secondary education, vocational training, integrated employment including supported employment, continuing and adult education, adult mental health and social services, other adult services, independent living, or community participation.

Sec. 2. Minnesota Statutes 1994, section 245.4875, is amended by adding a subdivision to read:

Subd. 8. [TRANSITION SERVICES.] The county board may continue to provide mental health services as defined in sections 245.487 to 245.4888 to persons over 18 years of age, but

under 21 years of age, if the person was receiving case management or family community support services prior to age 18, and if one of the following conditions is met:

- (1) the person is receiving special education services through the local school district; or
- (2) it is in the best interest of the person to continue services defined in sections 245.487 to 245.4888.

Sec. 3. Minnesota Statutes 1994, section 256F.09, is amended to read:

256F.09 [GRANTS FOR ~~CHILDREN'S SAFETY~~ FAMILY VISITATION CENTERS.]

Subdivision 1. [PURPOSE.] The commissioner shall issue a request for proposals from existing local nonprofit, nongovernmental organizations, to use existing local facilities as ~~pilot children's safety~~ family visitation centers. The commissioner shall award grants in amounts up to \$50,000 for the purpose of creating ~~children's safety~~ or maintaining family visitation centers to reduce children's vulnerability to violence and trauma related to family visitation, where there has been a history of domestic violence or abuse within the family. At least one of the pilot projects shall be located in the seven-county metropolitan area and at least one of the projects shall be located outside the seven-county metropolitan area, and the commissioner shall award the grants to provide the greatest possible number of safety centers and to locate them to provide for the broadest possible geographic distribution of the centers throughout the state.

Each ~~children's safety~~ family visitation center must use existing local facilities to provide a healthy interactive environment for parents who are separated or divorced and for parents with children in foster homes to visit with their children. The centers must be available for use by district courts who may order visitation to occur at a safety visitation center. The centers may also be used as drop-off sites, so that parents who are under court order to have no contact with each other can exchange children for visitation at a neutral site. Each center must provide sufficient security to ensure a safe visitation environment for children and their parents. A grantee must demonstrate the ability to provide a local match, which may include in-kind contributions.

Subd. 2. [PRIORITIES.] In awarding grants under the program, the commissioner shall give priority to:

- (1) areas of the state where no ~~children's safety~~ other family visitation center or similar facility exists;
- (2) applicants who demonstrate that private funding for the center is available and will continue; and
- (3) facilities that are adapted for use to care for children, such as day care centers, religious institutions, community centers, schools, technical colleges, parenting resource centers, and child care referral services.

Subd. 3. [ADDITIONAL SERVICES.] Each center may provide parenting and child development classes, and offer support groups to participating custodial parents and hold regular classes designed to assist children who have experienced domestic violence and abuse.

Subd. 4. [REPORT.] The commissioner shall evaluate the operation of the ~~pilot children's safety~~ family visitation centers and report to the legislature by February 1, 1994, with recommendations.

Sec. 4. Minnesota Statutes 1994, section 256H.01, subdivision 9, is amended to read:

Subd. 9. [FAMILY.] "Family" means parents, stepparents, guardians and their spouses, or other eligible relative caretakers and their spouses, and their blood related dependent children and adoptive siblings under the age of 18 years living in the same home including children temporarily absent from the household in settings such as schools, foster care, and residential treatment facilities. When a minor parent or parents and his, her, or their child or children are living with other relatives, and the minor parent or parents apply for a child care subsidy, "family" means only the minor parent or parents and the child or children. An adult may be considered a dependent member of the family unit if 50 percent of the adult's support is being provided by the parents,

stepparents, guardians and their spouses, or eligible relative caretakers and their spouses, residing in the same household. An adult age 18 who is a full-time high school student and can reasonably be expected to graduate before age 19 may be considered a dependent member of the family unit.

Sec. 5. Minnesota Statutes 1994, section 256H.01, subdivision 12, is amended to read:

Subd. 12. [PROVIDER.] "Provider" means a child care license holder who operates a family day care home, a group family day care home, a day care center, a nursery school, a day nursery, an extended day school age child care program; a ~~person exempt from licensure who meets child care standards established~~ legal nonlicensed extended day school age child care program which operates under the auspices of a local school board that has adopted school age child care standards which meet or exceed standards recommended by the state board department of education; or a legal nonlicensed caregiver who is at least 18 years of age, and who is not a member of the AFDC assistance unit.

Sec. 6. Minnesota Statutes 1994, section 256H.02, is amended to read:

256H.02 [DUTIES OF COMMISSIONER.]

The commissioner shall develop standards for county and human services boards to provide child care services to enable eligible families to participate in employment, training, or education programs. Within the limits of available appropriations, the commissioner shall distribute money to counties to reduce the costs of child care for eligible families. The commissioner shall adopt rules to govern the program in accordance with this section. The rules must establish a sliding schedule of fees for parents receiving child care services. In the rules adopted under this section, county and human services boards shall be authorized to establish policies for payment of child care spaces for absent children, when the payment is required by the child's regular provider. The rules shall not set a maximum number of days for which absence payments can be made, but instead shall direct the county agency to set limits and pay for absences according to the prevailing market practice in the county. County policies for payment of absences shall be subject to the approval of the commissioner. The commissioner shall maximize the use of federal money ~~under the AFDC employment special needs program~~ in section 256.736, ~~subdivision 8,~~ and other programs that provide federal reimbursement for child care services for recipients of aid to families with dependent children who are in education, training, job search, or other activities allowed under those programs. Money appropriated under this section must be coordinated with the ~~AFDC employment special needs program and other programs that provide federal reimbursement for child care services to accomplish this purpose.~~ Federal reimbursement obtained must be allocated to the county that spent money for child care that is federally reimbursable under programs that provide federal reimbursement for child care services. The counties shall use the federal money to expand child care services. The commissioner may adopt rules under chapter 14 to implement and coordinate federal program requirements.

Sec. 7. Minnesota Statutes 1994, section 256H.03, subdivision 1, is amended to read:

Subdivision 1. [ALLOCATION PERIOD; NOTICE OF ALLOCATION.] When the commissioner notifies county and human service boards of the forms and instructions they are to follow in the development of their biennial community social services plans required under section 256E.08, the commissioner shall also notify county and human services boards of their estimated child care fund program allocation for the two years covered by the plan. By ~~June~~ October 1 of each year, the commissioner shall notify all counties of their final child care fund program allocation.

Sec. 8. Minnesota Statutes 1994, section 256H.03, subdivision 2a, is amended to read:

Subd. 2a. [ELIGIBLE RECIPIENTS.] Families that meet the eligibility requirements under sections 256H.10, except AFDC recipients, MFIP recipients, and transition year families, and 256H.11 are eligible for child care assistance under the basic sliding fee program. ~~From July 1, 1990, to June 30, 1991, a county may not accept new applications for the basic sliding fee program unless the county can demonstrate that its state money expenditures for the basic sliding fee program for this period will not exceed 95 percent of the county's allocation of state money for the fiscal year ending June 30, 1990. As basic sliding fee program money becomes available to serve new families, eligible families whose benefits were terminated during the fiscal year ending June~~

~~30, 1990, for reasons other than loss of eligibility shall be reinstated.~~ Families enrolled in the basic sliding fee program as of July 1, 1990, shall be continued until they are no longer eligible. Counties shall make vendor payments to the child care provider or pay the parent directly for eligible child care expenses on a reimbursement basis. Child care assistance provided through the child care fund is considered assistance to the parent.

Sec. 9. Minnesota Statutes 1994, section 256H.03, is amended by adding a subdivision to read:

Subd. 4a. [SIX-MONTH ALLOCATION.] For the period from July 1, 1995, to December 31, 1995, every county shall receive an allocation at least equal and proportionate to one-half of its original allocation in state fiscal year 1995. This six-month allocation shall be combined with the calendar year 1996 allocation and be administered as one 18-month allocation.

Sec. 10. Minnesota Statutes 1994, section 256H.03, subdivision 6, is amended to read:

Subd. 6. [GUARANTEED FLOOR.] (a) ~~Each county's guaranteed floor shall equal the lesser of:~~

~~(1) the county's original allocation in the preceding state fiscal year; or~~

~~(2) 110 percent of the county's basic sliding fee child care program state and federal earnings for the 12-month period ending on December 31 of the preceding state fiscal year. For purposes of this clause, "state and federal earnings" means the reported direct child care expenditures adjusted for the administrative allowance and 15 percent required county match. Beginning January 1, 1996, each county's guaranteed floor shall equal 90 percent of the allocation received in the preceding calendar year. For the calendar year 1996 allocation, the preceding calendar year shall be considered to be double the six-month allocation as provided for in subdivision 4a.~~

(b) When the amount of funds available for allocation is less than the amount available in the previous year, each county's previous year allocation shall be reduced in proportion to the reduction in the statewide funding, for the purpose of establishing the guaranteed floor.

Sec. 11. Minnesota Statutes 1994, section 256H.08, is amended to read:

256H.08 [USE OF MONEY.]

Money for persons listed in sections 256H.03, subdivision 2a, and 256H.05, subdivision 1b, shall be used to reduce the costs of child care for students, including the costs of child care for students while employed if enrolled in an eligible education program at the same time and making satisfactory progress towards completion of the program. Counties may not limit the duration of child care subsidies for a person in an employment or educational program, except when the person is found to be ineligible under the child care fund eligibility standards. Any limitation must be based on a person's employability plan in the case of an AFDC recipient, and county policies included in the child care allocation plan. Time limitations for child care assistance, as specified in Minnesota Rules, parts 9565.5000 to 9565.5200, do not apply to basic or remedial educational programs needed to prepare for post-secondary education or employment. These programs include: high school, general equivalency diploma, and English as a second language. Programs exempt from this time limit must not run concurrently with a post-secondary program. High school students who are participating in a post-secondary options program and who receive a high school diploma issued by the school district are exempt from the time limitations while pursuing a high school diploma. Financially eligible students who have received child care assistance for one academic year shall be provided child care assistance in the following academic year if funds allocated under sections 256H.03 and 256H.05 are available. If an AFDC recipient who is receiving AFDC child care assistance under this chapter moves to another county, continues to participate in educational or training programs authorized in their employability development plans, and continues to be eligible for AFDC child care assistance under this chapter, the AFDC caretaker must receive continued child care assistance from the county responsible for their current employability development plan, without interruption.

Sec. 12. Minnesota Statutes 1994, section 256H.11, subdivision 1, is amended to read:

Subdivision 1. [ASSISTANCE FOR PERSONS SEEKING AND RETAINING EMPLOYMENT.] Persons who are seeking employment and who are eligible for assistance under

this section are eligible to receive ~~the equivalent of up to one month of child care~~ up to 240 hours of child care assistance per calendar year. Employed persons who work at least an average of ten hours a week and receive at least a minimum wage for all hours worked are eligible for continued child care assistance.

Sec. 13. Minnesota Statutes 1994, section 256H.12, subdivision 1, is amended to read:

Subdivision 1. [COUNTY CONTRIBUTIONS REQUIRED.] Beginning July 1, 1995, in addition to payments from parents basic sliding fee child care program participants, counties shall contribute from county tax or other sources a minimum of 15 percent of the cost of the basic sliding fee program at the local match percentage calculated according to subdivision 1a. The commissioner shall recover funds from the county as necessary to bring county expenditures into compliance with this subdivision.

Sec. 14. Minnesota Statutes 1994, section 256H.12, is amended by adding a subdivision to read:

Subd. 1a. [LOCAL MATCH PERCENTAGE.] The local match percentage shall equal the lesser of either 15 percent of the cost of the basic sliding fee program or the statewide required local match in state fiscal year 1995, divided by the sum of the current year's basic sliding fee allocation, plus the statewide required local match in state fiscal year 1995. The resulting local match percentage shall be adjusted to reflect a statewide local match of five percent on any state and federal funding for the basic sliding fee program above the initial state fiscal year 1995 statewide allocation. For purposes of this computation, the statewide required local match in state fiscal year 1995 shall be equal to the initial state fiscal year 1995 basic sliding fee allocation, divided by 85 percent, and then multiplied by 15 percent. The calendar year 1996 local match percentage shall be in effect for the six-month allocation period defined in section 256H.03.

Sec. 15. Minnesota Statutes 1994, section 256H.15, subdivision 1, is amended to read:

Subdivision 1. [SUBSIDY RESTRICTIONS.] ~~(a) Until June 30, 1991, the maximum child care rate is determined under this paragraph. The county board may limit the subsidy allowed by setting a maximum on the provider child care rate that the county shall subsidize. The maximum rate set by any county shall not be lower than 110 percent or higher than 125 percent of the median rate in that county for like care arrangements for all types of care, including special needs and handicapped care, as determined by the commissioner. If the county sets a maximum rate, it must pay the provider's rate for each child receiving a subsidy, up to the maximum rate set by the county. If a county does not set a maximum provider rate, it shall pay the provider's rate for every child in care. The maximum state payment is 125 percent of the median provider rate. If the county has not set a maximum provider rate and the provider rate is greater than 125 percent of the median provider rate in the county, the county shall pay the amount in excess of 125 percent of the median provider rate from county funding sources. The county shall pay the provider's full charges for every child in care up to the maximum established. The commissioner shall determine the maximum rate for each type of care, including special needs and handicapped care.~~

~~(b) Effective July 1, 1991, the maximum rate paid for child care assistance under the child care fund is the maximum rate eligible for federal reimbursement except that a provider receiving reimbursement under paragraph (a) as of January 1, 1991, shall be paid at a rate no less than the rate of reimbursement received under that paragraph. A rate which includes a provider bonus paid under subdivision 2 or a special needs rate paid under subdivision 3 may be in excess of the maximum rate allowed under this subdivision. The department of human services shall monitor the effect of this paragraph on provider rates. The county shall pay the provider's full charges for every child in care up to the maximum established. The commissioner shall determine the maximum rate for each type of care, including special needs and handicapped care.~~

~~(c) When the provider charge is greater than the maximum provider rate allowed, the parent is responsible for payment of the difference in the rates in addition to any family copayment fee.~~

Sec. 16. Minnesota Statutes 1994, section 256H.18, is amended to read:

256H.18 [ADMINISTRATIVE EXPENSES.]

The commissioner shall use up to ~~seven percent~~ one-eleventh of the state and federal funds ~~appropriated available~~ available for the basic sliding fee program for payments to counties for administrative expenses. ~~The commissioner shall use up to ten percent of federal funds for payments to counties for administrative expenses.~~

Sec. 17. [REPEALER.]

Minnesota Statutes 1994, section 256H.03, subdivisions 2 and 5, are repealed.

ARTICLE 4

ECONOMIC SELF-SUFFICIENCY POLICY

Section 1. Minnesota Statutes 1994, section 256.034, subdivision 1, is amended to read:

Subdivision 1. [CONSOLIDATION OF TYPES OF ASSISTANCE.] Under the Minnesota family investment plan, assistance previously provided to families through the AFDC, food stamp, and general assistance programs must be combined into a single cash assistance program. As authorized by Congress, families receiving assistance through the Minnesota family investment plan are automatically eligible for and entitled to medical assistance under chapter 256B. Federal, state, and local funds that would otherwise be allocated for assistance to families under the AFDC, food stamp, and general assistance programs must be transferred to the Minnesota family investment plan. The provisions of the Minnesota family investment plan prevail over any provisions of sections 245.771, 256.72 to 256.87, 256D.01 to 256D.21, or 393.07, subdivisions 10 and 10a, and any rules implementing those sections with which they are irreconcilable. The food stamp, general assistance, and work readiness programs for single persons and couples who are not responsible for the care of children are not replaced by the Minnesota family investment plan. Unless stated otherwise in statutes or rules governing the Minnesota family investment plan, participants in the Minnesota family investment plan shall be considered to be recipients of aid under aid to families with dependent children, family general assistance, and food stamps for the purposes of statutes and rules affecting such recipients or allocations of funding based on the assistance status of the recipients, and to specifically be subject to the provisions of section 256.98.

Sec. 2. Minnesota Statutes 1994, section 256.045, subdivision 3, is amended to read:

Subd. 3. [STATE AGENCY HEARINGS.] (a) Any person applying for, receiving or having received public assistance or a program of social services granted by the state agency or a county agency under sections 252.32, 256.031 to 256.036, and 256.72 to 256.879, chapters 256B, 256D, 256E, 261, or the federal Food Stamp Act whose application for assistance is denied, not acted upon with reasonable promptness, or whose assistance is suspended, reduced, terminated, or claimed to have been incorrectly paid, or any patient or relative aggrieved by an order of the commissioner under section 252.27, or a party aggrieved by a ruling of a prepaid health plan, may contest that action or decision before the state agency by submitting a written request for a hearing to the state agency within 30 days after receiving written notice of the action or decision, or within 90 days of such written notice if the applicant, recipient, patient, or relative shows good cause why the request was not submitted within the 30-day time limit.

(b) Except for a prepaid health plan, a vendor of medical care as defined in section 256B.02, subdivision 7, or a vendor under contract with a county agency to provide social services under section 256E.08, subdivision 4, is not a party and may not request a hearing under this section, except if assisting a recipient as provided in subdivision 4.

(c) An applicant or recipient is not entitled to receive social services beyond the services included in the amended community social services plan developed under section 256E.081, subdivision 3, if the county agency has met the requirements in section 256E.081.

Sec. 3. Minnesota Statutes 1994, section 256.73, subdivision 2, is amended to read:

Subd. 2. [ALLOWANCE BARRED BY OWNERSHIP OF PROPERTY.] Ownership by an assistance unit of property as follows is a bar to any allowance under sections 256.72 to 256.87:

(1) The value of real property other than the homestead, which when combined with other

assets exceeds the limits of paragraph (2), unless the assistance unit is making a good faith effort to sell the nonexcludable real property. The time period for disposal must not exceed nine consecutive months. The assistance unit must sign an agreement to dispose of the property and to repay assistance received during the nine months that would not have been paid had the property been sold at the beginning of such period, but not to exceed the amount of the net sale proceeds. ~~The family has five working days from the date it realizes cash from the sale of the property to repay the overpayment. If the property is not sold within the required time or the assistance unit becomes ineligible for any reason during the nine-month period, the amount payable under the agreement will not be determined and recovery will not begin until the property is in fact sold.~~ execute a lien covering that property with the amount of assistance expended over the nine-month period covered by the agreement. The amount payable should be calculated and entered onto the lien form which shall be filed for record with the recorder in the county where the real property is situated. The lien takes priority from the time of its attaching over all other liens subsequently acquired and subsequent conveyances. The lien shall be enforced in the manner provided by law for the enforcement of mechanics liens upon real property and at such time as the property is in fact sold. If the property is intentionally sold at less than fair market value or if a good faith effort to sell the property is not being made, the overpayment amount shall be computed using the fair market value determined at the beginning of the nine-month period. For the purposes of this section, "homestead" means the home that is owned by, and is the usual residence of, the child, relative, or other member of the assistance unit together with the surrounding property which is not separated from the home by intervening property owned by others. "Usual residence" includes the home from which the child, relative, or other members of the assistance unit is temporarily absent due to an employability development plan approved by the local human service agency, which includes education, training, or job search within the state but outside of the immediate geographic area. Public rights-of-way, such as roads which run through the surrounding property and separate it from the home, will not affect the exemption of the property; or

(2) Personal property of an equity value in excess of \$1,000 for the entire assistance unit, exclusive of personal property used as the home, one motor vehicle of an equity value not exceeding \$1,500 or the entire equity value of a motor vehicle determined to be necessary for the operation of a self-employment business, one burial plot for each member of the assistance unit, one prepaid burial contract with an equity value of no more than \$1,000 for each member of the assistance unit, clothing and necessary household furniture and equipment and other basic maintenance items essential for daily living, in accordance with rules promulgated by and standards established by the commissioner of human services.

Sec. 4. Minnesota Statutes 1994, section 256.98, subdivision 1, is amended to read:

Subdivision 1. [WRONGFULLY OBTAINING ASSISTANCE.] A person who obtains, or attempts to obtain, or aids or abets any person to obtain by means of a willfully false statement or representation, by intentional concealment of a material fact, or by impersonation or other fraudulent device, assistance to which the person is not entitled or assistance greater than that to which the person is entitled, or who knowingly aids or abets in buying or in any way disposing of the property of a recipient or applicant of assistance without the consent of the county agency with intent to defeat the purposes of sections 256.12, 256.031 to 256.0361, 256.72 to 256.871, and chapter 256B, or all of these sections is guilty of theft and shall be sentenced pursuant to section 609.52, subdivision 3, clauses (2), (3)(a) and (c), (4), and (5).

Sec. 5. Minnesota Statutes 1994, section 256.98, subdivision 8, is amended to read:

Subd. 8. [DISQUALIFICATION FROM PROGRAM.] Any person found to be guilty of wrongfully obtaining assistance by a federal or state court or by an administrative hearing determination, or waiver thereof, through a disqualification consent agreement, or as part of any approved diversion plan under section 401.065 in either the aid to families with dependent children program or, the food stamp program, the Minnesota family investment plan, the general assistance or family general assistance program, the Minnesota supplemental aid program, or the work readiness program shall be disqualified from that program. The needs of that individual shall not be taken into consideration in determining the grant level for that assistance unit:

(1) for six months after the first offense;

- (2) for 12 months after the second offense; and
- (3) permanently after the third or subsequent offense.

Any ~~The period for which sanctions are imposed is effective,~~ of program disqualification shall begin on the date stipulated on the advance notice of disqualification without possibility of postponement for administrative stay, or hearing and shall continue through completion unless and until the findings upon which the sanctions were imposed are reversed by a court of competent jurisdiction. The period for which sanctions are imposed is not subject to review. The sanctions provided under this subdivision are in addition to, and not in substitution for, any other sanctions that may be provided for by law for the offense involved. Notwithstanding clauses (1) to (3), the disqualification period shall not begin until the disqualified individual establishes that they are otherwise eligible for the program which is the subject of the disqualification.

Sec. 6. Minnesota Statutes 1994, section 256D.05, subdivision 7, is amended to read:

Subd. 7. [INELIGIBILITY FOR GENERAL ASSISTANCE.] No person ~~disqualified from any federally aided assistance program~~ shall be eligible for general assistance during the a period covered by the ~~disqualification sanction~~ of disqualification from any federally aided assistance program; or if the person could be considered an essential person under section 256.74, subdivision 1.

Sec. 7. Minnesota Statutes 1994, section 256D.46, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] Emergency Minnesota supplemental aid must be granted if the recipient is without adequate resources to resolve an emergency that, if unresolved, will threaten the health or safety of the recipient. For the purposes of this section, the term "recipient" includes persons for whom a group residential housing benefit is being paid under sections 256I.01 to 256I.06.

Sec. 8. Minnesota Statutes 1994, section 256D.46, subdivision 2, is amended to read:

Subd. 2. [INCOME AND RESOURCE TEST.] All income and resources available to the recipient ~~during the month in which the need for emergency Minnesota supplemental aid arises~~ must be considered in determining the recipient's ability to meet the emergency need. Property that can be liquidated in time to resolve the emergency and income (excluding Minnesota supplemental aid issued for current month's need) that is normally disregarded or excluded under the Minnesota supplemental aid program must be considered available to meet the emergency need.

Sec. 9. Minnesota Statutes 1994, section 256D.48, subdivision 1, is amended to read:

Subdivision 1. [NEED FOR PROTECTIVE PAYEE.] The county agency shall determine whether a recipient needs a protective payee when a physical or mental condition renders the recipient unable to manage funds and when payments to the recipient would be contrary to the recipient's welfare. Protective payments must be issued when there is evidence of: (1) repeated inability to plan the use of income to meet necessary expenditures; (2) repeated observation that the recipient is not properly fed or clothed; (3) repeated failure to meet obligations for rent, utilities, food, and other essentials; (4) evictions or a repeated incurrence of debts; or (5) lost or stolen checks; or (6) use of emergency Minnesota supplemental aid more than twice in a calendar year. The determination of representative payment by the Social Security Administration for the recipient is sufficient reason for protective payment of Minnesota supplemental aid payments.

Sec. 10. Minnesota Statutes 1994, section 256I.03, subdivision 5, is amended to read:

Subd. 5. [MSA EQUIVALENT RATE.] "MSA equivalent rate" means an amount equal to the total of:

(1) the combined maximum shelter and basic needs standards for MSA recipients living alone specified in section 256D.44, subdivisions 2, paragraph (a); and 3, paragraph (a); plus

(2) for persons who are not eligible to receive food stamps due to living arrangement, the maximum allotment authorized by the federal Food Stamp Program for a single individual which is in effect on the first day of July each year; less

(3) the personal needs allowance authorized for medical assistance recipients under section 256B.35.

The MSA equivalent rate is to be adjusted on the first day of July each year to reflect changes in any of the component rates under clauses (1) to (3).

Sec. 11. Minnesota Statutes 1994, section 256I.03, is amended by adding a subdivision to read:

Subd. 7. [COUNTABLE INCOME.] "Countable income" means all income received by an applicant or recipient less any applicable exclusions or disregards. For a recipient of any cash benefit from the SSI program, countable income means the SSI benefit limit in effect at the time the person is in a GRH setting less \$20, less the medical assistance personal needs allowance. If the SSI limit has been reduced for a person due to events occurring prior to the persons entering the GRH setting, countable income means actual income less any applicable exclusions and disregards.

Sec. 12. Minnesota Statutes 1994, section 256I.04, subdivision 2b, is amended to read:

Subd. 2b. [GROUP RESIDENTIAL HOUSING AGREEMENTS.] Agreements between county agencies and providers of group residential housing must be in writing and must specify the name and address under which the establishment subject to the agreement does business and under which the establishment, or service provider, if different from the group residential housing establishment, is licensed by the department of health or the department of human services; the specific license or registration from the department of health or the department of human services held by the provider and the number of beds subject to that license; the address of the location or locations at which group residential housing is provided under this agreement; the per diem and monthly rates that are to be paid from group residential housing funds for each eligible resident at each location; the number of beds at each location which are subject to the group residential housing agreement; whether the license holder is a not-for-profit corporation under section 501(c)(3) of the Internal Revenue Code; and a statement that the agreement is subject to the provisions of sections 256I.01 to 256I.06 and subject to any changes to those sections.

Sec. 13. Minnesota Statutes 1994, section 256I.05, subdivision 1, is amended to read:

Subdivision 1. [MAXIMUM RATES.] (a) Monthly room and board rates negotiated by a county agency for a recipient living in group residential housing must not exceed the MSA equivalent rate specified under section 256I.03, subdivision 5, with the exception that a county agency may negotiate a room and board rate that exceeds the MSA equivalent rate by up to \$426.37 for recipients of waiver services under title XIX of the Social Security Act. This exception is subject to the following conditions:

(1) that the Secretary of Health and Human Services has not approved a state request to include room and board costs which exceed the MSA equivalent rate in an individual's set of waiver services under title XIX of the Social Security Act; or

(2) that the Secretary of Health and Human Services has approved the inclusion of room and board costs which exceed the MSA equivalent rate, but in an amount that is insufficient to cover costs which are included in a group residential housing agreement in effect on June 30, 1994; and

(3) the amount of the rate that is above the MSA equivalent rate has been approved by the commissioner. The county agency may at any time negotiate a lower room and board rate than the rate that would otherwise be paid under this subdivision.

(b) The maximum monthly rate for an establishment that enters into an initial group residential housing agreement with a county agency on or after June 1, 1989, may not exceed 90 percent of the maximum rate established under this subdivision. This is effective until June 30, 1994.

Sec. 14. Minnesota Statutes 1994, section 256I.05, subdivision 5, is amended to read:

Subd. 5. [ADULT FOSTER CARE RATES.] The commissioner shall annually establish statewide maintenance and difficulty of care rates limits for adults in foster care. The commissioner shall adopt rules to implement statewide rates. In adopting rules, the commissioner shall consider existing maintenance and difficulty of care rates so that, to the extent possible, an

~~adult for whom a maintenance or difficulty of care rate is established will not be adversely affected.~~

Sec. 15. Minnesota Statutes 1994, section 256I.06, subdivision 2, is amended to read:

Subd. 2. [TIME OF PAYMENT.] A county agency may make payments to a group residence in advance for an individual whose stay in the group residence is expected to last beyond the calendar month for which the payment is made and who does not expect to receive countable earned income during the month for which the payment is made. Group residential housing payments made by a county agency on behalf of an individual who is not expected to remain in the group residence beyond the month for which payment is made must be made subsequent to the individual's departure from the group residence. Group residential housing payments made by a county agency on behalf of an individual with countable earned income must be made subsequent to receipt of a monthly household report form.

Sec. 16. Minnesota Statutes 1994, section 256I.06, subdivision 6, is amended to read:

Subd. 6. [REPORTS.] Recipients must report changes in circumstances that affect eligibility or group residential housing payment amounts within ten days of the change. Recipients with countable earned income must complete a monthly household report form. If the report form is not received before the end of the month in which it is due, the county agency must terminate eligibility for group residential housing payments. The termination shall be effective on the first day of the month following the month in which the report was due. If a complete report is received within the month eligibility was terminated, the individual is considered to have continued an application for group residential housing payment effective the first day of the month the eligibility was terminated.

Sec. 17. Minnesota Statutes 1994, section 524.6-207, is amended to read:

524.6-207 [RIGHTS OF CREDITORS.]

No multiple-party account will be effective against an estate of a deceased party to transfer to a survivor sums needed to pay debts, taxes, and expenses of administration, including statutory allowances to the surviving spouse, minor children and dependent children, if other assets of the estate are insufficient, to the extent the deceased party is the source of the funds or beneficial owner. A surviving party or P.O.D. payee who receives payment from a multiple-party account after the death of a deceased party shall be liable to account to the deceased party's personal representative or a county agency with a claim authorized by section 256B.15 for amounts the decedent owned beneficially immediately before death to the extent necessary to discharge any such claims and charges remaining unpaid after the application of the assets of the decedent's estate. No proceeding to assert this liability shall be commenced unless the personal representative or a county agency with a claim authorized by section 256B.15 has received a written demand by a surviving spouse, a creditor or one acting for a minor dependent child of the decedent, and no proceeding shall be commenced later than two years following the death of the decedent. Sums recovered by the personal representative or a county agency with a claim authorized by section 256B.15 shall be administered as part of the decedent's estate. This section shall not affect the right of a financial institution to make payment on multiple-party accounts according to the terms thereof, or make it liable to the estate of a deceased party unless, before payment, the institution has been served with process in a proceeding by the personal representative or a county agency with a claim authorized by section 256B.15.

Sec. 18. Minnesota Statutes 1994, section 550.37, subdivision 14, is amended to read:

Subd. 14. [PUBLIC ASSISTANCE.] All relief based on need, and the earnings or salary of a person who is a recipient of relief based on need, shall be exempt from all claims of creditors including any contractual setoff or security interest asserted by a financial institution. For the purposes of this chapter, relief based on need includes AFDC, general assistance medical care, supplemental security income, medical assistance, Minnesota supplemental assistance, and general assistance. The salary or earnings of any debtor who is or has been a an eligible recipient of relief based on need, or an inmate of a correctional institution shall, upon the debtor's return to private employment or farming after having been a an eligible recipient of relief based on need, or an inmate of a correctional institution, be exempt from attachment, garnishment, or levy of execution

for a period of six months after the debtor's return to employment or farming and after all public assistance for which eligibility existed has been terminated. The exemption provisions contained in this subdivision also apply for 60 days after deposit in any financial institution, whether in a single or joint account. In tracing the funds, the first-in first-out method of accounting shall be used. The burden of establishing that funds are exempt rests upon the debtor. Agencies distributing relief and the correctional institutions shall, at the request of creditors, inform them whether or not any debtor has been a an eligible recipient of relief based on need, or an inmate of a correctional institution, within the preceding six months.

Sec. 19. Laws 1993, First Special Session chapter 1, article 8, section 30, subdivision 2, is amended to read:

~~Subd. 2. Sections 1 to 3, 8, 9, 13 to 17, 22, 23, and 26 to 29 are effective July 1, 1994, contingent upon federal recognition that group residential housing payments qualify as optional state supplement payments to the supplemental security income program under title XVI of the Social Security Act and confer categorical eligibility for medical assistance under the state plan for medical assistance. The amendments and repeals by Laws 1993, First Special Session chapter 1, article 8, sections 1 to 3, 8, 9, 13 to 17, 22, 23, 26, and 29, are effective July 1, 1994.~~

Sec. 20. [EFFECTIVE DATE.]

Sections 10 to 16, and 19 (256I.03, subdivisions 5 and 7; 256I.04, subdivision 2b, 256I.05, subdivisions 1 and 5; 256I.06, subdivisions 2 and 6; and Laws 1993 effective date) are effective the day following final enactment.

Sections 3 (256.73, subdivision 2), 17 (524.6-207), and 18 (550.37, subdivision 14) are effective August 1, 1995.

ARTICLE 5

HEALTH CARE POLICY

Section 1. Minnesota Statutes 1994, section 256.015, subdivision 1, is amended to read:

Subdivision 1. [STATE AGENCY HAS LIEN.] When the state agency provides, pays for, or becomes liable for medical care or furnishes subsistence or other payments to a person, the agency has a lien for the cost of the care and payments on all causes of action that accrue to the person to whom the care or payments were furnished, or to the person's legal representatives, as a result of the occurrence that necessitated the medical care, subsistence, or other payments. For purposes of this section, "state agency" includes authorized agents of the state agency.

Sec. 2. Minnesota Statutes 1994, section 256.015, subdivision 2, is amended to read:

Subd. 2. [PERFECTION; ENFORCEMENT.] The state agency may perfect and enforce its lien under sections 514.69, 514.70, and 514.71, and must file the verified lien statement with the appropriate court administrator in the county of financial responsibility. The verified lien statement must contain the following: the name and address of the person to whom medical care, subsistence, or other payment was furnished; the date of injury; the name and address of vendors furnishing medical care; the dates of the service or payment; the amount claimed to be due for the care or payment; and to the best of the state agency's knowledge, the names and addresses of all persons, firms, or corporations claimed to be liable for damages arising from the injuries.

This section does not affect the priority of any attorney's lien. The state agency is not subject to any limitations period referred to in section 514.69 or 514.71 and has one year from the date notice is first received by it under subdivision 4, paragraph (c), even if the notice is untimely, or one year from the date medical bills are first paid by the state agency, whichever is later, to file its verified lien statement. The state agency may commence an action to enforce the lien within one year of (1) the date the notice required by subdivision 4, paragraph (c), is received, or (2) the date the person's cause of action is concluded by judgment, award, settlement, or otherwise, whichever is later.

Sec. 3. Minnesota Statutes 1994, section 256.9353, subdivision 8, is amended to read:

Subd. 8. [LIEN.] When the state agency provides, pays for, or becomes liable for covered health services, the agency shall have a lien for the cost of the covered health services upon any and all causes of action accruing to the enrollee, or to the enrollee's legal representatives, as a result of the occurrence that necessitated the payment for the covered health services. All liens under this section shall be subject to the provisions of section 256.015. For purposes of this subdivision, "state agency" includes authorized agents of the state agency.

Sec. 4. Minnesota Statutes 1994, section 256.969, subdivision 10, is amended to read:

Subd. 10. [SEPARATE BILLING BY CERTIFIED REGISTERED NURSE ANESTHETISTS.] Hospitals may exclude certified registered nurse anesthetist costs from the operating payment rate as allowed by section 256B.0625, subdivision 11. To be eligible, a hospital must notify the commissioner in writing by October 1 of the year preceding the rate year of the request to exclude certified registered nurse anesthetist costs. The hospital must agree that all hospital claims for the cost and charges of certified registered nurse anesthetist services will not be included as part of the rates for inpatient services provided during the rate year. In this case, the operating payment rate shall be adjusted to exclude the cost of certified registered nurse anesthetist services. ~~Payments made through separate claims for certified registered nurse anesthetist services shall not be paid directly through the hospital provider number or indirectly by the certified registered nurse anesthetist to the hospital or related organizations.~~

For admissions occurring on or after July 1, 1991, and until the expiration date of section 256.9695, subdivision 3, services of certified registered nurse anesthetists provided on an inpatient basis may be paid as allowed by section 256B.0625, subdivision 11, when the hospital's base year did not include the cost of these services. To be eligible, a hospital must notify the commissioner in writing by July 1, 1991, of the request and must comply with all other requirements of this subdivision.

Sec. 5. Minnesota Statutes 1994, section 256.969, subdivision 16, is amended to read:

Subd. 16. [INDIAN HEALTH SERVICE FACILITIES.] Indian health service facilities are exempt from the rate establishment methods required by this section and shall be reimbursed at charges as limited to the amount allowed under federal law. ~~This exemption is not effective for payments under general assistance medical care.~~

Sec. 6. Minnesota Statutes 1994, section 256B.042, subdivision 2, is amended to read:

Subd. 2. [LIEN ENFORCEMENT.] The state agency may perfect and enforce its lien by following the procedures set forth in sections 514.69, 514.70 and 514.71, and its verified lien statement shall be filed with the appropriate court administrator in the county of financial responsibility. The verified lien statement shall contain the following: the name and address of the person to whom medical care was furnished, the date of injury, the name and address of the vendor or vendors furnishing medical care, the dates of the service, the amount claimed to be due for the care, and, to the best of the state agency's knowledge, the names and addresses of all persons, firms, or corporations claimed to be liable for damages arising from the injuries. This section shall not affect the priority of any attorney's lien. The state agency is not subject to any limitations period referred to in section 514.69 or 514.71 and has one year from the date notice is first received by it under subdivision 4, paragraph (c), even if the notice is untimely, or one year from the date medical bills are first paid by the state agency, whichever is later, to file its verified lien statement. The state agency may commence an action to enforce the lien within one year of (1) the date the notice required by subdivision 4, paragraph (c), is received or (2) the date the recipient's cause of action is concluded by judgment, award, settlement, or otherwise, whichever is later. For purposes of this section, "state agency" includes authorized agents of the state agency.

Sec. 7. Minnesota Statutes 1994, section 256B.056, subdivision 4, is amended to read:

Subd. 4. [INCOME.] To be eligible for medical assistance, a person must not have, or anticipate receiving, semiannual income in excess of 120 percent of the income standards by family size used in the aid to families with dependent children program, except that families and children may have an income up to 133-1/3 percent of the AFDC income standard. In computing income to determine eligibility of persons who are not residents of long-term care facilities, the commissioner shall disregard increases in income as required by Public Law Numbers 94-566,

section 503; 99-272; and 99-509. Veterans aid and attendance benefits are considered income to the recipient.

Sec. 8. Minnesota Statutes 1994, section 256B.0575, is amended to read:

256B.0575 [AVAILABILITY OF INCOME FOR INSTITUTIONALIZED PERSONS.]

When an institutionalized person is determined eligible for medical assistance, the income that exceeds the deductions in paragraphs (a) and (b) must be applied to the cost of institutional care.

(a) The following amounts must be deducted from the institutionalized person's income in the following order:

(1) the personal needs allowance under section 256B.35 or, for a veteran who does not have a spouse or child, or a surviving spouse of a veteran having no child, the amount of an improved pension received from the veteran's administration not exceeding \$90 per month;

(2) the personal allowance for disabled individuals under section 256B.36;

(3) if the institutionalized person has a legally appointed guardian or conservator, five percent of the recipient's gross monthly income up to \$100 as reimbursement for guardianship or conservatorship services;

(4) a monthly income allowance determined under section 256B.058, subdivision 2, but only to the extent income of the institutionalized spouse is made available to the community spouse;

(5) a monthly allowance for children under age 18 which, together with the net income of the children, would provide income equal to the medical assistance standard for families and children according to section 256B.056, subdivision 4, for a family size that includes only the minor children. This deduction applies only if the children do not live with the community spouse and only if the children resided with the institutionalized person immediately prior to admission;

(6) a monthly family allowance for other family members, equal to one-third of the difference between 122 percent of the federal poverty guidelines and the monthly income for that family member;

(7) reparations payments made by the Federal Republic of Germany and reparations payments made by the Netherlands for victims of Nazi persecution between 1940 and 1945; and

(8) amounts for reasonable expenses incurred for necessary medical or remedial care for the institutionalized spouse that are not medical assistance covered expenses and that are not subject to payment by a third party.

For purposes of clause (6), "other family member" means a person who resides with the community spouse and who is a minor or dependent child, dependent parent, or dependent sibling of either spouse. "Dependent" means a person who could be claimed as a dependent for federal income tax purposes under the Internal Revenue Code.

(b) Income shall be allocated to an institutionalized person for a period of up to three calendar months, in an amount equal to the medical assistance standard for a family size of one if:

(1) a physician certifies that the person is expected to reside in the long-term care facility for three calendar months or less;

(2) if the person has expenses of maintaining a residence in the community; and

(3) if one of the following circumstances apply:

(i) the person was not living together with a spouse or a family member as defined in paragraph (a) when the person entered a long-term care facility; or

(ii) the person and the person's spouse become institutionalized on the same date, in which case the allocation shall be applied to the income of one of the spouses.

For purposes of this paragraph, a person is determined to be residing in a licensed nursing home,

regional treatment center, or medical institution if the person is expected to remain for a period of one full calendar month or more.

Sec. 9. Minnesota Statutes 1994, section 256B.059, subdivision 1, is amended to read:

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

(b) "Community spouse" means the spouse of an institutionalized ~~person~~ spouse.

(c) "Spousal share" means one-half of the total value of all assets, to the extent that either the institutionalized spouse or the community spouse had an ownership interest at the time of institutionalization.

(d) "Assets otherwise available to the community spouse" means assets individually or jointly owned by the community spouse, other than assets excluded by subdivision 5, paragraph (c).

(e) "Community spouse asset allowance" is the value of assets that can be transferred under subdivision 3.

(f) "Institutionalized spouse" means a person who is:

(1) in a hospital, nursing facility, or intermediate care facility for persons with mental retardation, or receiving home and community-based services under section 256B.0915, and is expected to remain in the facility or institution or receive the home and community-based services for at least 30 consecutive days; and

(2) married to a person who is not in a hospital, nursing facility, or intermediate care facility for persons with mental retardation, and is not receiving home and community-based services under section 256B.0915.

Sec. 10. Minnesota Statutes 1994, section 256B.059, subdivision 3, is amended to read:

Subd. 3. [COMMUNITY SPOUSE ASSET ALLOWANCE.] An institutionalized spouse may transfer assets to the community spouse solely for the benefit of the community spouse. Except for increased amounts allowable under subdivision 4, the maximum amount of assets allowed to be transferred is the amount which, when added to the assets otherwise available to the community spouse, is as follows:

(1) prior to July 1, 1994, the greater of:

(i) \$14,148;

(ii) the lesser of the spousal share or \$70,740; or

(iii) the amount required by court order to be paid to the community spouse; and

(2) for persons ~~who begin~~ whose date of initial determination of eligibility for medical assistance following their first continuous period of institutionalization occurs on or after July 1, 1994, the greater of:

(i) \$20,000;

(ii) the lesser of the spousal share or \$70,740; or

(iii) the amount required by court order to be paid to the community spouse.

If the assets available to the community spouse are already at the limit permissible under this section, or the higher limit attributable to increases under subdivision 4, no assets may be transferred from the institutionalized spouse to the community spouse. The transfer must be made as soon as practicable after the date the institutionalized spouse is determined eligible for medical assistance, or within the amount of time needed for any court order required for the transfer. On January 1, 1994, and every January 1 thereafter, the limits in this subdivision shall be adjusted by the same percentage change in the consumer price index for all urban consumers (all items; United

States city average) between the two previous Septembers. These adjustments shall also be applied to the limits in subdivision 5.

Sec. 11. Minnesota Statutes 1994, section 256B.059, subdivision 5, is amended to read:

Subd. 5. [ASSET AVAILABILITY.] (a) At the time of ~~application~~ initial determination of eligibility for medical assistance benefits following the first continuous period of institutionalization, assets considered available to the institutionalized spouse shall be the total value of all assets in which either spouse has an ownership interest, reduced by the following:

(1) prior to July 1, 1994, the greater of:

(i) \$14,148;

(ii) the lesser of the spousal share or \$70,740; or

(iii) the amount required by court order to be paid to the community spouse;

(2) for persons ~~who begin~~ whose date of initial determination of eligibility for medical assistance following their first continuous period of institutionalization occurs on or after July 1, 1994, the greater of:

(i) \$20,000;

(ii) the lesser of the spousal share or \$70,740; or

(iii) the amount required by court order to be paid to the community spouse. If the community spouse asset allowance has been increased under subdivision 4, then the assets considered available to the institutionalized spouse under this subdivision shall be further reduced by the value of additional amounts allowed under subdivision 4.

(b) An institutionalized spouse may be found eligible for medical assistance even though assets in excess of the allowable amount are found to be available under paragraph (a) if the assets are owned jointly or individually by the community spouse, and the institutionalized spouse cannot use those assets to pay for the cost of care without the consent of the community spouse, and if: (i) the institutionalized spouse assigns to the commissioner the right to support from the community spouse under section 256B.14, subdivision 3; (ii) the institutionalized spouse lacks the ability to execute an assignment due to a physical or mental impairment; or (iii) the denial of eligibility would cause an imminent threat to the institutionalized spouse's health and well-being.

(c) After the month in which the institutionalized spouse is determined eligible for medical assistance, during the continuous period of institutionalization, no assets of the community spouse are considered available to the institutionalized spouse, unless the institutionalized spouse has been found eligible under ~~clause~~ paragraph (b).

(d) Assets determined to be available to the institutionalized spouse under this section must be used for the health care or personal needs of the institutionalized spouse.

(e) For purposes of this section, assets do not include assets excluded under ~~section 256B.056, without regard to the limitations on total value in that section~~ the supplemental security income program.

Sec. 12. Minnesota Statutes 1994, section 256B.0595, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED TRANSFERS.] (a) For transfers of assets made on or before August 10, 1993, if a person or the person's spouse has given away, sold, or disposed of, for less than fair market value, any asset or interest therein, except assets other than the homestead that are excluded under ~~section 256B.056, subdivision 3~~ the supplemental security program, within 30 months before or any time after the date of institutionalization if the person has been determined eligible for medical assistance, or within 30 months before or any time after the date of the first approved application for medical assistance if the person has not yet been determined eligible for medical assistance, the person is ineligible for long-term care services for the period of time determined under subdivision 2.

~~(b) Effective for transfers made on or after July 1, 1993, or upon federal approval, whichever is later August 10, 1993, a person, a person's spouse, or a person's authorized representative any person, court, or administrative body with legal authority to act in place of, on behalf of, at the direction of, or upon the request of the person or person's spouse, may not give away, sell, or dispose of, for less than fair market value, any asset or interest therein, except assets other than the homestead that are excluded under the supplemental security income program, for the purpose of establishing or maintaining medical assistance eligibility. For purposes of determining eligibility for medical assistance long-term care services, any transfer of an asset such assets within 60 36 months preceding application before or any time after an institutionalized person applies for medical assistance or during the period of medical assistance eligibility, including assets excluded under section 256B.056, subdivision 3, or 36 months before or any time after a medical assistance recipient becomes institutionalized, for less than fair market value may be considered. Any such transfer for less than fair market value made within 60 months preceding application for medical assistance or during the period of medical assistance eligibility is presumed to have been made for the purpose of establishing or maintaining medical assistance eligibility and the person is ineligible for medical assistance long-term care services for the period of time determined under subdivision 2, unless the person furnishes convincing evidence to establish that the transaction was exclusively for another purpose, or unless the transfer is permitted under subdivisions subdivision 3 or 4. Notwithstanding the provisions of this paragraph, in the case of payments from a trust or portions of a trust that are considered transfers of assets under federal law, any transfers made within 60 months before or any time after an institutionalized person applies for medical assistance and within 60 months before or any time after a medical assistance recipient becomes institutionalized, may be considered.~~

(c) This section applies to transfers, for less than fair market value, of income or assets, including assets that are considered income in the month received, such as inheritances, court settlements, and retroactive benefit payments or income to which the person or the person's spouse is entitled but does not receive due to action by the person, the person's spouse, or any person, court, or administrative body with legal authority to act in place of, on behalf of, at the direction of, or upon the request of the person or the person's spouse.

(d) This section applies to payments for care or personal services provided by a relative, unless the compensation was stipulated in a notarized, written agreement which was in existence when the service was performed, the care or services directly benefited the person, and the payments made represented reasonable compensation for the care or services provided. A notarized written agreement is not required if payment for the services was made within 60 days after the service was provided.

(e) This section applies to the portion of any asset or interest that a person or, a person's spouse transfers, or any person, court, or administrative body with legal authority to act in place of, on behalf of, at the direction of, or upon the request of the person or the person's spouse, to an irrevocable any trust, annuity, or other instrument, that exceeds the value of the benefit likely to be returned to the person or spouse while alive, based on estimated life expectancy using the life expectancy tables employed by the supplemental security income program to determine the value of an agreement for services for life. The commissioner may adopt rules reducing life expectancies based on the need for long-term care.

(f) For purposes of this section, long-term care services include services in a nursing facility, services that are eligible for payment according to section 256B.0625, subdivision 2, because they are provided in a swing bed, intermediate care facility for persons with mental retardation, and home and community-based services provided pursuant to section 256B.491 sections 256B.0915, 256B.092, and 256B.49. For purposes of this subdivision and subdivisions 2, 3, and 4, "institutionalized person" includes a person who is an inpatient in a nursing facility, or in a swing bed, or intermediate care facility for persons with mental retardation or who is receiving home and community-based services under section 256B.491 sections 256B.0915, 256B.092, and 256B.49.

Sec. 13. Minnesota Statutes 1994, section 256B.0595, subdivision 2, is amended to read:

Subd. 2. [PERIOD OF INELIGIBILITY.] (a) For any uncompensated transfer occurring on or before August 10, 1993, the number of months of ineligibility for long-term care services shall be the lesser of 30 months, or the uncompensated transfer amount divided by the average medical

assistance rate for nursing facility services in the state in effect on the date of application. The amount used to calculate the average medical assistance payment rate shall be adjusted each July 1 to reflect payment rates for the previous calendar year. The period of ineligibility begins with the month in which the assets were transferred. If the transfer was not reported to the local agency at the time of application, and the applicant received long-term care services during what would have been the period of ineligibility if the transfer had been reported, a cause of action exists against the transferee for the cost of long-term care services provided during the period of ineligibility, or for the uncompensated amount of the transfer, whichever is less. The action may be brought by the state or the local agency responsible for providing medical assistance under chapter 256G. The uncompensated transfer amount is the fair market value of the asset at the time it was given away, sold, or disposed of, less the amount of compensation received.

~~(b) For uncompensated transfers made on or after July 1, August 10, 1993, or upon federal approval, whichever is later, the number of months of ineligibility, including partial months, for medical assistance long-term care services shall be the total uncompensated value of the resources transferred divided by the average medical assistance rate for nursing facility services in the state in effect on the date of application. If a calculation of a penalty period results in a partial month, payments for medical assistance services will be reduced in an amount equal to the fraction, except that in calculating the value of uncompensated transfers, uncompensated transfers not to exceed \$1,000 in total value per month shall be disregarded for each month prior to the month of application for medical assistance. The amount used to calculate the average medical assistance payment rate shall be adjusted each July 1 to reflect payment rates for the previous calendar year. The period of ineligibility begins with the month in which the assets were transferred except that if one or more uncompensated transfers are made during a period of ineligibility, the total assets transferred during the ineligibility period shall be combined and a penalty period calculated to begin in the month the first uncompensated transfer was made. The penalty in this paragraph shall not apply to uncompensated transfers of assets not to exceed a total of \$1,000 per month during a medical assistance eligibility certification period. If the transfer was not reported to the local agency at the time of application, and the applicant received medical assistance services during what would have been the period of ineligibility if the transfer had been reported, a cause of action exists against the transferee for the cost of medical assistance services provided during the period of ineligibility, or for the uncompensated amount of the transfer, whichever is less. The action may be brought by the state or the local agency responsible for providing medical assistance under chapter 256G. The uncompensated transfer amount is the fair market value of the asset at the time it was given away, sold, or disposed of, less the amount of compensation received.~~

~~(c) If the total value of all uncompensated transfers made in a month exceeds \$1,000, the disregards allowed under paragraph (b) do not apply. If a calculation of a penalty period results in a partial month, payments for long-term care services shall be reduced in an amount equal to the fraction, except that in calculating the value of uncompensated transfers, if the total value of all uncompensated transfers made in a month does not exceed \$1,000, then such transfers shall be disregarded for each month prior to the month of application for or during receipt of medical assistance.~~

Sec. 14. Minnesota Statutes 1994, section 256B.0595, subdivision 3, is amended to read:

Subd. 3. [HOMESTEAD EXCEPTION TO TRANSFER PROHIBITION.] (a) An institutionalized person is not ineligible for long-term care services due to a transfer of assets for less than fair market value if the asset transferred was a homestead and:

- (1) title to the homestead was transferred to the individual's
 - (i) spouse;
 - (ii) child who is under age 21;
 - (iii) blind or permanently and totally disabled child as defined in the supplemental security income program;
 - (iv) sibling who has equity interest in the home and who was residing in the home for a period of at least one year immediately before the date of the individual's admission to the facility; or

(v) son or daughter who was residing in the individual's home for a period of at least two years immediately before the date of the individual's admission to the facility, and who provided care to the individual that permitted the individual to reside at home rather than in an institution or facility;

(2) a satisfactory showing is made that the individual intended to dispose of the homestead at fair market value or for other valuable consideration; or

(3) the local agency grants a waiver of the excess resources created by the uncompensated transfer because denial of eligibility would cause undue hardship for the individual, based on imminent threat to the individual's health and well-being.

(b) When a waiver is granted under paragraph (a), clause (3), a cause of action exists against the person to whom the homestead was transferred for that portion of long-term care services granted within:

(1) 30 months of ~~the~~ a transfer made on or before August 10, 1993;

(2) 60 months if the homestead was transferred after August 10, 1993, to a trust or portion of a trust that is considered a transfer of assets under federal law; or

(3) 36 months if transferred in any other manner after August 10, 1993,

or the amount of the uncompensated transfer, whichever is less, together with the costs incurred due to the action. The action may be brought by the state or the local agency responsible for providing medical assistance under chapter 256G.

~~(c) Effective for transfers made on or after July 1, 1993, or upon federal approval, whichever is later, an institutionalized person is not ineligible for medical assistance services due to a transfer of assets for less than fair market value if the asset transferred was a homestead and:~~

~~(1) title to the homestead was transferred to the individual's~~

~~(i) spouse;~~

~~(ii) child who is under age 21;~~

~~(iii) blind or permanently and totally disabled child as defined in the supplemental security income program;~~

~~(iv) sibling who has equity interest in the home and who was residing in the home for a period of at least one year immediately before the date of the individual's admission to the facility; or~~

~~(v) son or daughter who was residing in the individual's home for a period of at least two years immediately before the date of the individual's admission to the facility, and who provided care to the individual that permitted the individual to reside at home rather than in an institution or facility;~~

~~(2) a satisfactory showing is made that the individual intended to dispose of the homestead at fair market value or for other valuable consideration; or~~

~~(3) the local agency grants a waiver of the excess resources created by the uncompensated transfer because denial of eligibility would cause undue hardship for the individual, based on imminent threat to the individual's health and well-being.~~

~~(d) When a waiver is granted under paragraph (c), clause (3), a cause of action exists against the person to whom the homestead was transferred for that portion of medical assistance services granted during the period of ineligibility under subdivision 2, or the amount of the uncompensated transfer, whichever is less, together with the costs incurred due to the action. The action may be brought by the state or the local agency responsible for providing medical assistance under chapter 256G.~~

Sec. 15. Minnesota Statutes 1994, section 256B.0595, subdivision 4, is amended to read:

Subd. 4. [OTHER EXCEPTIONS TO TRANSFER PROHIBITION.] (a) An institutionalized person who has made, or whose spouse has made a transfer prohibited by subdivision 1, is not ineligible for long-term care services if one of the following conditions applies:

(1) the assets were transferred to the ~~community individual's~~ spouse, ~~as defined in section 256B.059~~ or to another for the sole benefit of the spouse; or

(2) the institutionalized spouse, prior to being institutionalized, transferred assets to a spouse, provided that the spouse to whom the assets were transferred does not then transfer those assets to another person for less than fair market value. (At the time when one spouse is institutionalized, assets must be allocated between the spouses as provided under section 256B.059); or

(3) the assets were transferred to the individual's child who is blind or permanently and totally disabled as determined in the supplemental security income program; or

(4) a satisfactory showing is made that the individual intended to dispose of the assets either at fair market value or for other valuable consideration; or

(5) the local agency determines that denial of eligibility for long-term care services would work an undue hardship and grants a waiver of excess assets. When a waiver is granted, a cause of action exists against the person to whom the assets were transferred for that portion of long-term care services granted within 30 months of the transfer, or the amount of the uncompensated transfer, whichever is less, together with the costs incurred due to the action. The action may be brought by the state or the local agency responsible for providing medical assistance under this chapter; or

(6) for transfers occurring after August 10, 1993, the assets were transferred by the person or person's spouse: (i) into a trust established solely for the benefit of a son or daughter of any age who is blind or disabled as defined by the Supplemental Security Income program; or (ii) into a trust established solely for the benefit of an individual who is under 65 years of age who is disabled as defined by the Supplemental Security Income program.

(b) ~~Effective for transfers made on or after July 1, 1993, or upon federal approval, whichever is later, an institutionalized person who has made, or whose spouse has made a transfer prohibited by subdivision 1, is not ineligible for medical assistance services if one of the following conditions applies:~~

~~(1) the assets were transferred to the community spouse, as defined in section 256B.059; or~~

~~(2) the institutionalized spouse, prior to being institutionalized, transferred assets to a spouse, provided that the spouse to whom the assets were transferred does not then transfer those assets to another person for less than fair market value. (At the time when one spouse is institutionalized, assets must be allocated between the spouses as provided under section 256B.059); or~~

~~(3) the assets were transferred to the individual's child who is blind or permanently and totally disabled as determined in the supplemental security income program; or~~

~~(4) a satisfactory showing is made that the individual intended to dispose of the assets either at fair market value or for other valuable consideration; or~~

~~(5) the local agency determines that denial of eligibility for medical assistance services would work an undue hardship and grants a waiver of excess assets. When a waiver is granted, a cause of action exists against the person to whom the assets were transferred for that portion of medical assistance services granted during the period of ineligibility determined under subdivision 2 or the amount of the uncompensated transfer, whichever is less, together with the costs incurred due to the action. The action may be brought by the state or the local agency responsible for providing medical assistance under this chapter.~~

Sec. 16. Minnesota Statutes 1994, section 256B.06, subdivision 4, is amended to read:

Subd. 4. [CITIZENSHIP REQUIREMENTS.] Eligibility for medical assistance is limited to citizens of the United States and aliens lawfully admitted for permanent residence or otherwise permanently residing in the United States under the color of law. Aliens who are seeking

legalization under the Immigration Reform and Control Act of 1986, Public Law Number 99-603, who are under age 18, over age 65, blind, disabled, or Cuban or Haitian, and who meet the eligibility requirements of medical assistance under subdivision 1 and sections 256B.055 to 256B.062 are eligible to receive medical assistance. Pregnant women who are aliens seeking legalization under the Immigration Reform and Control Act of 1986, Public Law Number 99-603, and who meet the eligibility requirements of medical assistance under subdivision 1 are eligible for payment of care and services through the period of pregnancy and six weeks postpartum. Payment shall also be made for care and services that are furnished to an alien, regardless of immigration status, who otherwise meets the eligibility requirements of this section if such care and services are necessary for the treatment of an emergency medical condition, except for organ transplants and related care and services. For purposes of this subdivision, the term "emergency medical condition" means a medical condition, including labor and delivery, that if not immediately treated could cause a person physical or mental disability, continuation of severe pain, or death.

Sec. 17. Minnesota Statutes 1994, section 256B.0625, subdivision 5, is amended to read:

Subd. 5. [COMMUNITY MENTAL HEALTH CENTER SERVICES.] Medical assistance covers community mental health center services, as defined in rules adopted by the commissioner pursuant to section 256B.04, subdivision 2, and provided by a community mental health center as defined in section 245.62, subdivision 2 that meets the requirements in paragraphs (a) to (j).

(a) The provider is licensed under Minnesota Rules, parts 9520.0750 to 9520.0870.

(b) The provider provides mental health services under the clinical supervision of a mental health professional who is licensed for independent practice at the doctoral level or by a board-certified psychiatrist or a psychiatrist who is eligible for board certification. Clinical supervision has the meaning given in Minnesota Rules, part 9505.0323, subpart 1, item F.

(c) The provider must be a private nonprofit corporation or a governmental agency and have a community board of directors as specified by section 245.66.

(d) The provider must have a sliding fee scale that meets the requirements in Minnesota Rules, part 9550.0060, and agree to serve within the limits of its capacity, all individuals residing in its service delivery area.

(e) At a minimum, the provider must provide the following outpatient mental health services: diagnostic assessment; explanation of findings; family, group, and individual psychotherapy, including crisis intervention psychotherapy services, multiple family group psychotherapy, psychological testing, and medication management. In addition, the provider must provide or be capable of providing upon request of the local mental health authority day treatment services and professional home-based mental health services. The provider must have the capacity to provide such services to specialized populations such as the elderly, families with children, persons who are seriously and persistently mentally ill, and children who are seriously emotionally disturbed.

(f) The provider must be capable of providing the services specified in paragraph (e) to individuals who are diagnosed with both mental illness or emotional disturbance, and chemical dependency, and to individuals dually diagnosed with a mental illness or emotional disturbance and mental retardation or a related condition.

(g) The provider must provide 24-hour emergency care services or demonstrate the capacity to assist recipients in need of such services to access such services on a 24-hour basis.

(h) The provider must have a contract with the local mental health authority to provide one or more of the services specified in paragraph (e).

(i) The provider must agree, upon request of the local mental health authority, to enter into a contract with the county to provide mental health services not reimbursable under the medical assistance program.

(j) The provider may not be enrolled with the medical assistance program as both a hospital and a community mental health center. The community mental health center's administrative, organizational, and financial structure must be separate and distinct from that of the hospital.

Sec. 18. Minnesota Statutes 1994, section 256B.0625, subdivision 13a, is amended to read:

Subd. 13a. [DRUG UTILIZATION REVIEW BOARD.] A ~~12-member~~ nine-member drug utilization review board is established. The board is comprised of ~~six~~ at least three but no more than four licensed physicians actively engaged in the practice of medicine in Minnesota; ~~five~~ at least three licensed pharmacists actively engaged in the practice of pharmacy in Minnesota; and one consumer representative; the remainder to be made up of health care professionals who are licensed in their field and have recognized knowledge in the clinically appropriate prescribing, dispensing, and monitoring of covered outpatient drugs. The board shall be staffed by an employee of the department who shall serve as an ex officio nonvoting member of the board. The members of the board shall be appointed by the commissioner and shall serve three-year terms. The ~~physician~~ members shall be selected from lists submitted by professional ~~medical~~ associations. ~~The pharmacist members shall be selected from lists submitted by professional pharmacist associations.~~ The commissioner shall appoint the initial members of the board for terms expiring as follows: ~~four~~ three members for terms expiring June 30, ~~1995~~ 1996; ~~four~~ three members for terms expiring June 30, ~~1994~~ 1997; and ~~four~~ three members for terms expiring June 30, ~~1993~~ 1998. Members may be reappointed once. The board shall annually elect a chair from among the members.

The commissioner shall, with the advice of the board:

- (1) implement a medical assistance retrospective and prospective drug utilization review program as required by United States Code, title 42, section 1396r-8(g)(3);
- (2) develop and implement the predetermined criteria and practice parameters for appropriate prescribing to be used in retrospective and prospective drug utilization review;
- (3) develop, select, implement, and assess interventions for physicians, pharmacists, and patients that are educational and not punitive in nature;
- (4) establish a grievance and appeals process for physicians and pharmacists under this section;
- (5) publish and disseminate educational information to physicians and pharmacists regarding the board and the review program;
- (6) adopt and implement procedures designed to ensure the confidentiality of any information collected, stored, retrieved, assessed, or analyzed by the board, staff to the board, or contractors to the review program that identifies individual physicians, pharmacists, or recipients;
- (7) establish and implement an ongoing process to (i) receive public comment regarding drug utilization review criteria and standards, and (ii) consider the comments along with other scientific and clinical information in order to revise criteria and standards on a timely basis; and
- (8) adopt any rules necessary to carry out this section.

The board may establish advisory committees. The commissioner may contract with appropriate organizations to assist the board in carrying out the board's duties. The commissioner may enter into contracts for services to develop and implement a retrospective and prospective review program.

The board shall report to the commissioner annually on ~~December 1~~ the date the Drug Utilization Review Annual Report is due to the Health Care Financing Administration. This report is to cover the preceding federal fiscal year. The commissioner shall make the report available to the public upon request. The report must include information on the activities of the board and the program; the effectiveness of implemented interventions; administrative costs; and any fiscal impact resulting from the program. An honorarium of \$50 per meeting shall be paid to each board member in attendance.

Sec. 19. Minnesota Statutes 1994, section 256B.0625, subdivision 18, is amended to read:

Subd. 18. [BUS OR TAXICAB TRANSPORTATION.] To the extent authorized by rule of the state agency, medical assistance covers costs of ~~bus or taxicab~~ the most appropriate and cost-effective form of transportation incurred by any ambulatory eligible person for obtaining nonemergency medical care.

Sec. 20. Minnesota Statutes 1994, section 256B.0628, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] (a) The commissioner may contract with or employ qualified registered nurses and necessary support staff, or contract with qualified agencies, to provide home care prior authorization and review services for medical assistance recipients who are receiving home care services.

(b) Reimbursement for the prior authorization function shall be made through the medical assistance administrative authority. The state shall pay the nonfederal share. The functions will be to:

(1) assess the recipient's individual need for services required to be cared for safely in the community;

(2) ensure that a care plan that meets the recipient's needs is developed by the appropriate agency or individual;

(3) ensure cost-effectiveness of medical assistance home care services;

(4) recommend the approval or denial of the use of medical assistance funds to pay for home care services ~~when home care services exceed thresholds established by the commissioner under Minnesota Rules, parts 9505.0170 to 9505.0475;~~

(5) reassess the recipient's need for and level of home care services at a frequency determined by the commissioner; and

(6) conduct on-site assessments when determined necessary by the commissioner and recommend changes to care plans that will provide more efficient and appropriate home care.

(c) In addition, the commissioner or the commissioner's designee may:

(1) review care plans and reimbursement data for utilization of services that exceed community-based standards for home care, inappropriate home care services, medical necessity, home care services that do not meet quality of care standards, or unauthorized services and make appropriate referrals within the department or to other appropriate entities based on the findings;

(2) assist the recipient in obtaining services necessary to allow the recipient to remain safely in or return to the community;

(3) coordinate home care services with other medical assistance services under section 256B.0625;

(4) assist the recipient with problems related to the provision of home care services; and

(5) assure the quality of home care services.

(d) For the purposes of this section, "home care services" means medical assistance services defined under section 256B.0625, subdivisions 6a, 7, and 19a.

Sec. 21. Minnesota Statutes 1994, section 256B.0911, subdivision 2, is amended to read:

Subd. 2. [PERSONS REQUIRED TO BE SCREENED; EXEMPTIONS.] All applicants to Medicaid certified nursing facilities must be screened prior to admission, regardless of income, assets, or funding sources, except the following:

(1) patients who, having entered acute care facilities from certified nursing facilities, are returning to a certified nursing facility;

(2) residents transferred from other certified nursing facilities located within the state of Minnesota;

(3) individuals who have a contractual right to have their nursing facility care paid for indefinitely by the veteran's administration; or

(4) individuals who are enrolled in the Ebenezer/Group Health social health maintenance

organization project, or enrolled in a demonstration project under section 256B.69, subdivision 18, at the time of application to a nursing home; or

(5) individuals previously screened and currently being served under the alternative care program or under a home- and community-based services waiver authorized under section 1915(c) of the Social Security Act.

Regardless of the exemptions in clauses (2) to (4), persons who have a diagnosis or possible diagnosis of mental illness, mental retardation, or a related condition must be screened before admission unless the admission prior to screening is authorized by the local mental health authority or the local developmental disabilities case manager, or unless authorized by the county agency according to Public Law Number 101-508.

Before admission to a Medicaid certified nursing home or boarding care home, all persons must be screened and approved for admission through an assessment process. The nursing facility is authorized to conduct case mix assessments which are not conducted by the county public health nurse under Minnesota Rules, part 9549.0059. The designated county agency is responsible for distributing the quality assurance and review form for all new applicants to nursing homes.

Other persons who are not applicants to nursing facilities must be screened if a request is made for a screening.

Sec. 22. Minnesota Statutes 1994, section 256B.0911, subdivision 2a, is amended to read:

Subd. 2a. [SCREENING REQUIREMENTS.] Persons may be screened by telephone or in a face-to-face consultation. The screener will identify each individual's needs according to the following categories: (1) needs no face-to-face screening; (2) needs an immediate face-to-face screening interview; or (3) needs a face-to-face screening interview after admission to a certified nursing facility or after a return home. The screener shall confer with the screening team to assure that the health and social needs of the individual are assessed. Persons who are not admitted to a Medicaid certified nursing facility must be screened within ten working days after the date of referral. Persons admitted on a nonemergency basis to a Medicaid certified nursing facility must be screened prior to the certified nursing facility admission. Persons admitted to the Medicaid certified nursing facility from the community on an emergency basis or from an acute care facility on a nonworking day must be screened the first working day after admission and the reason for the emergency admission must be certified by the attending physician in the person's medical record.

Sec. 23. Minnesota Statutes 1994, section 256B.0911, subdivision 3, is amended to read:

Subd. 3. [PERSONS RESPONSIBLE FOR CONDUCTING THE PREADMISSION SCREENING.] (a) A local screening team shall be established by the county board of commissioners. Each local screening team shall consist of screeners who are a social worker and a public health nurse from their respective county agencies. If a county does not have a public health nurse available, it may request approval from the commissioner to assign a county registered nurse with at least one year experience in home care to participate on the team. The screening team members must confer regarding the most appropriate care for each individual screened. Two or more counties may collaborate to establish a joint local screening team or teams.

(b) In assessing a person's needs, screeners shall have a physician available for consultation and shall consider the assessment of the individual's attending physician, if any. The individual's physician shall be included if the physician chooses to participate. Other personnel may be included on the team as deemed appropriate by the county agencies.

Sec. 24. [256B.0912] [ALTERNATIVE CARE AND WAIVERED SERVICE PROGRAMS.]

Subdivision 1. [RESTRUCTURING PLAN.] By January 1, 1996, the commissioner shall present a plan to the legislature to restructure administration of the alternative care, elderly waiver, and disabled waiver programs. The plan must demonstrate cost neutrality and provide counties with the flexibility, authority, and accountability to administer home- and community-based service programs within predetermined fixed budgets. To support this local program administration, the commissioner shall explore options with the health care financing administration to assure flexibility to expand core services within the elderly and disabled waivers as long as cost neutrality is maintained.

Subd. 2. [WAIVER PROGRAM MODIFICATIONS.] The commissioner of human services shall make the following modifications in medical assistance waiver programs, effective for services rendered after June 30, 1995, or, if necessary, after federal approval is granted:

(a) The community alternatives for disabled individuals waiver shall:

(1) if medical supplies and equipment or adaptations are or will be purchased for a waiver services recipient, allow the prorating of costs on a monthly basis throughout the year in which they are purchased. If the monthly cost of a recipient's other waived services exceeds the monthly limit established in this paragraph, the annual cost of the waived services shall be determined. In this event, the annual cost of waived services shall not exceed 12 times the monthly limit calculated in this paragraph;

(2) require client reassessments once every 12 months;

(3) permit the purchase of supplies and equipment costing \$150 or less without prior approval of the commissioner of human services. A county is not required to contract with a provider of supplies and equipment if the monthly cost of supplies and equipment is less than \$250; and

(4) allow the implementation of care plans without the approval of the county of financial responsibility when the client receives services from another county.

(b) The traumatic brain injury waiver shall:

(1) require client reassessments once every 12 months;

(2) permit the purchase of supplies and equipment costing \$250 or less without having a contract with the supplier; and

(3) allow the implementation of care plans without the approval of the county of financial responsibility when the client receives services from another county.

Sec. 25. Minnesota Statutes 1994, section 256B.0913, subdivision 4, is amended to read:

Subd. 4. [ELIGIBILITY FOR FUNDING FOR SERVICES FOR NONMEDICAL ASSISTANCE RECIPIENTS.] (a) Funding for services under the alternative care program is available to persons who meet the following criteria:

(1) the person has been screened by the county screening team or, if previously screened and served under the alternative care program, assessed by the local county social worker or public health nurse;

(2) the person is age 65 or older;

(3) the person would be financially eligible for medical assistance within 180 days of admission to a nursing facility;

(4) the person meets the asset transfer requirements of the medical assistance program;

(5) the screening team would recommend nursing facility admission or continued stay for the person if alternative care services were not available;

(6) the person needs services that are not available at that time in the county through other county, state, or federal funding sources; and

(7) the monthly cost of the alternative care services funded by the program for this person does not exceed 75 percent of the statewide average monthly medical assistance payment for nursing facility care at the individual's case mix classification to which the individual would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059. If medical supplies and equipment or adaptations are or will be purchased for an alternative care services recipient, the costs may be prorated on a monthly basis throughout the year in which they are purchased. If the monthly cost of a recipient's other alternative care services exceeds the monthly limit established in this paragraph, the annual cost of the alternative care services shall be determined. In this event, the annual cost of alternative care services shall not exceed 12 times the monthly limit calculated in this paragraph.

(b) Individuals who meet the criteria in paragraph (a) and who have been approved for alternative care funding are called 180-day eligible clients.

(c) The statewide average payment for nursing facility care is the statewide average monthly nursing facility rate in effect on July 1 of the fiscal year in which the cost is incurred, less the statewide average monthly income of nursing facility residents who are age 65 or older and who are medical assistance recipients in the month of March of the previous fiscal year. This monthly limit does not prohibit the 180-day eligible client from paying for additional services needed or desired.

(d) In determining the total costs of alternative care services for one month, the costs of all services funded by the alternative care program, including supplies and equipment, must be included.

(e) Alternative care funding under this subdivision is not available for a person who is a medical assistance recipient or who would be eligible for medical assistance without a spenddown if the person applied, unless authorized by the commissioner. A person whose application for medical assistance is being processed may be served under the alternative care program for a period up to 60 days. If the individual is found to be eligible for medical assistance, the county must bill medical assistance from the date the individual was found eligible for the medical assistance services provided that are reimbursable under the elderly waiver program.

(f) Alternative care funding is not available for a person who resides in a licensed nursing home or boarding care home, except for case management services which are being provided in support of the discharge planning process.

Sec. 26. Minnesota Statutes 1994, section 256B.0913, subdivision 5, is amended to read:

Subd. 5. [SERVICES COVERED UNDER ALTERNATIVE CARE.] (a) Alternative care funding may be used for payment of costs of:

- (1) adult foster care;
- (2) adult day care;
- (3) home health aide;
- (4) homemaker services;
- (5) personal care;
- (6) case management;
- (7) respite care;
- (8) assisted living;
- (9) residential care services;
- (10) care-related supplies and equipment;
- (11) meals delivered to the home;
- (12) transportation;
- (13) skilled nursing;
- (14) chore services;
- (15) companion services;
- (16) nutrition services; and
- (17) training for direct informal caregivers.

(b) The county agency must ensure that the funds are used only to supplement and not supplant services available through other public assistance or services programs.

(c) Unless specified in statute, the service standards for alternative care services shall be the same as the service standards defined in the elderly waiver. Persons or agencies must be employed by or under a contract with the county agency or the public health nursing agency of the local board of health in order to receive funding under the alternative care program.

(d) The adult foster care rate shall be considered a difficulty of care payment and shall not include room and board. The adult foster care daily rate shall be negotiated between the county agency and the foster care provider. The rate established under this section shall not exceed 75 percent of the state average monthly nursing home payment for the case mix classification to which the individual receiving foster care is assigned, and it must allow for other alternative care services to be authorized by the case manager.

(e) Personal care services may be provided by a personal care provider organization. A county agency may contract with a relative of the client to provide personal care services, but must ensure nursing supervision. Covered personal care services defined in section 256B.0627, subdivision 4, must meet applicable standards in Minnesota Rules, part 9505.0335.

(f) Costs for supplies and equipment that exceed \$150 per item per month must have prior approval from the commissioner. A county may use alternative care funds to purchase supplies and equipment from a non-Medicaid certified vendor if the cost for the items is less than that of a Medicaid vendor. A county is not required to contract with a provider of supplies and equipment if the monthly cost of the supplies and equipment is less than \$250.

(g) For purposes of this section, residential care services are services which are provided to individuals living in residential care homes. Residential care homes are currently licensed as board and lodging establishments and are registered with the department of health as providing special services. Residential care services are defined as "supportive services" and "health-related services." "Supportive services" means the provision of up to 24-hour supervision and oversight. Supportive services includes: (1) transportation, when provided by the residential care center only; (2) socialization, when socialization is part of the plan of care, has specific goals and outcomes established, and is not diversional or recreational in nature; (3) assisting clients in setting up meetings and appointments; (4) assisting clients in setting up medical and social services; (5) providing assistance with personal laundry, such as carrying the client's laundry to the laundry room. Assistance with personal laundry does not include any laundry, such as bed linen, that is included in the room and board rate. Health-related services are limited to minimal assistance with dressing, grooming, and bathing and providing reminders to residents to take medications that are self-administered or providing storage for medications, if requested. Individuals receiving residential care services cannot receive both personal care services and residential care services.

(h) For the purposes of this section, "assisted living" refers to supportive services provided by a single vendor to clients who reside in the same apartment building of three or more units. Assisted living services are defined as up to 24-hour supervision, and oversight, supportive services as defined in clause (1), individualized home care aide tasks as defined in clause (2), and individualized home management tasks as defined in clause (3) provided to residents of a residential center living in their units or apartments with a full kitchen and bathroom. A full kitchen includes a stove, oven, refrigerator, food preparation counter space, and a kitchen utensil storage compartment. Assisted living services must be provided by the management of the residential center or by providers under contract with the management or with the county.

(1) Supportive services include:

(i) socialization, when socialization is part of the plan of care, has specific goals and outcomes established, and is not diversional or recreational in nature;

(ii) assisting clients in setting up meetings and appointments; and

(iii) providing transportation, when provided by the residential center only.

Individuals receiving assisted living services will not receive both assisted living services and

homemaking or personal care services. Individualized means services are chosen and designed specifically for each resident's needs, rather than provided or offered to all residents regardless of their illnesses, disabilities, or physical conditions.

(2) Home care aide tasks means:

- (i) preparing modified diets, such as diabetic or low sodium diets;
- (ii) reminding residents to take regularly scheduled medications or to perform exercises;
- (iii) household chores in the presence of technically sophisticated medical equipment or episodes of acute illness or infectious disease;
- (iv) household chores when the resident's care requires the prevention of exposure to infectious disease or containment of infectious disease; and
- (v) assisting with dressing, oral hygiene, hair care, grooming, and bathing, if the resident is ambulatory, and if the resident has no serious acute illness or infectious disease. Oral hygiene means care of teeth, gums, and oral prosthetic devices.

(3) Home management tasks means:

- (i) housekeeping;
- (ii) laundry;
- (iii) preparation of regular snacks and meals; and
- (iv) shopping.

~~A person's eligibility to reside in the building must not be contingent on the person's acceptance or use of the assisted living services.~~ Assisted living services as defined in this section shall not be authorized in boarding and lodging establishments licensed according to sections 157.01 to 157.031.

Reimbursement for assisted living services and residential care services shall be made by the lead agency to the vendor as a monthly rate negotiated with the county agency. The rate shall not exceed the nonfederal share of the greater of either the statewide or any of the geographic groups' weighted average monthly medical assistance nursing facility payment rate of the case mix resident class to which the 180-day eligible client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, except for alternative care assisted living projects established under Laws 1988, chapter 689, article 2, section 256, whose rates may not exceed 65 percent of either the statewide or any of the geographic groups' weighted average monthly medical assistance nursing facility payment rate of the case mix resident class to which the 180-day eligible client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059. The rate may not cover rent and direct food costs.

(i) For purposes of this section, companion services are defined as nonmedical care, supervision and oversight, provided to a functionally impaired adult. Companions may assist the individual with such tasks as meal preparation, laundry and shopping, but do not perform these activities as discrete services. The provision of companion services does not entail hands-on medical care. Providers may also perform light housekeeping tasks which are incidental to the care and supervision of the recipient. This service must be approved by the case manager as part of the care plan. Companion services must be provided by individuals or nonprofit organizations who are under contract with the local agency to provide the service. Any person related to the waiver recipient by blood, marriage or adoption cannot be reimbursed under this service. Persons providing companion services will be monitored by the case manager.

(j) For purposes of this section, training for direct informal caregivers is defined as a classroom or home course of instruction which may include: transfer and lifting skills, nutrition, personal and physical cares, home safety in a home environment, stress reduction and management, behavioral management, long-term care decision making, care coordination and family dynamics. The training is provided to an informal unpaid caregiver of a 180-day eligible client which enables the

caregiver to deliver care in a home setting with high levels of quality. The training must be approved by the case manager as part of the individual care plan. Individuals, agencies, and educational facilities which provide caregiver training and education will be monitored by the case manager.

Sec. 27. Minnesota Statutes 1994, section 256B.0913, subdivision 8, is amended to read:

Subd. 8. [REQUIREMENTS FOR INDIVIDUAL CARE PLAN.] (a) The case manager shall implement the plan of care for each 180-day eligible client and ensure that a client's service needs and eligibility are reassessed at least every ~~six~~ 12 months. The plan shall include any services prescribed by the individual's attending physician as necessary to allow the individual to remain in a community setting. In developing the individual's care plan, the case manager should include the use of volunteers from families and neighbors, religious organizations, social clubs, and civic and service organizations to support the formal home care services. The county shall be held harmless for damages or injuries sustained through the use of volunteers under this subdivision including workers' compensation liability. The lead agency shall provide documentation to the commissioner verifying that the individual's alternative care is not available at that time through any other public assistance or service program. The lead agency shall provide documentation in each individual's plan of care and to the commissioner that the most cost-effective alternatives available have been offered to the individual and that the individual was free to choose among available qualified providers, both public and private. The case manager must give the individual a ten-day written notice of any decrease in or termination of alternative care services.

(b) If the county administering alternative care services is different than the county of financial responsibility, the care plan may be implemented without the approval of the county of financial responsibility.

Sec. 28. Minnesota Statutes 1994, section 256B.0913, subdivision 12, is amended to read:

Subd. 12. [CLIENT PREMIUMS.] (a) A premium is required for all 180-day eligible clients to help pay for the cost of participating in the program. The amount of the premium for the alternative care client shall be determined as follows:

(1) when the alternative care client's income less recurring and predictable medical expenses is greater than the medical assistance income standard but less than 150 percent of the federal poverty guideline, and total assets are less than \$6,000, the fee is zero;

(2) when the alternative care client's income less recurring and predictable medical expenses is greater than 150 percent of the federal poverty guideline and total assets are less than \$6,000, the fee is 25 percent of the cost of alternative care services or the difference between 150 percent of the federal poverty guideline and the client's income less recurring and predictable medical expenses, whichever is less; and

(3) when the alternative care client's total assets are greater than \$6,000, the fee is 25 percent of the cost of alternative care services.

For married persons, total assets are defined as the total marital assets less the estimated community spouse asset allowance, under section 256B.059, if applicable. For married persons, total income is defined as the client's income less the monthly spousal allotment, under section 256B.058.

All alternative care services except case management shall be included in the estimated costs for the purpose of determining 25 percent of the costs.

The monthly premium shall be calculated ~~and be payable in the~~ based on the cost of the first ~~full month in which the~~ of alternative care services begin and shall continue unaltered ~~for six months until the semiannual reassessment unless the actual cost of services falls below the fee until the next reassessment is completed or at the end of 12 months, whichever comes first.~~ Premiums are due and payable each month alternative care services are received unless the actual cost of the services is less than the premium.

(b) The fee shall be waived by the commissioner when:

- (1) a person who is residing in a nursing facility is receiving case management only;
- (2) a person is applying for medical assistance;
- (3) a married couple is requesting an asset assessment under the spousal impoverishment provisions;
- (4) a person is a medical assistance recipient, but has been approved for alternative care-funded assisted living services;
- (5) a person is found eligible for alternative care, but is not yet receiving alternative care services;
- (6) a person is an adult foster care resident for whom alternative care funds are being used to meet a portion of the person's medical assistance spenddown, as authorized in subdivision 4; and
- (7) a person's fee under paragraph (a) is less than \$25.

(c) The county agency must collect the premium from the client and forward the amounts collected to the commissioner in the manner and at the times prescribed by the commissioner. Money collected must be deposited in the general fund and is appropriated to the commissioner for the alternative care program. The client must supply the county with the client's social security number at the time of application. If a client fails or refuses to pay the premium due, the county shall supply the commissioner with the client's social security number and other information the commissioner requires to collect the premium from the client. The commissioner shall collect unpaid premiums using the revenue recapture act in chapter 270A and other methods available to the commissioner. The commissioner may require counties to inform clients of the collection procedures that may be used by the state if a premium is not paid.

(d) The commissioner shall begin to adopt emergency or permanent rules governing client premiums within 30 days after July 1, 1991, including criteria for determining when services to a client must be terminated due to failure to pay a premium.

Sec. 29. Minnesota Statutes 1994, section 256B.0913, subdivision 14, is amended to read:

Subd. 14. [REIMBURSEMENT AND RATE ADJUSTMENTS.] (a) Reimbursement for expenditures for the alternative care services as approved by the client's case manager shall be through the invoice processing procedures of the department's Medicaid Management Information System (MMIS), ~~only with the approval of the client's case manager.~~ To receive reimbursement, the county or vendor must submit invoices within ~~120 days~~ 12 months following the ~~month~~ date of service. The county agency and its vendors under contract shall not be reimbursed for services which exceed the county allocation.

(b) If a county collects less than 50 percent of the client premiums due under subdivision 12, the commissioner may withhold up to three percent of the county's final alternative care program allocation determined under subdivisions 10 and 11.

(c) Beginning July 1, 1991, the state will reimburse counties, up to the limits of state appropriations, according to the payment schedule in section 256.025 for the county share of costs incurred under this subdivision on or after January 1, 1991, for individuals who would be eligible for medical assistance within 180 days of admission to a nursing home.

(d) For fiscal years beginning on or after July 1, 1993, the commissioner of human services shall not provide automatic annual inflation adjustments for alternative care services. The commissioner of finance shall include as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11 annual adjustments in reimbursement rates for alternative care services based on the forecasted percentage change in the Home Health Agency Market Basket of Operating Costs, for the fiscal year beginning July 1, compared to the previous fiscal year, unless otherwise adjusted by statute. The Home Health Agency Market Basket of Operating Costs is published by Data Resources, Inc. The forecast to be used is the one published for the calendar quarter beginning January 1, six months prior to the beginning of the fiscal year for which rates are set.

(e) The county shall negotiate individual rates with vendors and may be reimbursed for actual costs up to the greater of the county's current approved rate or 60 percent of the maximum rate in fiscal year 1994 and 65 percent of the maximum rate in fiscal year 1995 for each alternative care service. Notwithstanding any other rule or statutory provision to the contrary, the commissioner shall not be authorized to increase rates by an annual inflation factor, unless so authorized by the legislature.

(f) On July 1, 1993, the commissioner shall increase the maximum rate for home delivered meals to \$4.50 per meal.

Sec. 30. Minnesota Statutes 1994, section 256B.0915, subdivision 3, is amended to read:

Subd. 3. [LIMITS OF CASES, RATES, REIMBURSEMENT, AND FORECASTING.] (a) The number of medical assistance waiver recipients that a county may serve must be allocated according to the number of medical assistance waiver cases open on July 1 of each fiscal year. Additional recipients may be served with the approval of the commissioner.

(b) The monthly limit for the cost of waived services to an individual waiver client shall be the statewide average payment rate of the case mix resident class to which the waiver client would be assigned under the medical assistance case mix reimbursement system. If medical supplies and equipment or adaptations are or will be purchased for an elderly waiver services recipient, the costs may be prorated on a monthly basis throughout the year in which they are purchased. If the monthly cost of a recipient's other waived services exceeds the monthly limit established in this paragraph, the annual cost of the waived services shall be determined. In this event, the annual cost of waived services shall not exceed 12 times the monthly limit calculated in this paragraph. The statewide average payment rate is calculated by determining the statewide average monthly nursing home rate, effective July 1 of the fiscal year in which the cost is incurred, less the statewide average monthly income of nursing home residents who are age 65 or older, and who are medical assistance recipients in the month of March of the previous state fiscal year. The annual cost divided by 12 of elderly or disabled waived services for a person who is a nursing facility resident at the time of requesting a determination of eligibility for elderly or disabled waived services shall not exceed the monthly payment for the resident class assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, for that resident in the nursing facility where the resident currently resides. The following costs must be included in determining the total monthly costs for the waiver client:

- (1) cost of all waived services, including extended medical supplies and equipment; and
- (2) cost of skilled nursing, home health aide, and personal care services reimbursable by medical assistance.

(c) Medical assistance funding for skilled nursing services, home health aide, and personal care services for waiver recipients must be approved by the case manager and included in the individual care plan.

(d) Expenditures for extended medical supplies and equipment that cost over \$150 per month for both the elderly waiver and the disabled waiver must have the commissioner's prior approval. A county is not required to contract with a provider of supplies and equipment if the monthly cost of the supplies and equipment is less than \$250.

(e) For the fiscal year beginning on July 1, 1993, and for subsequent fiscal years, the commissioner of human services shall not provide automatic annual inflation adjustments for home and community-based waived services. The commissioner of finance shall include as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11, annual adjustments in reimbursement rates for home and community-based waived services, based on the forecasted percentage change in the Home Health Agency Market Basket of Operating Costs, for the fiscal year beginning July 1, compared to the previous fiscal year, unless otherwise adjusted by statute. The Home Health Agency Market Basket of Operating Costs is published by Data Resources, Inc. The forecast to be used is the one published for the calendar quarter beginning January 1, six months prior to the beginning of the fiscal year for which rates are set. The adult foster care rate shall be considered a difficulty of care payment and shall not include room and board.

(f) The adult foster care daily rate for the elderly and disabled waivers shall be negotiated between the county agency and the foster care provider. The rate established under this section shall not exceed the state average monthly nursing home payment for the case mix classification to which the individual receiving foster care is assigned, ~~and it; the rate must allow for other waiver and medical assistance home care services to be authorized by the case manager.~~

(g) The assisted living and residential care service rates for elderly and ~~disabled~~ community alternatives for disabled individuals (CADI) waivers shall be made to the vendor as a monthly rate negotiated with the county agency. The rate shall not exceed the nonfederal share of the greater of either the statewide or any of the geographic groups' weighted average monthly medical assistance nursing facility payment rate of the case mix resident class to which the elderly or disabled client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, ~~except.~~ For alternative care assisted living projects established under Laws 1988, chapter 689, article 2, section 256, ~~whose monthly rates may not exceed 65 percent of the greater of either the statewide or any of the geographic groups' weighted average monthly medical assistance nursing facility payment rate for the case mix resident class to which the elderly or disabled client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059.~~ The rate may not cover direct rent or food costs.

(h) The county shall negotiate individual rates with vendors and may be reimbursed for actual costs up to the greater of the county's current approved rate or 60 percent of the maximum rate in fiscal year 1994 and 65 percent of the maximum rate in fiscal year 1995 for each service within each program.

(i) On July 1, 1993, the commissioner shall increase the maximum rate for home-delivered meals to \$4.50 per meal.

(j) Reimbursement for the medical assistance recipients under the approved waiver shall be made from the medical assistance account through the invoice processing procedures of the department's Medicaid Management Information System (MMIS), only with the approval of the client's case manager. The budget for the state share of the Medicaid expenditures shall be forecasted with the medical assistance budget, and shall be consistent with the approved waiver.

(k) Beginning July 1, 1991, the state shall reimburse counties according to the payment schedule in section 256.025 for the county share of costs incurred under this subdivision on or after January 1, 1991, for individuals who are receiving medical assistance.

Sec. 31. Minnesota Statutes 1994, section 256B.0915, subdivision 5, is amended to read:

Subd. 5. [REASSESSMENTS FOR WAIVER CLIENTS.] A reassessment of a client served under the elderly or disabled waiver must be conducted at least every ~~six~~ 12 months and at other times when the case manager determines that there has been significant change in the client's functioning. This may include instances where the client is discharged from the hospital.

Sec. 32. Minnesota Statutes 1994, section 256B.0915, is amended by adding a subdivision to read:

Subd. 6. [IMPLEMENTATION OF CARE PLAN.] If the county administering waived services is different than the county of financial responsibility, the care plan may be implemented without the approval of the county of financial responsibility.

Sec. 33. Minnesota Statutes 1994, section 256B.093, subdivision 1, is amended to read:

Subdivision 1. [STATE TRAUMATIC BRAIN INJURY PROGRAM.] The commissioner of human services shall:

(1) ~~establish and maintain a~~ statewide traumatic brain injury program;

(2) designate a full-time position to supervise and coordinate services and policies for persons with traumatic brain injuries;

(3) contract with qualified agencies or employ staff to provide statewide administrative case management and consultation;

(4) ~~establish~~ maintain an advisory committee to provide recommendations in ~~a report~~ reports to the commissioner regarding program and service needs of persons with traumatic brain injuries. The advisory committee shall consist of no less than ten members and no more than 30 members. The commissioner shall appoint all advisory committee members to one- or two-year terms and appoint one member as chair; ~~and~~

(5) investigate the need for the development of rules or statutes for:

(i) the traumatic brain injury home and community-based services waiver; and

~~(ii) traumatic brain injury services not covered by any other statute or rule~~ (6) investigate present and potential models of service coordination which can be delivered at the local level.

Sec. 34. Minnesota Statutes 1994, section 256B.093, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] Persons eligible for traumatic brain injury administrative case management and consultation must be eligible medical assistance recipients who have traumatic or certain acquired brain injury and:

(1) are at risk of institutionalization; ~~or~~

~~(2) exceed limits established by the commissioner in section 256B.0627, subdivision 5, paragraph (b).~~

Sec. 35. Minnesota Statutes 1994, section 256B.093, subdivision 3, is amended to read:

Subd. 3. [TRAUMATIC BRAIN INJURY PROGRAM DUTIES.] The department shall fund administrative case management under this subdivision using medical assistance administrative funds. The traumatic brain injury program duties include:

~~(1) assessing the person's individual needs for services required to prevent institutionalization;~~

~~(2) ensuring that a care plan that addresses the person's needs is developed, implemented, and monitored on an ongoing basis by the appropriate agency or individual;~~

~~(3) assisting the person in obtaining services necessary to allow the person to remain in the community;~~

~~(4) coordinating home care services with other medical assistance services under section 256B.0625;~~

~~(5) ensuring appropriate, accessible, and cost-effective medical assistance services;~~

~~(6) recommending to the commissioner the approval or denial of the use of medical assistance funds to pay for home care services when home care services exceed thresholds established by the commissioner under section 256B.0627;~~

~~(7) assisting the person with problems related to the provision of home care services;~~

~~(8) ensuring the quality of home care services;~~

~~(9) reassessing the person's need for and level of home care services at a frequency determined by the commissioner;~~

(10) (1) recommending to the commissioner the approval or denial of medical assistance funds to pay for out-of-state placements for traumatic brain injury services and in-state traumatic brain injury services provided by designated Medicare long-term care hospitals;

(11) (2) coordinating the traumatic brain injury home and community-based waiver; ~~and~~

(12) (3) approving traumatic brain injury waiver eligibility or care plans or both;

(4) providing ongoing technical assistance and consultation to county and facility case managers to facilitate care plan development for appropriate, accessible, and cost-effective medical assistance services;

(5) providing technical assistance to promote statewide development of appropriate, accessible, and cost-effective medical assistance services and related policy;

(6) providing training and outreach to facilitate access to appropriate home and community-based services to prevent institutionalization;

(7) facilitating appropriate admissions, continued stay review, discharges, and utilization review for neurobehavioral hospitals and other specialized institutions;

(8) providing technical assistance on the use of prior authorization of home care services and coordination of these services with other medical assistance services;

(9) developing a system for identification of nursing facility and hospital residents with traumatic brain injury to assist in long-term planning for medical assistance services. Factors will include, but are not limited to, number of individuals served, length of stay, services received, and barriers to community placement; and

(10) providing information, referral, and case consultation to access medical assistance services for recipients without a county or facility case manager. Direct access to this assistance may be limited due to the regional structure of the program.

Sec. 36. Minnesota Statutes 1994, section 256B.093, is amended by adding a subdivision to read:

Subd. 3a. [TRAUMATIC BRAIN INJURY CASE MANAGEMENT SERVICES.] The annual appropriation established under section 171.29, subdivision 2, paragraph (b), clause (5), shall be used for traumatic brain injury program services that include, but are not limited to:

(1) collaborating with counties, providers, and other public and private organizations to expand and strengthen local capacity for delivering needed services and supports, including efforts to increase access to supportive residential housing options;

(2) participating in planning and accessing services not otherwise covered in subdivision 3 to allow individuals to attain and maintain community-based services;

(3) providing information, referral, and case consultation to access health and human services for persons with traumatic brain injury not eligible for medical assistance, though direct access to this assistance may be limited due to the regional structure of the program; and

(4) collaborating on injury prevention efforts.

Sec. 37. Minnesota Statutes 1994, section 256B.431, is amended by adding a subdivision to read:

Subd. 2s. [OPERATING COSTS AFTER JUNE 30, 1997.] (a) In general, the commissioner shall establish maximum standard rates for the prospective reimbursement of nursing facility costs. The maximum standard rates must take into account the level of reimbursement which is adequate to cover the base-level costs of economically operated nursing facilities. In determining the base-level costs, the commissioner shall consider geographic location, types of nursing facilities (Rule 80, short-length-of-stay, hospital attached, etc.), minimum nursing standards, case mix assessment of residents, and other factors as determined by the commissioner.

The commissioner shall also develop additional incentive-based payments which if achieved for specified outcomes will be added to the maximum standard rates. The specified outcomes must be measurable, and shall be based on criteria to be developed by the commissioner during fiscal year 1996. The commissioner may establish various levels of achievement within an outcome. Once the outcomes are established, the commissioner shall assign various levels of payment associated with achieving the outcome. In establishing the specified outcomes and the related criteria, the commissioner shall consider the following state policy objectives:

(1) a reduction in the number of case mix A admissions;

(2) a shortened length of stay;

- (3) improved results of a uniform consumer satisfaction survey;
- (4) the achievement of no major licensure or certification deficiencies;
- (5) the delicensure and decertification of a portion of the nursing facilities bed complement; or
- (6) any other outcomes the commissioner finds desirable.

(b) In developing the maximum standard rates and the incentive-based payments, desirable outcomes, and related criteria, the commissioner, in collaboration with the commissioner of health, shall form an advisory committee. The membership of the advisory committee shall consist of:

- (1) three representatives from consumer advocacy groups;
- (2) three representatives from the nursing facility trade associations;
- (3) the commissioner of finance;
- (4) four representatives from the legislature, two each from the house and senate; and
- (5) others the commissioners find appropriate.

(c) Beginning July 1, 1996, the commissioner shall collect the data from nursing facilities, the department of health, or others as necessary to determine the extent to which a nursing facility has met any of the outcomes and related criteria. Payment rates under this subdivision shall be effective July 1, 1997.

(d) The commissioner shall report to the legislature on the progress of the advisory committee by January 31, 1996, any necessary changes to the reimbursement methodology proposed under this subdivision. By January 15, 1997, the commissioner shall recommend to the legislature legislation which will implement this reimbursement methodology for rate years beginning on or after the proposed effective date of July 1, 1997.

Sec. 38. Minnesota Statutes 1994, section 256B.431, subdivision 15, is amended to read:

Subd. 15. [CAPITAL REPAIR AND REPLACEMENT COST REPORTING AND RATE CALCULATION.] For rate years beginning after June 30, 1993, a nursing facility's capital repair and replacement payment rate shall be established annually as provided in paragraphs (a) to (d) (e).

(a) Notwithstanding Minnesota Rules, part 9549.0060, subpart 12, the costs of ~~acquiring~~ any of the following items not included in the equity incentive computations under subdivision 16 or reported as a capital asset addition under subdivision 18, paragraph (b), including cash payment for equity investment and principal and interest expense for debt financing, ~~shall~~ must be reported in the capital repair and replacement cost category ~~when the cost of the item exceeds \$500:~~

- (1) wall coverings;
- (2) paint;
- (3) floor coverings;
- (4) window coverings;
- (5) roof repair; and
- (6) ~~heating or cooling system repair or replacement;~~
- (7) window repair or replacement;

~~(8) initiatives designed to reduce energy usage by the facility if accompanied by an energy audit prepared by a professional engineer or architect registered in Minnesota, or by an auditor certified under Minnesota Rules, part 7635.0130, to do energy audits and the energy audit identifies the initiative as a conservation measure; and~~

~~(9) repair or replacement of capital assets not included in the equity incentive computations under subdivision 16.~~

(b) Notwithstanding Minnesota Rules, part 9549.0060, subpart 12, the repair or replacement of a capital asset not included in the equity incentive computations under subdivision 16 or reported as a capital asset addition under subdivision 18, paragraph (b), must be reported under this subdivision when the cost of the item exceeds \$500, or in the plant operations and maintenance cost category when the cost of the item is equal to or less than \$500.

(c) To compute the capital repair and replacement payment rate, the allowable annual repair and replacement costs for the reporting year must be divided by actual resident days for the reporting year. The annual allowable capital repair and replacement costs shall not exceed \$150 per licensed bed. The excess of the allowed capital repair and replacement costs over the capital repair and replacement limit shall be a cost carryover to succeeding cost reporting periods, except that sale of a facility, under subdivision 14, shall terminate the carryover of all costs except those incurred in the most recent cost reporting year. The termination of the carryover shall have effect on the capital repair and replacement rate on the same date as provided in subdivision 14, paragraph (f), for the sale. For rate years beginning after June 30, 1994, the capital repair and replacement limit shall be subject to the index provided in subdivision 3f, paragraph (a). For purposes of this subdivision, the number of licensed beds shall be the number used to calculate the nursing facility's capacity days. The capital repair and replacement rate must be added to the nursing facility's total payment rate.

~~(e)~~ (d) Capital repair and replacement costs under this subdivision shall not be counted as either care-related or other operating costs, nor subject to care-related or other operating limits.

~~(d)~~ (e) If costs otherwise allowable under this subdivision are incurred as the result of a project approved under the moratorium exception process in section 144A.073, or in connection with an addition to or replacement of buildings, attached fixtures, or land improvements for which the total historical cost of these assets exceeds the lesser of \$150,000 or ten percent of the nursing facility's appraised value, these costs must be claimed under subdivision 16 or 17, as appropriate.

Sec. 39. Minnesota Statutes 1994, section 256B.432, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given them.

(a) "Management agreement" means an agreement in which one or more of the following criteria exist:

(1) the central, affiliated, or corporate office has or is authorized to assume day-to-day operational control of the ~~long-term-care~~ nursing facility for any six-month period within a 24-month period. "Day-to-day operational control" means that the central, affiliated, or corporate office has the authority to require, mandate, direct, or compel the employees of the ~~long-term-care~~ nursing facility to perform or refrain from performing certain acts, or to supplant or take the place of the top management of the ~~long-term-care~~ nursing facility. "Day-to-day operational control" includes the authority to hire or terminate employees or to provide an employee of the central, affiliated, or corporate office to serve as administrator of the ~~long-term-care~~ nursing facility;

(2) the central, affiliated, or corporate office performs or is authorized to perform two or more of the following: the execution of contracts; authorization of purchase orders; signature authority for checks, notes, or other financial instruments; requiring the ~~long-term-care~~ nursing facility to use the group or volume purchasing services of the central, affiliated, or corporate office; or the authority to make annual capital expenditures for the ~~long-term-care~~ nursing facility exceeding \$50,000, or \$500 per licensed bed, whichever is less, without first securing the approval of the ~~long-term-care~~ nursing facility board of directors;

(3) the central, affiliated, or corporate office becomes or is required to become the licensee under applicable state law;

(4) the agreement provides that the compensation for services provided under the agreement is directly related to any profits made by the ~~long-term-care~~ nursing facility; or

(5) the ~~long-term care~~ nursing facility entering into the agreement is governed by a governing body that meets fewer than four times a year, that does not publish notice of its meetings, or that does not keep formal records of its proceedings.

(b) "Consulting agreement" means any agreement the purpose of which is for a central, affiliated, or corporate office to advise, counsel, recommend, or suggest to the owner or operator of the nonrelated ~~long-term care~~ nursing facility measures and methods for improving the operations of the ~~long-term care~~ nursing facility.

(c) "~~Long-term care~~ Nursing facility" means a nursing facility whose medical assistance rates are determined according to section 256B.431 ~~or an intermediate care facility for persons with mental retardation and related conditions whose medical assistance rates are determined according to section 256B.501.~~

Sec. 40. Minnesota Statutes 1994, section 256B.432, subdivision 2, is amended to read:

Subd. 2. [EFFECTIVE DATE.] For rate years beginning on or after July 1, 1990, the central, affiliated, or corporate office cost allocations in subdivisions 3 to 6 must be used when determining medical assistance rates under sections 256B.431 and ~~256B.501~~ 256B.50.

Sec. 41. Minnesota Statutes 1994, section 256B.432, subdivision 3, is amended to read:

Subd. 3. [ALLOCATION; DIRECT IDENTIFICATION OF COSTS OF ~~LONG-TERM CARE NURSING FACILITIES; MANAGEMENT AGREEMENT.~~] All costs that can be directly identified with a specific ~~long-term care~~ nursing facility that is a related organization to the central, affiliated, or corporate office, or that is controlled by the central, affiliated, or corporate office under a management agreement, must be allocated to that ~~long-term care~~ nursing facility.

Sec. 42. Minnesota Statutes 1994, section 256B.432, subdivision 5, is amended to read:

Subd. 5. [ALLOCATION OF REMAINING COSTS; ALLOCATION RATIO.] (a) After the costs that can be directly identified according to subdivisions 3 and 4 have been allocated, the remaining central, affiliated, or corporate office costs must be allocated between the ~~long-term care~~ nursing facility operations and the other activities or facilities unrelated to the ~~long-term care~~ nursing facility operations based on the ratio of total operating costs.

(b) For purposes of allocating these remaining central, affiliated, or corporate office costs, the numerator for the allocation ratio shall be determined as follows:

(1) for ~~long-term care~~ nursing facilities that are related organizations or are controlled by a central, affiliated, or corporate office under a management agreement, the numerator of the allocation ratio shall be equal to the sum of the total operating costs incurred by each related organization or controlled ~~long-term care~~ nursing facility;

(2) for a central, affiliated, or corporate office providing goods or services to related organizations that are not ~~long-term care~~ nursing facilities, the numerator of the allocation ratio shall be equal to the sum of the total operating costs incurred by the ~~non-long-term care~~ nonnursing facility related organizations;

(3) for a central, affiliated, or corporate office providing goods or services to unrelated ~~long-term care~~ nursing facilities under a consulting agreement, the numerator of the allocation ratio shall be equal to the greater of directly identified central, affiliated, or corporate costs or the contracted amount; or

(4) for business activities that involve the providing of goods or services to unrelated parties which are not ~~long-term care~~ nursing facilities, the numerator of the allocation ratio shall be equal to the greater of directly identified costs or revenues generated by the activity or function.

(c) The denominator for the allocation ratio is the sum of the numerators in paragraph (b), clauses (1) to (4).

Sec. 43. Minnesota Statutes 1994, section 256B.432, subdivision 6, is amended to read:

Subd. 6. [~~COST ALLOCATION BETWEEN LONG-TERM CARE~~ NURSING FACILITIES.]

(a) Those ~~long-term care nursing~~ operations that have ~~long-term care nursing~~ facilities both in Minnesota and comparable facilities outside of Minnesota must allocate the ~~long-term care nursing~~ operation's central, affiliated, or corporate office costs identified in subdivision 5 to Minnesota based on the ratio of total resident days in Minnesota ~~long-term care nursing~~ facilities to the total resident days in all facilities.

(b) The Minnesota ~~long-term care nursing~~ operation's central, affiliated, or corporate office costs identified in paragraph (a) must be allocated to each Minnesota ~~long-term care nursing~~ facility on the basis of resident days.

Sec. 44. Minnesota Statutes 1994, section 256B.501, subdivision 1, is amended to read:

Subdivision 1. [~~DEFINITIONS.~~] For the purposes of this section, the following terms have the meaning given them.

(a) "Commissioner" means the commissioner of human services.

(b) "Facility" means a facility licensed as a mental retardation residential facility under section 252.28, licensed as a supervised living facility under chapter 144, and certified as an intermediate care facility for persons with mental retardation or related conditions. The term does not include a state regional treatment center.

(c) "Waivered service" means home or community-based service authorized under United States Code, title 42, section 1396n(c), as amended through December 31, 1987, and defined in the Minnesota state plan for the provision of medical assistance services. Waivered services include, at a minimum, case management, family training and support, developmental training homes, supervised living arrangements, semi-independent living services, respite care, and training and habilitation services.

Sec. 45. Minnesota Statutes 1994, section 256B.501, subdivision 3g, is amended to read:

Subd. 3g. [~~ASSESSMENT OF RESIDENTS CLIENTS.~~] (a) To establish the service characteristics of residents clients, the ~~quality assurance and review teams in the department of health~~ Minnesota department of health case mix review program shall assess all residents clients annually ~~beginning January 1, 1989, using a uniform assessment instrument developed by the commissioner. This instrument shall include assessment of the services identified as needed and provided to each client to address behavioral needs, integration into the community, ability to perform activities of daily living, medical and therapeutic needs, and other relevant factors determined by the commissioner. By January 30, 1994, the commissioner shall report to the legislature on:~~

~~(1) the assessment process and scoring system utilized;~~

~~(2) possible utilization of assessment information by facilities for management purposes; and~~

~~(3) possible application of the assessment for purposes of adjusting the operating cost rates of facilities based on a comparison of client services characteristics, resource needs, and costs. The facility's qualified mental retardation professional (QMRP) with primary responsibility for the client's individual program plan, in conjunction with the interdisciplinary team, shall assess each client who is newly admitted to a facility. This assessment must occur within 30 days from the date of admission during the interdisciplinary team meeting.~~

(b) All client assessments must be conducted as set forth in the manual, Minnesota ICF/MR Client Assessment Manual, February 1995, hereinafter referred to in this subdivision as the manual. Client assessments completed by the case mix review program and the facility QMRP must be recorded on assessment forms developed by the commissioner of health. The facility QMRP must complete the assessment form, submit it to the case mix review program, and mail a copy to the client's case manager within ten working days following the interdisciplinary team meeting.

(c) The case mix review program shall score assessments according to attachment E of the manual in the assessment domains of personal interaction, independence, and integration,

challenging behaviors and preventive practice, activities of daily living, and special treatments. Scores must be based on information from the assessment form. A client's score from each assessment domain shall be used to determine that client's classification.

(d) The commissioner of health shall determine and assign classifications for each client using the procedures specified in attachment F of the manual. The commissioner of health shall assign the client classification within 15 working days after receiving the completed assessment form submitted by the case mix review program team or the facility QMRP. The classification for a newly admitted client is effective retroactive to the date of the client's admission. If a facility QMRP submits an incomplete assessment form, the case mix review program shall inform the facility QMRP of the need to submit additional information necessary for assigning a classification. The facility QMRP must mail the additional information to the case mix review program no later than five working days after receiving the request for the information. If a facility QMRP fails to submit a completed client assessment for a client who is newly admitted to the facility, that client's first assessment in the facility conducted by the case mix review program shall be used to establish a client classification retroactive to the date of the client's admission. Any change in classification due to annual assessment by the case mix review program will be effective on the first day of the month following completion of the case mix review program's annual assessment of all the facility's clients. A client who has resided in the facility less than 30 days must be assessed by the case mix review program during the annual assessment, but must not have a client classification assigned based on the case mix review program's assessment unless the facility QMRP fails to submit a completed client assessment and the client goes on to reside in the facility for more than 30 days.

(e) The facility QMRP may request a reclassification for a client by completing a new client assessment if the facility QMRP believes that the client's status has changed since the case mix review program's annual assessment and that these changes will result in a change in the client's classification. Client assessments for purposes of reclassification will be governed by the following:

(1) The facility QMRP that requests reclassification of a client must provide the case mix review program with evidence to determine a change in the client's classification. Evidence must include photocopies of documentation from the client's record, as specified in the documentation requirements sections of the manual.

(2) A reclassification assessment must occur between the third and the ninth month following the case mix review program's annual assessment of the client. The facility QMRP can request only one reclassification for each client annually.

(3) Any change in classification approved by the case mix review program shall be effective on the first day of the month following the date when the facility QMRP assessed the client for the reclassification.

(4) The case mix review program shall determine reclassification based on the documentation submitted by the facility QMRP. If there is not sufficient information submitted to justify a change to a higher classification, the case mix review program may request additional information necessary to complete a reclassification.

(5) If the facility QMRP does not provide sufficient documentation to support a change in classification, the classification shall remain at the level assessed by the case mix review program at the last inspection of care.

(f) The case mix review program shall conduct desk audits or on-site audits of assessments performed by facility QMRPs. Case mix review program staff shall conduct desk audits of any assessment believed to be inaccurate. The case mix review program may request the facility to submit additional information needed to conduct a desk audit. The facility shall mail the requested information within five working days after receiving the request.

(g) The case mix review program may conduct on-site audits of at least ten percent of the total assessments submitted by facility QMRPs in the previous year and may also conduct special audits if it determines that circumstances exist that could change or affect the validity of assigned classifications. The facility shall grant the case mix review program staff access to the client

records during regular business hours for the purpose of conducting an audit. For assessments submitted for new clients, the case mix review program shall consider documentation in the client's record up to and including the date the client was assessed by the facility QMRP. For audits of reclassification assessments, the case mix review program shall consider documentation in the client's record from three months preceding the assessment up to and including the date the client was assessed by the facility QMRP. If the audit reveals that the facility's assessment does not accurately reflect the client's status for the time period and the appropriate supporting documentation cannot be produced by the facility, the case mix review program shall change the classification so that it is consistent with the results of the audit. Any change in client classification that results from an audit must be retroactive to the effective date of the client assessment that was audited. Case mix review program staff shall not discuss preliminary audit findings with the facility's staff. Within 15 working days after completing the audit, the case mix review program shall mail a notice of the results of the audit to the facility.

(h) Requests for reconsideration of client classifications shall be made under section 144.0723 and must be submitted according to section IV of the manual. A reconsideration must be reviewed by case mix review program staff not involved in completing the assessment that established the disputed classification. The reconsideration must be based upon the information provided to the case mix review program. Within 15 working days after receiving the request for reconsideration, the case mix review program shall affirm or modify the original classification. The original classification must be modified if the case mix review program determines that the assessment resulting in the classification did not accurately reflect the status of the client at the time of the assessment. The department of health's decision on reconsiderations is the final administrative decision of the department. The classification assigned by the department of health must be the classification that applies to the client while the request for reconsideration is pending. A change in a classification resulting from a reconsideration must be retroactive to the effective date of the client assessment for which a reconsideration was requested.

(i) The commissioner of human services shall assign weights to each client's classification according to the following table:

<u>Classification</u>	<u>Classification Weight</u>
1S	1.00
1I	1.04
2S	1.36
2I	1.52
3S	1.58
3I	1.68
4S	1.87
4I	2.02
5S	2.09
5I	2.26
6S	2.26
6I	2.52
7S	2.10
7I	2.37
8S	2.26
8I	2.52

Sec. 46. Minnesota Statutes 1994, section 256B.501, is amended by adding a subdivision to read:

Subd. 5c. [OPERATING COSTS AFTER SEPTEMBER 30, 1997.] (a) In general, the commissioner shall establish maximum standard rates for the prospective reimbursement of facility costs. The maximum standard rates must take into account the level of reimbursement which is adequate to cover the base-level costs of economically operated facilities. In determining the base-level costs, the commissioner shall consider geographic location, types of facilities (class A or class B), minimum staffing standards, resident assessment under subdivision 3g, and other factors as determined by the commissioner.

(b) The commissioner shall also develop additional incentive-based payments which, if achieved for specified outcomes, will be added to the maximum standard rates. The specified outcomes must be measurable and shall be based on criteria to be developed by the commissioner during fiscal year 1996. The commissioner may establish various levels of achievement within an outcome. Once the outcomes are established, the commissioner shall assign various levels of payment associated with achieving the outcome. In establishing the specified outcomes and the related criteria, the commissioner shall consider the following state policy objectives: (1) resident transitioned into cost-effective community alternatives; (2) the results of a uniform consumer satisfaction survey; (3) the achievement of no major licensure or certification deficiencies; or (4) any other outcomes the commissioner finds desirable.

(c) In developing the maximum standard rates and the incentive-based payments, desirable outcomes, and related criteria, the commissioner, in collaboration with the commissioner of health, shall form an advisory committee. The membership of the advisory committee shall include representation from the consumers advocacy groups (3), the two facility trade associations (3 each), counties (3), commissioner of finance (1), the legislature (2 each from both the house and senate), and others the commissioner finds appropriate. By February 1, 1997, the commissioner shall recommend to the legislature changes to facility reimbursement laws and rules which respond to the provisions of this subdivision.

(d) Beginning July 1, 1996, the commissioner shall collect the data from the facilities, the department of health, or others as necessary to determine the extent to which a facility has met any of the outcomes and related criteria. Payment rates under this subdivision shall be effective October 1, 1997.

(e) The commissioner shall report to the legislature on the progress of the advisory committee by January 31, 1996, any necessary changes to the reimbursement methodology proposed under this subdivision. By January 15, 1997, the commissioner shall recommend to the legislature legislation which will implement this reimbursement methodology for rate years beginning on or after the proposed effective date of October 1, 1997.

Sec. 47. Minnesota Statutes 1994, section 256B.69, subdivision 4, is amended to read:

Subd. 4. [LIMITATION OF CHOICE.] The commissioner shall develop criteria to determine when limitation of choice may be implemented in the experimental counties. The criteria shall ensure that all eligible individuals in the county have continuing access to the full range of medical assistance services as specified in subdivision 6. The commissioner shall exempt the following persons from participation in the project, in addition to those who do not meet the criteria for limitation of choice: (1) persons eligible for medical assistance according to section 256B.055, subdivision 1, and children under age 21 who are in foster placement; (2) persons eligible for medical assistance due to blindness or disability as determined by the social security administration or the state medical review team, unless they are 65 years of age or older; (3) recipients who currently have private coverage through a health maintenance organization; and (4) recipients who are eligible for medical assistance by spending down excess income for medical expenses other than the nursing facility per diem expense. The commissioner may allow persons with a one-month spenddown who are otherwise eligible to enroll to voluntarily enroll or remain enrolled, if they elect to prepay their monthly spenddown to the state. Before limitation of choice is implemented, eligible individuals shall be notified and after notification, shall be allowed to choose only among demonstration providers. After initially choosing a provider, the recipient is allowed to change that choice only at specified times as allowed by the commissioner. If a demonstration provider ends participation in the project for any reason, a recipient enrolled with that provider must select a new provider but may change providers without cause once more within the first 60 days after enrollment with the second provider.

Sec. 48. [256B.691] [RISK-BASED TRANSPORTATION PAYMENTS.]

Any contract with a prepaid health plan under the medical assistance, general assistance medical care, or MinnesotaCare program that requires the health plan to cover transportation services for obtaining medical care for eligible individuals who are ambulatory must provide for payment for those services on a risk basis.

Sec. 49. Minnesota Statutes 1994, section 256D.03, subdivision 3, is amended to read:

Subd. 3. [GENERAL ASSISTANCE MEDICAL CARE; ELIGIBILITY.] (a) General assistance medical care may be paid for any person who is not eligible for medical assistance under chapter 256B, including eligibility for medical assistance based on a spenddown of excess income according to section 256B.056, subdivision 5, and:

(1) who is receiving assistance under section 256D.05 or 256D.051, or who is having a payment made on the person's behalf under sections 256I.01 to 256I.06; or

(2)(i) who is a resident of Minnesota; and whose equity in assets is not in excess of \$1,000 per assistance unit. No asset test shall be applied to children and their parents living in the same household. Exempt assets, the reduction of excess assets, and the waiver of excess assets must conform to the medical assistance program in chapter 256B, with the following exception: the maximum amount of undistributed funds in a trust that could be distributed to or on behalf of the beneficiary by the trustee, assuming the full exercise of the trustee's discretion under the terms of the trust, must be applied toward the asset maximum; and

(ii) who has countable income not in excess of the assistance standards established in section 256B.056, subdivision 4, or whose excess income is spent down pursuant to section 256B.056, subdivision 5, using a six-month budget period, except that a one-month budget period must be used for recipients residing in a long-term care facility. The method for calculating earned income disregards and deductions for a person who resides with a dependent child under age 21 shall be as specified in section 256.74, subdivision 1. However, if a disregard of \$30 and one-third of the remainder described in section 256.74, subdivision 1, clause (4), has been applied to the wage earner's income, the disregard shall not be applied again until the wage earner's income has not been considered in an eligibility determination for general assistance, general assistance medical care, medical assistance, or aid to families with dependent children for 12 consecutive months. The earned income and work expense deductions for a person who does not reside with a dependent child under age 21 shall be the same as the method used to determine eligibility for a person under section 256D.06, subdivision 1, except the disregard of the first \$50 of earned income is not allowed; or

(3) who would be eligible for medical assistance except that the person resides in a facility that is determined by the commissioner or the federal health care financing administration to be an institution for mental diseases.

(b) Eligibility is available for the month of application, and for three months prior to application if the person was eligible in those prior months. A redetermination of eligibility must occur every 12 months.

(c) General assistance medical care is not available for a person in a correctional facility unless the person is detained by law for less than one year in a county correctional or detention facility as a person accused or convicted of a crime, or admitted as an inpatient to a hospital on a criminal hold order, and the person is a recipient of general assistance medical care at the time the person is detained by law or admitted on a criminal hold order and as long as the person continues to meet other eligibility requirements of this subdivision.

(d) General assistance medical care is not available for applicants or recipients who do not cooperate with the county agency to meet the requirements of medical assistance.

(e) In determining the amount of assets of an individual, there shall be included any asset or interest in an asset, including an asset excluded under paragraph (a), that was given away, sold, or disposed of for less than fair market value within the 30 60 months preceding application for general assistance medical care or during the period of eligibility. Any transfer described in this paragraph shall be presumed to have been for the purpose of establishing eligibility for general assistance medical care, unless the individual furnishes convincing evidence to establish that the transaction was exclusively for another purpose. For purposes of this paragraph, the value of the asset or interest shall be the fair market value at the time it was given away, sold, or disposed of, less the amount of compensation received. For any uncompensated transfer, the number of months of ineligibility, including partial months, shall be calculated by dividing the uncompensated transfer amount by the average monthly per person payment made by the medical assistance program to skilled nursing facilities for the previous calendar year. The individual shall remain ineligible until this fixed period has expired. The period of ineligibility may exceed 30 months,

and a reapplication for benefits after 30 months from the date of the transfer shall not result in eligibility unless and until the period of ineligibility has expired. The period of ineligibility begins in the month the transfer was reported to the county agency, or if the transfer was not reported, the month in which the county agency discovered the transfer, whichever comes first. For applicants, the period of ineligibility begins on the date of the first approved application.

(f)(1) Beginning October 1, 1993, an undocumented alien or a nonimmigrant is ineligible for general assistance medical care other than emergency services. For purposes of this subdivision, a nonimmigrant is an individual in one or more of the classes listed in United States Code, title 8, section 1101(a)(15), and an undocumented alien is an individual who resides in the United States without the approval or acquiescence of the Immigration and Naturalization Service.

(2) This subdivision does not apply to a child under age 18, to a Cuban or Haitian entrant as defined in Public Law Number 96-422, section 501(e)(1) or (2)(a), or to an alien who is aged, blind, or disabled as defined in United States Code, title 42, section 1382c(a)(1).

(3) For purposes of paragraph (f), "emergency services" has the meaning given in Code of Federal Regulations, title 42, section 440.255(b)(1).

Sec. 50. [ICF/MR RULE REVISION RECORD KEEPING.]

The commissioner shall consider various time record and time distribution record keeping requirements when developing rule revisions for cost allocation regarding intermediate care facilities for persons with mental retardation or related conditions. The commissioner shall consider information from the public, including providers, provider associations, advocates, and counties when developing rule amendments in the area of cost allocation.

From July 1, 1995, until June 30, 1996, all employees and consultants of ICFs/MR, including any individual for whom any portion of that individual's compensation is reported for reimbursement under Minnesota Rules, parts 9553.0010 to 9553.0080, shall document their service to all sites according to paragraphs (a) to (c). For this purpose, and for paragraphs (a) to (c), employee means an individual who is compensated by a facility or provider group for necessary services on any hourly or salaried basis. Employees and consultants for whom no portion of that individual's total compensation is reported for reimbursement in Minnesota Rules, parts 9553.0010 to 9553.0080, are exempt from the record keeping requirements set forth in paragraphs (a) to (c).

(a) Time and attendance records are required for all employees and consultants as set forth in Minnesota Statutes, section 256B.432, subdivision 8.

(b) Employees and consultants shall keep time records on a daily basis showing the actual time spent on various activities, as required by Minnesota Rules, part 9553.0030, except that employees with multiple duties must not use a sampling method.

(c) All employees and consultants who work for the benefit of more than one site shall keep a record of where work is performed. This record must specify the time in which work performed at a site solely benefits that site. The amount of time reported for work performed at a site for the sole benefit of that site does not need to be adjusted for brief, infrequent telephone interruptions, time spent away from the site when accompanying clients from that site, and time away from the site for shopping or errands if the shopping or errands benefit solely that site.

For record keeping purposes, site means a Minnesota ICF/MR, waived services location, semi-independent living service arrangement, day training and habilitation operation, or similar out-of-state service operation for persons with developmental disabilities. Site also means any nondevelopmental disability service location or any business operation owned or operated by a provider group, either in or outside of Minnesota, whether or not that operation provides a service to persons with developmental disabilities.

Sec. 51. [ADVISORY TASK FORCE TO STANDARDIZE SUPPORTING DOCUMENTATION FOR PRIOR AUTHORIZATION.]

Subdivision 1. [COMPOSITION OF TASK FORCE.] A six-member advisory task force on prior authorization for physical therapy, occupational therapy, speech therapy, or related services

supporting documentation shall be established. The task force shall be comprised of one licensed physiatrist, one licensed physical therapist, one licensed occupational therapist, one licensed speech therapist, one licensed rehabilitation nurse, and one consumer representative. All licensed task force members must be actively engaged in the practice of their profession in Minnesota. The members of the task force shall be appointed by the commissioner of human services. No more than three members may be of one gender. All licensed professional members shall be selected from lists submitted to the commissioner by the appropriate professional associations. Task force members who are licensed professionals shall not be compensated for their service. The consumer representative member must be compensated for time spent on task force activities as specified in Minnesota Statutes, section 15.059, subdivision 3. The task force shall expire on December 31, 1996.

Subd. 2. [DUTIES OF COMMISSIONER AND TASK FORCE.] The task force shall study the lists of items, specified in the issue of the medical assistance and general assistance medical care provider manual which is in effect as of the effective date of this act, that are required to be submitted by each category of provider along with the provider's request for prior authorization. The task force shall recommend to the commissioner any amendments or refinements needed to clarify the lists. The commissioner shall use the recommendations of the task force to develop standardized documentation which a provider must submit with a prior authorization request. If the commissioner intends to depart from the recommendations of the task force, the commissioner shall inform the task force of the intended departure, provide a written explanation of the reasons for the departure, and give the task force an opportunity to comment on the intended departure.

Sec. 52. [PRIOR AUTHORIZATION ALTERNATIVES; REPORT REQUIRED.]

The commissioner shall report on alternative methods, other than prior authorization, to achieve utilization review of the therapy services provided by an entity that operates a Medicare certified comprehensive outpatient rehabilitation facility which was certified prior to January 1, 1993, and that is a facility licensed under Minnesota Rules, parts 9570.2000 to 9570.3600, when these services are provided within the comprehensive outpatient rehabilitation facility and not provided in a nursing facility other than the entity's own, and by facilities licensed under Minnesota Rules, parts 9570.2000 to 9570.3600, which provide residential services for persons with physical handicaps. The commissioner must consult with these facilities to develop recommendations for alternative methods of utilization review. By February 1, 1996, the commissioner must submit the report to the health and human services committee of the house of representatives, the health care committee of the senate, and the legislative commission to review administrative rules.

Sec. 53. [CONTINUATION OF PILOT PROJECTS.]

The alternative care pilot projects authorized in Laws 1993, First Special Session chapter 1, article 5, section 133, shall not expire on June 30, 1995, but shall continue until June 30, 1997, except that the three percent rate increases authorized in Laws 1993, First Special Session chapter 1, article 1, section 2, subdivision 4, shall be incorporated in average monthly cost effective July 1, 1995. The commissioner shall allow additional counties at their option to implement the alternative care program within the parameters established in Laws 1993, First Special Session chapter 1, article 5, section 133. If more than five counties exercise this option, the commissioner may require counties to make this change on a phased schedule if necessary in order to implement this provision within the limit of available resources. For newly participating counties, the previous fiscal year shall be the base year.

Sec. 54. [PREADMISSION SCREENING RATES FOR 1996.]

The preadmission screening payment to a county for fiscal year 1996 shall be the rate in effect for fiscal year 1995.

Sec. 55. [RATE CONSOLIDATION PLAN.]

The commissioner of human services, in cooperation with counties, shall prepare an implementation plan to consolidate payment rates for alternative care services, elderly waiver services, community alternatives for disabled individuals services, traumatic brain injury services, and comparable medical assistance services provided after June 30, 1996, that establishes a statewide rate cap for each individual service that is equal to the highest rate cap in any program for that service. The plan must be submitted to the legislature by October 1, 1995.

Sec. 56. [STUDY OF VENDORS.]

The commissioner shall study the feasibility of grouping vendors of similar size, location, direct service staffing needs or performance outcomes to establish payment rate limits that define cost-effective service. Based on the conclusions of the feasibility study the department shall consider developing a method to redistribute dollars from less cost effective to more cost-effective services based on vendor achievement of performance outcomes. The department shall report to the legislature by March 1, 1996, with results of the study and recommendations for further action. The department shall consult with an advisory committee representing counties, service consumers, vendors, and the legislature.

Sec. 57. [EFFECTIVE DATE.]

Sections 12 to 15 (256B.0595, subdivisions 1, 2, 3, and 4) are effective retroactive to October 1, 1993, except that the portion of section 13 amending Minnesota Statutes, section 256B.0595, subdivision 2, paragraph (c), is effective retroactive to transfers of income or assets made on or after September 1994.

Sections 20, 21, 25, 30, and 33 to 35 (256B.0628, subdivision 2; 256B.0911, subdivision 2; 256B.0913, subdivision 14; 256B.0915, subdivision 3; 256B.093, subdivisions 1, 2, and 3) are effective the day following final enactment.

ARTICLE 6

COMMUNITY MENTAL HEALTH AND STATE-OPERATED SERVICES POLICY

Section 1. Minnesota Statutes 1994, section 246.56, is amended by adding a subdivision to read:

Subd. 3. The commissioner of human services is not required to include indirect costs as defined in section 16A.127 in work activity contracts for patients of the regional treatment centers, and is not required to reimburse the general fund for indirect costs related to work activity programs.

Sec. 2. Minnesota Statutes 1994, section 256B.501, subdivision 8, is amended to read:

Subd. 8. [PAYMENT FOR PERSONS WITH SPECIAL NEEDS.] The commissioner shall establish by December 31, 1983, procedures to be followed by the counties to seek authorization from the commissioner for medical assistance reimbursement for very dependent persons with special needs in an amount in excess of the rates allowed pursuant to subdivision 2, including rates established under section 252.46 when they apply to services provided to residents of intermediate care facilities for persons with mental retardation or related conditions, and procedures to be followed for rate limitation exemptions for intermediate care facilities for persons with mental retardation or related conditions. Rate payments under subdivision 8a are eligible for a rate exception under this subdivision. No excess payment approved by the commissioner after June 30, 1991, shall be authorized unless:

(1) the need for specific level of service is documented in the individual service plan of the person to be served;

(2) the level of service needed can be provided within the rates established under section 252.46 and Minnesota Rules, parts 9553.0010 to 9553.0080, without a rate exception within 12 months;

(3) staff hours beyond those available under the rates established under section 252.46 and Minnesota Rules, parts 9553.0010 to 9553.0080, necessary to deliver services do not exceed 1,440 hours within 12 months;

(4) there is a basis for the estimated cost of services;

(5) the provider requesting the exception documents that current per diem rates are insufficient to support needed services;

(6) estimated costs, when added to the costs of current medical assistance-funded residential

and day training and habilitation services and calculated as a per diem, do not exceed the per diem established for the regional treatment centers for persons with mental retardation and related conditions on July 1, 1990, indexed annually by the urban consumer price index, all items, as forecasted by Data Resources Inc., for the next fiscal year over the current fiscal year;

- (7) any contingencies for an approval as outlined in writing by the commissioner are met; and
- (8) any commissioner orders for use of preferred providers are met.

The commissioner shall evaluate the services provided pursuant to this subdivision through program and fiscal audits.

The commissioner may terminate the rate exception at any time under any of the conditions outlined in Minnesota Rules, part 9510.1120, subpart 3, for county termination, or by reason of information obtained through program and fiscal audits which indicate the criteria outlined in this subdivision have not been, or are no longer being, met.

The commissioner may approve no more than one rate exception, up to 12 months duration, for an eligible client.

Sec. 3. Minnesota Statutes 1994, section 256B.501, is amended by adding a subdivision to read:

Subd. 8a. [PAYMENT FOR PERSONS WITH SPECIAL NEEDS FOR CRISIS INTERVENTION SERVICES.] State-operated, community-based crisis services provided in accordance with sections 7 and 9 to a resident of an intermediate care facility for persons with mental retardation (ICF/MR) reimbursed under this section shall be paid by medical assistance in accordance with the paragraphs in this subdivision.

(a) "Crisis services" means the specialized services listed in clauses (1) to (3) provided to prevent the recipient from requiring placement in a more restrictive institutional setting such as an inpatient hospital or regional treatment center and to maintain the recipient in his or her present community setting.

(1) The crisis services provider shall assess the recipient's behavior and environment to identify factors contributing to the crisis.

(2) The crisis services provider shall develop a recipient-specific intervention plan in coordination with the service planning team and provide recommendations for revisions to the individual service plan if necessary to prevent or minimize the likelihood of future crisis situations. The intervention plan shall include a transition plan to aid the recipient in returning to the community-based ICF/MR if the recipient is receiving residential crisis services.

(3) The crisis services provider shall consult with and provide training and ongoing technical assistance to the recipient's service providers to aid in the implementation of the intervention plan and revisions to the individual service plan.

(b) "Residential crisis services" means crisis services that are provided to a recipient admitted to the crisis services foster care setting because the ICF/MR receiving reimbursement under this section is not able, as determined by the commissioner, to provide the intervention and protection of the recipient and others living with the recipient that are necessary to prevent the recipient from requiring placement in a more restrictive institutional setting.

(c) Crisis services providers must be licensed by the commissioner under section 245A.03 to provide foster care, must exclusively provide short-term crisis intervention, and must not be located in a private residence.

(d) Payment rates are determined annually for each crisis services provider based on cost of care for each provider as defined in section 246.50. Interim payment rates are calculated on a per diem basis by dividing the projected cost of providing care by the projected number of contact days for the fiscal year, as estimated by the commissioner. Final payment rates are calculated by dividing the actual cost of providing care by the actual number of contact days in the applicable fiscal year.

(e) Payment shall be made for each contact day. "Contact day" means any day in which the crisis services provider has face-to-face contact with the recipient or any of the recipient's medical assistance service providers for the purpose of providing crisis services as defined in paragraph (c).

(f) Payment for residential crisis services is limited to 21 days, unless an additional period is authorized by the commissioner. The additional period may not exceed 21 days.

(g) Payment for crisis services shall be made only for services provided while the ICF/MR receiving reimbursement under this section:

(1) has a shared services agreement with the crisis services provider in effect in accordance with section 246.57;

(2) has reassigned payment for the provision of the crisis services under this subdivision to the commissioner in accordance with Code of Federal Regulations, title 42, section 447.10(e); and

(3) has executed a cooperative agreement with the crisis services provider to implement the intervention plan and revisions to the individual service plan as necessary to prevent or minimize the likelihood of future crisis situations, to maintain the recipient in his or her present community setting, and to prevent the recipient from requiring a more restrictive institutional setting.

(h) Payment to the ICF/MR receiving reimbursement under this section shall be made for up to 18 therapeutic leave days during which the recipient is receiving residential crisis services, if the ICF/MR is otherwise eligible to receive payment for a therapeutic leave day under Minnesota Rules, part 9505.0415. Payment under this paragraph shall be terminated if the commissioner determines that the ICF/MR is not meeting the terms of the cooperative agreement under paragraph (g) or that the recipient will not return to the ICF/MR.

ARTICLE 7

DEPARTMENT OF HEALTH POLICY

Section 1. Minnesota Statutes 1994, section 144B.01, subdivision 5, is amended to read:

Subd. 5. [RESIDENTIAL CARE HOME OR HOME.] "Residential care home" or "home" means an establishment with a minimum of five beds, where adult residents are provided sleeping accommodations and three or more meals per day and where at least two or more supportive services or at least one health-related service are provided or offered to all residents by the home. A residential care home is not required to offer every supportive or health-related service. A "residential care home" does not include:

(1) a board and lodging establishment licensed under chapter 157 and the provisions of Minnesota Rules, parts 9530.4100 to 9530.4450;

(2) a boarding care home or a supervised living facility licensed under chapter 144;

(3) a home care provider licensed under chapter 144A;

(4) any housing arrangement which consists of apartments containing a separate kitchen or kitchen equipment that will allow residents to prepare meals and where supportive services may be provided, on an individual basis, to residents in their living units either by the management of the residential care home or by home care providers under contract with the home's management; **and**

(5) a board or lodging establishment which serves as a shelter for battered women or other similar purpose; **and**

(6) an elderly housing with services establishment registered under chapter 144D.

Sec. 2. [144D.01] [DEFINITIONS.]

Subdivision 1. [SCOPE.] As used in sections 144D.01 to 144D.06, the following terms have the meanings given them.

Subd. 2. [ADULT.] "Adult" means a natural person who has attained the age of 18 years.

Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of health or the commissioner's designee.

Subd. 4. [ELDERLY HOUSING WITH SERVICES ESTABLISHMENT OR ESTABLISHMENT.] "Elderly housing with services establishment" or "establishment" means an establishment providing sleeping accommodations to one or more adult residents, at least 80 percent of which are 55 years of age or older, and offering or providing, for a fee, one or more health-related or supportive service, whether offered or provided directly by the establishment or by another entity arranged for by the establishment.

Elderly housing with services establishment does not include:

(1) a nursing home licensed under chapter 144A;

(2) a hospital, boarding care home, or supervised living facility licensed under sections 144.50 to 144.56;

(3) a board and lodging establishment licensed under chapter 157 and Minnesota Rules, parts 9520.0500 to 9520.0670, 9525.0215 to 9525.0355, 9525.0500 to 9525.0660, or 9530.4100 to 9530.4450;

(4) a board and lodging establishment which serves as a shelter for battered women or other similar purpose;

(5) a family adult foster care home licensed under Minnesota Rules, parts 9543.0010 to 9543.0150; or

(6) private homes in which the residents are related by kinship, law, or affinity with the providers of services.

Subd. 5. [SUPPORTIVE SERVICES.] "Supportive services" means arranging for medical services, health-related services, social services, transportation, help with personal laundry, or handling or assisting with personal funds of residents.

Subd. 6. [HEALTH-RELATED SERVICES.] "Health-related services" include professional nursing services, home health aide tasks, and home care aide tasks identified in Minnesota Rules, parts 4668.0100, subparts 1 and 2; and 4668.0110, subpart 1, or the central storage of medication for residents under section 144A.485, subdivision 2, clause (6).

Sec. 3. [144D.02] [REGISTRATION REQUIRED.]

No entity may establish, operate, conduct, or maintain an elderly housing with services establishment in this state without registering and operating as required in sections 144D.01 to 144D.06.

Sec. 4. [144D.04] [ELDERLY HOUSING WITH SERVICES CONTRACTS.]

Subdivision 1. [CONTRACT REQUIRED.] No elderly housing with services establishment may operate in this state unless a written elderly housing with services contract, as defined in subdivision 2, is executed between the establishment and each resident or resident's representative and unless the establishment operates in accordance with the terms of the contract. The resident or the resident's representative shall be given a complete copy of the contract and all supporting documents and attachments and any changes whenever changes are made.

Subd. 2. [CONTENTS OF CONTRACT.] An elderly housing with services contract, which need not be entitled as such to comply with this section, shall include at least the following elements in itself or through supporting documents or attachments:

(1) name, street address, and mailing address of the establishment;

(2) the name and mailing address of the owner or owners of the establishment and, if the owner or owners is not a natural person, identification of the type of business entity of the owner or owners;

(3) the name and mailing address of the managing agent, through management agreement or lease agreement, of the establishment, if different from the owner or owners;

(4) the name and address of at least one natural person who is authorized to accept service on behalf of the owner or owners and managing agent;

(5) statement describing the registration and licensure status of the establishment and any provider providing health-related or supportive services under an arrangement with the establishment;

(6) term of the contract;

(7) description of the services to be provided to the resident in the base rate to be paid by resident;

(8) description of any additional services available for an additional fee from the establishment directly or through arrangements with the establishment;

(9) fee schedules outlining the cost of any additional services;

(10) description of the process through which the contract may be modified, amended, or terminated;

(11) description of the establishment's complaint resolution process available to residents;

(12) the resident's designated representative, if any;

(13) the establishment's referral procedures if the contract is terminated;

(14) criteria used by the establishment to determine who may continue to reside in the elderly housing with services establishment;

(15) billing and payment procedures and requirements;

(16) statement regarding the ability of residents to receive services from service providers with whom the establishment does not have an arrangement; and

(17) statement regarding the availability of public funds for payment for residence or services in the establishment.

Subd. 3. [CONTRACTS IN PERMANENT FILES.] Elderly housing with services contracts and related documents executed by each resident or resident's representative shall be maintained by the establishment in files from the date of execution until three years after the contract is terminated. The contracts shall be made available for on-site inspection by the commissioner upon request at any time.

Sec. 5. [144D.05] [AUTHORITY OF COMMISSIONER.]

The commissioner shall, upon receipt of information which may indicate the failure of the elderly housing with services establishment, a resident, a resident's representative, or a service provider to comply with a legal requirement to which one or more of them may be subject, make appropriate referrals to other governmental agencies and entities having jurisdiction over the subject matter. The commissioner may also make referrals to any public or private agency the commissioner considers available for appropriate assistance to those involved.

The commissioner shall have standing to bring an action for injunctive relief in the district court in the district in which an establishment is located to compel the elderly housing with services establishment to meet the requirements of this chapter or other requirements of the state or of any county or local governmental unit to which the establishment is otherwise subject. Proceedings for securing an injunction may be brought by the commissioner through the attorney general or through the appropriate county attorney. The sanctions in this section do not restrict the availability of other sanctions.

Sec. 6. [144D.06] [OTHER LAWS.]

An elderly housing with services establishment shall obtain and maintain all other licenses, permits, registrations, or other governmental approvals required of it in addition to registration under this chapter, except that an establishment registered under this chapter is exempt, at its option, from the requirement of obtaining and maintaining an adult foster care license under Minnesota Rules, parts 9543.0010 to 9543.0150, or a lodging license under chapter 157. An elderly housing with services establishment which is also described in section 157.031 is exempt from the requirements of that section while it is registered under this chapter.

Sec. 7. [REPORT.]

The commissioner of health shall submit a report to the legislature by March 1, 1996, regarding the registration program for elderly housing with services establishments and recommendations for appropriate level of home care licensure for housing with services establishments. The commissioner shall also include in the report recommendations as to whether home sharing arrangements should be excluded from the registration program.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 6 are effective August 1, 1996. Section 7 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to human services; authorizing the commissioner of public safety to issue certain cards to program clients; authorizing therapy providers to represent clients at agency hearings; changing the state share of certain program costs; authorizing assistance transaction card fees; modifying ICF/MR client classification requirements; authorizing an hourly job-coach rate for day training services; modifying the chemical dependency treatment fund allocation; establishing an Indian elders coordinator position; authorizing mental retardation waived services in an unlicensed facility under certain conditions; authorizing children's mental health transition services to persons over 18 years of age under certain conditions; modifying allocation procedures for the child care funds; establishing a local match percentage for child care funds; establishing a public assistance lien under certain circumstances; making Minnesota family investment plan participants subject to fraud statutes; modifying program disqualification requirements; strengthening lien enforcement provisions; modifying income and asset allowance provisions and other provisions relating to medical assistance; requiring a plan to restructure alternative care and otherwise modifying alternative care and waived service programs; modifying the traumatic brain injury program; making technical modifications in nursing facility reimbursement and reporting; requiring recommendations on a new ICF/MR reimbursement system; modifying asset allowances under general assistance medical care; requiring various studies and reports; providing MA payment for persons with special needs in state operated services; providing elderly housing with supportive services; amending Minnesota Statutes 1994, sections 16B.08, subdivision 5; 144.0723, subdivisions 1, 2, 3, 4, and 6; 144B.01, subdivision 5; 171.07, by adding a subdivision; 245.4871, by adding a subdivision; 245.4875, by adding a subdivision; 246.56, by adding a subdivision; 252.27, subdivision 1a; 252.275, subdivisions 3, 4, and 8; 252.46, subdivisions 1, 3, and 17; 254B.02, subdivision 1; 254B.05, subdivision 1; 256.014, subdivision 1; 256.015, subdivisions 1 and 2; 256.034, subdivision 1; 256.045, subdivisions 3, 4, and 5; 256.73, subdivision 2; 256.736, subdivision 13; 256.9353, subdivision 8; 256.969, subdivisions 10 and 16; 256.975, by adding a subdivision; 256.98, subdivisions 1 and 8; 256B.042, subdivision 2; 256B.056, subdivision 4; 256B.0575; 256B.059, subdivisions 1, 3, and 5; 256B.0595, subdivisions 1, 2, 3, and 4; 256B.06, subdivision 4; 256B.0625, subdivisions 5, 13a, and 18; 256B.0628, subdivision 2; 256B.0911, subdivisions 2, 2a, and 3; 256B.0913, subdivisions 4, 5, 8, 12, and 14; 256B.0915, subdivisions 3, 5, and by adding a subdivision; 256B.092, by adding a subdivision; 256B.093, subdivisions 1, 2, 3, and by adding a subdivision; 256B.431, subdivision 15, and by adding a subdivision; 256B.432, subdivisions 1, 2, 3, 5, and 6; 256B.501, subdivisions 1, 3g, 8, and by adding subdivisions; 256B.69, subdivision 4; 256D.03, subdivision 3; 256D.05, subdivision 7; 256D.46, subdivisions 1 and 2; 256D.48, subdivision 1; 256F.09; 256H.01, subdivisions 9 and 12; 256H.02; 256H.03, subdivisions 1, 2a, 6, and by adding a subdivision; 256H.08; 256H.11, subdivision 1; 256H.12, subdivision 1, and by adding a subdivision; 256H.15, subdivision 1; 256H.18; 256I.03, subdivision 5, and by adding a subdivision; 256I.04, subdivision 2b; 256I.05, subdivisions 1 and 5; 256I.06, subdivisions 2 and 6;

524.6-207; and 550.37, subdivision 14; Laws 1993, First Special Session chapter 1, article 8, section 30, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 256; and 256B; proposing coding for new law as Minnesota Statutes, chapter 144D; repealing Minnesota Statutes 1994, sections 144.0723, subdivision 5; 252.275, subdivisions 4a and 10; and 256H.03, subdivisions 2 and 5."

And when so amended the bill do pass. Mr. Merriam questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

S.F. No. 1402: A bill for an act relating to state government; asking state employees to submit suggestions to improve the efficiency and effectiveness of state government.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 12, delete "government efficiency and oversight division" and insert "ways and means committee"

Page 1, line 13, delete everything after "the" and insert "committee on governmental operations and veterans"

Page 2, line 7, delete "can" and insert "may" and before the period, insert "if the committees so decide"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

S.F. No. 1135: A bill for an act relating to ice arenas; providing the Minnesota amateur sports commission with additional authority; authorizing use of county capital improvement bonds; exempting issuance of certain debt from the election requirements; providing a sales tax exemption; authorizing use of subdivision dedication for certain facilities; appropriating money; amending Minnesota Statutes 1994, sections 240A.09; 240A.10; 297A.25, by adding a subdivision; 373.40, subdivision 1; 462.358, subdivision 2b; 471.16, subdivision 1; and 475.58, subdivision 1, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 373.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 15, strike "and" and insert a comma

Page 2, line 16, before the period, insert ", and must accommodate noncompetitive family and community skating for all ages"

Page 7, line 25, delete "subdivision" and insert "section"

And when so amended the bill do pass and be re-referred to the Committee on Finance.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Messrs. Pogemiller and Stumpf from the Committee on Education, to which was referred

S.F. No. 1103: A bill for an act relating to children's services; establishing the department of children, families, and learning; making related changes; amending Minnesota Statutes 1994, section 256F.13, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 119A; repealing Minnesota Statutes 1994, sections 121.02, subdivisions 1, 2a, and 3; 121.03; and 121.04, subdivision 2.

Report the same back with the recommendation that the bill be amended as follows:

Page 4, delete lines 10 to 12

Page 4, line 30, after the semicolon, insert "and"

Page 4, line 32, delete the semicolon and insert a period

Page 4, delete lines 33 to 35

Page 5, delete lines 10 to 18

Page 5, delete line 25

Renumber the clauses in sequence

Page 5, after line 27, insert:

"Subd. 3. [DEPARTMENT OF ECONOMIC SECURITY.] The powers and duties of the department of economic security with respect to the Head Start program, including Project Cornerstone, under sections 268.912 to 268.916, are transferred to the department of children, families, and learning under section 15.039 on July 1, 1997."

Page 5, line 28, delete "3" and insert "4"

Page 6, line 5, delete "4" and insert "5"

Page 6, line 10, delete "5" and insert "6"

Page 8, after line 20, insert:

"Subd. 5a. [MULTIAGENCY PLAN.] Money appropriated for learning readiness programs under section 121.821, early childhood family education programs under section 121.882, and Head Start programs, including Project Cornerstone, under sections 268.912 to 268.916, shall not be expended until the local school district or school districts and the Head Start grantee agree to a plan for coordinating local services under these programs."

Page 14, delete section 9

Page 16, line 3, delete everything after the period

Page 16, delete lines 4 to 10

Page 17, line 4, delete the first comma and insert "and" and delete ", and the state board"

Page 17, line 5, delete "of education"

Page 17, line 9, delete "the state board of education or"

Page 17, line 12, delete "both"

Page 17, line 13, delete "and the state board of education"

Page 17, line 24, delete "15" and insert "13"

Page 17, delete section 14

Page 17, line 32, delete "13" and insert "12"

Page 17, line 33, delete "Sections" and insert "Section"

Page 17, line 34, delete "and 14 (Repealer) are" and insert "is"

Page 17, line 35, delete "11" and insert "10"

Page 17, line 36, delete "12" and insert "11"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete from "; repealing" through page 1, line 8, to "2"

And when so amended the bill do pass. Mr. Samuelson questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which were referred the following appointments as reported in the Journal for February 16, 1995:

DEPARTMENT OF EMPLOYEE RELATIONS
COMMISSIONER

Bruce Johnson

DEPARTMENT OF VETERANS AFFAIRS
COMMISSIONER

Bernard R. Melter

Reports the same back with the recommendation that the appointments be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred the following appointment as reported in the Journal for March 2, 1995:

MINNESOTA VETERANS HOMES BOARD OF DIRECTORS

James H. Main

Reports the same back with the recommendation that the appointment be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred the following appointment as reported in the Journal for February 23, 1995:

DEPARTMENT OF ADMINISTRATION
COMMISSIONER

Elaine Hansen

Reports the same back with the recommendation that the appointment be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred the following appointment as reported in the Journal for March 2, 1995:

MINNESOTA VETERANS HOMES BOARD OF DIRECTORS

Wayne M. Sletten

Reports the same back with the recommendation that the appointment be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

SECOND READING OF SENATE BILLS

S.F. Nos. 1112, 867, 1250, 1583, 1073, 1076, 529, 1075, 1417, 1572, 375 and 1402 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 990, 1018, 733 and 354 were read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Mondale moved that S.F. No. 467 be withdrawn from the Committee on Taxes and Tax Laws and re-referred to the Committee on Finance. The motion prevailed.

Mr. Neuville moved that S.F. No. 1146, No. 1 on the Consent Calendar, be stricken and placed at the top of General Orders. The motion prevailed.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Mr. Larson introduced--

S.F. No. 1651: A bill for an act relating to local government; authorizing the city of Sauk Centre to determine the number of members of the public utilities commission.

Referred to the Committee on Metropolitan and Local Government.

Mr. Solon introduced--

S.F. No. 1652: A bill for an act relating to capital improvements; appropriating money to the commissioner of the pollution control agency for grants for certain sewage treatment works and systems; authorizing the sale of state bonds.

Referred to the Committee on Environment and Natural Resources.

Mr. Beckman introduced--

S.F. No. 1653: A bill for an act relating to the organization and operation of state government; appropriating money for state courts, public safety, public defense, corrections, and related purposes; providing for the transfer of certain money in the state treasury; amending Minnesota Statutes 1994, sections 16A.285; 243.51, subdivisions 1 and 3; and 626.861, subdivision 4.

Referred to the Committee on Crime Prevention.

Ms. Flynn, Messrs. Hottinger and Cohen introduced--

S.F. No. 1654: A bill for an act relating to taxation; property tax; allowing improvements to be excluded from valuation on certain property; amending Minnesota Statutes 1994, section 273.11, subdivision 16.

Referred to the Committee on Taxes and Tax Laws.

Ms. Johnson, J.B. introduced--

S.F. No. 1655: A bill for an act relating to local government; requiring a sustainable development planning guide and a model ordinance to be developed for local government use by the office of strategic and long-range planning; proposing coding for new law in Minnesota Statutes, chapter 4A.

Referred to the Committee on Metropolitan and Local Government.

MEMBERS EXCUSED

Mr. Stumpf was excused from the Session of today. Mr. Price was excused from the Session of today from 11:00 to 11:20 a.m. Ms. Wiener was excused from the Session of today from 11:40 a.m. to 12:05 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 9:30 a.m., Tuesday, April 11, 1995. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

THIRTY-EIGHTH DAY

St. Paul, Minnesota, Tuesday, April 11, 1995

The Senate met at 9:30 a.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Betzold imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. George H. Gerberding.

The roll was called, and the following Senators answered to their names:

Anderson	Frederickson	Kroening	Neuville	Runbeck
Beckman	Hanson	Laidig	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berg	Janezich	Larson	Olson	Scheevel
Berglin	Johnson, D.E.	Lesewski	Ourada	Solon
Bertram	Johnson, D.J.	Lessard	Pappas	Spear
Betzold	Johnson, J.B.	Limmer	Pariseau	Stevens
Chandler	Johnston	Marty	Piper	Terwilliger
Chmielewski	Kelly	Merriam	Pogemiller	Vickerman
Cohen	Kiscaden	Metzen	Price	Wiener
Day	Kleis	Moe, R.D.	Ranum	
Dille	Knutson	Mondale	Reichgott Junge	
Finn	Kramer	Morse	Riveness	
Flynn	Krentz	Murphy	Robertson	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received and referred to the committees indicated.

March 30, 1995

The Honorable Allan H. Spear
President of the Senate

Dear Sir:

The following appointment is hereby respectfully submitted to the Senate for confirmation as required by law:

MINNESOTA ENVIRONMENTAL QUALITY BOARD

Douglas Magnus, R.R. 4, Box 4255, Slayton, Murray County, effective April 3, 1995, for a term expiring on the first Monday in January, 1999.

(Referred to the Committee on Environment and Natural Resources.)

March 30, 1995

The Honorable Allan H. Spear
President of the Senate

Dear Sir:

The following appointment is hereby respectfully submitted to the Senate for confirmation as required by law:

MINNESOTA RURAL FINANCE AUTHORITY

Curtis Pietz, 1 Vine, Worthington, Nobles County, effective April 3, 1995, for a term expiring on the first Monday in January, 1999.

(Referred to the Committee on Agriculture and Rural Development.)

Warmest regards,
Arne H. Carlson, Governor

April 10, 1995

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. No. 1099.

Warmest regards,
Arne H. Carlson, Governor

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 34, 574, 77, 194, 1176, 264, 320 and 1060.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 10, 1995

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 204: A bill for an act relating to state government; requiring reporting on and certain analysis of federal mandates imposed on state agencies.

Senate File No. 204 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 10, 1995

CONCURRENCE AND REPASSAGE

Mr. Chandler moved that the Senate concur in the amendments by the House to S.F. No. 204 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 204 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kramer	Neuville	Samuelson
Beckman	Hanson	Krentz	Oliver	Scheevel
Belanger	Hottinger	Langseth	Olson	Solon
Berg	Janezich	Larson	Ourada	Spear
Bertram	Johnson, D.E.	Lesewski	Pariseau	Stevens
Betzold	Johnson, D.J.	Lessard	Pogemiller	Terwilliger
Chandler	Johnson, J.B.	Limmer	Price	Vickerman
Chmielewski	Johnston	Marty	Ranum	Wiener
Day	Kelly	Merriam	Riveness	
Dille	Kiscaden	Metzen	Robertson	
Finn	Kleis	Moe, R.D.	Runbeck	
Flynn	Knutson	Morse	Sams	

So the bill, as amended, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 224: A bill for an act relating to motor vehicles; providing for biennial payment of tax on certain towed recreational vehicles and trailers; amending Minnesota Statutes 1994, section 168.013, subdivisions 1d and 1g.

Senate File No. 224 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 10, 1995

Mr. Samuelson moved that the Senate do not concur in the amendments by the House to S.F. No. 224, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 16: A bill for an act relating to health; modifying provisions relating to the administration and prescription of neuroleptic medications; changing the name of a court in certain circumstances; amending Minnesota Statutes 1994, sections 13.42, subdivision 3; 253B.03, subdivisions 6b and 6c; 253B.05, subdivisions 2 and 3; 253B.12, subdivision 1; and 253B.17, subdivision 1.

Senate File No. 16 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 10, 1995

Mr. Betzold moved that the Senate do not concur in the amendments by the House to S.F. No. 16, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 308: A bill for an act relating to crime prevention; authorizing special registration plates for certain persons subject to an impoundment order; expanding the definition of prior license revocation; amending Minnesota Statutes 1994, sections 168.042, subdivision 8; and 169.121, subdivision 3.

Senate File No. 308 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 10, 1995

Mr. Marty moved that the Senate do not concur in the amendments by the House to S.F. No. 308, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 335, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 335: A bill for an act relating to the organization and operation of state government; providing supplemental appropriations for certain purposes.

Senate File No. 335 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 10, 1995

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 403, 697, 1048, 853, 1008, 1402, 402, 1460, 1641, 1082, 1174, 1457, 377, 1320, 1442 and 1602.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 10, 1995

FIRST READING OF HOUSE BILLS

The following bills were read the first time and referred to the committees indicated.

H.F. No. 403: A bill for an act relating to state lands; authorizing public sale of certain tax-forfeited land that borders public water in Todd county.

Referred to the Committee on Environment and Natural Resources.

H.F. No. 697: A bill for an act relating to insurance; long-term care; permitting the sale of policies with longer waiting periods with disclosure to the purchaser; amending Minnesota Statutes 1994, sections 62A.48, subdivision 1; and 62A.50, subdivision 3.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1647, now on General Orders.

H.F. No. 1048: A bill for an act relating to commerce; regulating videotape distributions, sales, and rentals; requiring certain captioning for deaf or hearing-impaired persons; providing penalties and remedies; proposing coding for new law in Minnesota Statutes, chapter 325I.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 846, now on General Orders.

H.F. No. 853: A bill for an act relating to the military; exempting the national guard and the department of military affairs from certain prohibitions concerning weapons; amending Minnesota Statutes 1994, section 609.66, subdivision 2.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 663, now on General Orders.

H.F. No. 1008: A bill for an act relating to family law; authorizing courts to require parties to participate in orientation programs in proceedings involving children; proposing coding for new law in Minnesota Statutes, chapter 518.

Referred to the Committee on Finance.

H.F. No. 1402: A bill for an act relating to motor vehicles; authorizing issuance of original license plates 20 or more years old to a registered passenger automobile; authorizing registrar to charge a fee; amending Minnesota Statutes 1994, section 168.12, by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1163, now on General Orders.

H.F. No. 402: A bill for an act relating to economic development; removing an expiration date for the affirmative enterprise program; repealing Minnesota Statutes 1994, section 116J.874, subdivision 6.

Referred to the Committee on Jobs, Energy and Community Development.

H.F. No. 1460: A bill for an act relating to government; modifying a budget report date for cities; eliminating certain budget publication requirements; amending Minnesota Statutes 1994, sections 6.745, subdivision 1; and 471.6965.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1374, now on General orders.

H.F. No. 1641: A bill for an act relating to local government; requiring a local governmental unit to furnish copies of any ordinances adopted to the county law library; amending Minnesota Statutes 1994, sections 375.52; and 415.021.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1396, now on General Orders.

H.F. No. 1082: A bill for an act relating to cooperatives; permitting certain optional voting systems for cooperatives that have other cooperatives as members; amending Minnesota Statutes 1994, sections 308A.131, subdivision 1; 308A.635, subdivision 1; and 308A.641.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1407.

H.F. No. 1174: A bill for an act relating to transportation; expanding authority of commissioner of transportation to regulate providers of special transportation service; classifying data; providing for administrative penalties; amending Minnesota Statutes 1994, sections 13.99, by adding subdivisions; 174.30, subdivisions 2, 3, 4, 6, and by adding subdivisions; and 174.315.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1091.

H.F. No. 1457: A bill for an act relating to state lands; authorizing the commissioner of natural resources to sell certain acquired state lands located in Becker county.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1583, now on the Consent Calendar.

H.F. No. 377: A bill for an act relating to driving while intoxicated; extending vehicle forfeiture penalties to include failure to appear at trial for designated driving while intoxicated offenses; amending Minnesota Statutes 1994, section 169.1217, subdivisions 7, 8, and 9.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 390, now on General Orders.

H.F. No. 1320: A bill for an act relating to the environment; establishing a private cause of action for abandonment of hazardous waste; proposing coding for new law in Minnesota Statutes, chapter 116.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1073, now on General Orders.

H.F. No. 1442: A bill for an act relating to health; occupations and professions; modifying provisions relating to the office of mental health practice; licensing of chemical dependency counselors and hearing instrument dispensers; establishing an advisory council; providing penalties; amending Minnesota Statutes 1994, sections 148B.66, subdivisions 1 and 2, and by adding a subdivision; 148B.68, subdivision 1; 148C.01; 148C.02; 148C.03, subdivision 1, and by adding a subdivision; 148C.04, subdivisions 1, 2, 3, and 4; 148C.05; 148C.06; 148C.07; 148C.08; 148C.09; 148C.10; 148C.11; 153A.13; 153A.14; 153A.15, subdivisions 1 and 2; 153A.17; 153A.18; 153A.19; 214.01, subdivision 2; 214.10, subdivision 8; and 214.103, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 148C; and 153A; repealing Minnesota Statutes 1994, sections 148B.62; 148C.01, subdivision 8; 148C.03, subdivisions 2 and 3; 148C.035; 148C.09, subdivision 3; and 153A.19, subdivision 1; Minnesota Rules, chapters 4692; and 4745.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1417, now on General Orders.

H.F. No. 1602: A bill for an act relating to health; establishing provisions for mobile health care providers; proposing coding for new law in Minnesota Statutes, chapter 144.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1420, now on General Orders.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 1061 and 770. The motion prevailed.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 1173: A bill for an act relating to telecommunications; regulating the sale of local exchange service territory; proposing coding for new law in Minnesota Statutes, chapter 237.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 7, after "A" insert "class A"

Page 1, line 9, after the period, insert "For the purposes of this section, a class A telephone company is a telephone company which has annual revenues from regulated telecommunication operations of \$100,000,000 or more, as defined by the Federal Communications Commission in Code of Federal Regulations, title 47, section 32.11, paragraphs (a)(1) and (e)."

Page 2, line 28, before the third period, insert "; APPLICATION"

Page 2, line 29, delete "the day following final enactment" and insert "August 1, 1995, and does not apply to petitions filed with or pending before the commission prior to that date"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

H.F. No. 358: A bill for an act relating to utilities; clarifying that public utilities commission may extend deadline for rate suspension period by 20 days when necessary to first make final determination on another, previously filed rate case; allowing exemption from rate regulation for small electric utility franchise; allowing longer review time for granting petition for rehearing by public utilities commission; amending Minnesota Statutes 1994, sections 216B.16, subdivision 2, and by adding a subdivision; and 216B.27, subdivision 4.

Reports the same back with the recommendation that the bill be amended as follows:

Page 3, line 14, delete "as such"

Page 3, after line 34, insert:

"Sec. 4. [COLD WEATHER DISCONNECTIONS; SURVEY.]

The public utilities commission must survey the disconnection of utility services providing the primary heat source for residences that occur between October 15, 1995, and April 15, 1996. The survey shall determine the number of disconnections, their duration, the reason for the disconnection and if for nonpayment, the reason for the nonpayment, and whether a customer applied for protection under Minnesota Rules, parts 7820.1500 to 7820.2300, and if the customer did not apply for protection, the reason for not applying.

The survey must include public utilities as defined in Minnesota Statutes, section 216B.02, subdivision 4, municipal utilities, and cooperative utilities. The commission must report the results of the survey to the legislature by January 15, 1997."

Amend the title as follows:

Page 1, line 9, after the semicolon, insert "requiring the public utilities commission to survey utility disconnections during the cold weather months;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

H.F. No. 1256: A bill for an act relating to energy; adopting federal energy standards for air conditioners, certain gas-burning equipment, lamps, showerheads, and faucets; amending Minnesota Statutes 1994, section 216C.19, subdivisions 13, 14, 16, and 19.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, lines 24 and 33, after "No" insert "new"

Page 2, after line 30, insert:

"Sec. 4. Minnesota Statutes 1994, section 216C.19, subdivision 17, is amended to read:

Subd. 17. [MOTORS.] No new motor covered by this subdivision, excluding those sold as part of an appliance, may be sold or installed in Minnesota unless its nominal efficiency meets or exceeds the values adopted under subdivision 8."

Re-number the sections in sequence

Amend the title as follows:

Page 1, line 2, delete "federal"

Page 1, line 4, after "lamps," insert "motors,"

Page 1, line 6, after "16," insert "17,"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 1061: A bill for an act relating to landlord tenant; forcible entry and unlawful detainer; providing a partial refund of the filing fee in matters resolved after one court appearance; amending Minnesota Statutes 1994, section 566.07.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 566.09, is amended by adding a subdivision to read:

Subd. 1a. [FILING FEE.] Upon filing of an unlawful detainer action, a party shall pay one-half the filing fee required under section 357.021, subdivision 2, clause (1). If the matter is not resolved at the first court appearance by settlement, default judgment, or otherwise, the filing party shall pay the remaining one-half of the filing fee required under section 357.021, subdivision 2, clause (1). If the remaining one-half of the filing fee is not paid, the case shall be dismissed upon the court's own motion. If a party is liable to another party for payment of filing fees, the party shall be liable only for the filing fees actually paid.

Sec. 2. [EFFECTIVE DATE; APPLICATION.]

Section 1 is effective August 1, 1995, and applies to unlawful detainer complaints filed on and after that date."

Delete the title and insert:

"A bill for an act relating to landlord tenant; forcible entry and unlawful detainer; providing for partial payment of the filing fee in matters resolved after one court appearance; amending Minnesota Statutes 1994, section 566.09, by adding a subdivision."

And when so amended the bill do pass and be re-referred to the Committee on Finance.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Ms. Berglin from the Committee on Health Care, to which was referred

S.F. No. 770: A bill for an act relating to health; requiring preparation of a report on the adverse health and environmental effects of United States Army spraying of zinc cadmium sulfide and other chemicals in Minnesota; requiring certain findings by the attorney general.

Reports the same back with the recommendation that the bill be amended as follows:

Pages 1 and 2, delete section 1 and insert:

"Section 1. [REPORT ON UNITED STATES ARMY SPRAYING OF ZINC CADMIUM SULFIDE AND OTHER CHEMICALS.]

The commissioner of health, in collaboration with the pollution control agency, the department of natural resources, the Leech Lake Reservation Tribal Council, Hennepin county, and the school of public health at the University of Minnesota shall review the National Academy of Science's report on the past and future adverse effects, if any, on public health and the environment, from the spraying of zinc cadmium sulfide and other chemicals in Minnesota in the 1950s and 1960s by the United States Army. The commissioner of health's report shall be submitted to the legislature within six months of completion of the National Academy of Science's report and shall contain recommendations for additional initiatives, if any, in Minnesota."

Page 2, after line 17, insert:

"Sec. 3. [PESTICIDE REPORT AND PILOT PROJECT.]

The commissioner of health shall study and determine the extent of pesticide poisoning in Minnesota and recommend remedies to address this problem and report back to the legislature by January 15, 1997."

Page 2, line 19, delete "and 2" and insert "to 3"

Renumber the sections in sequence

And when so amended the bill do pass.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1425 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1425	1250				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1159 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1159	1056				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1159 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1159 and insert the language after the enacting clause of S.F. No. 1056, the first engrossment; further, delete the title of H.F. No. 1159 and insert the title of S.F. No. 1056, the first engrossment.

And when so amended H.F. No. 1159 will be identical to S.F. No. 1056, and further recommends that H.F. No. 1159 be given its second reading and substituted for S.F. No. 1056, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1003 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS**CONSENT CALENDAR****CALENDAR**

H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1003	1075				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1003 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1003 and insert the language after the enacting clause of S.F. No. 1075, the first engrossment; further, delete the title of H.F. No. 1003 and insert the title of S.F. No. 1075, the first engrossment.

And when so amended H.F. No. 1003 will be identical to S.F. No. 1075, and further recommends that H.F. No. 1003 be given its second reading and substituted for S.F. No. 1075, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1091 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

SPECIAL ORDERS**CONSENT CALENDAR****CALENDAR**

H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
		1091	1337		

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1307 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS**CONSENT CALENDAR****CALENDAR**

H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
		1307	867		

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

SECOND READING OF SENATE BILLS

S.F. No. 1173 was read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 358, 1256, 1425, 1159, 1003, 1091 and 1307 were read the second time.

MOTIONS AND RESOLUTIONS

Ms. Runbeck moved that the name of Mr. Chandler be added as a co-author to S.F. No. 1466. The motion prevailed.

Mr. Oliver moved that the name of Ms. Runbeck be added as a co-author to S.F. No. 1482. The motion prevailed.

Ms. Hanson moved that S.F. No. 255 be withdrawn from the Committee on Jobs, Energy and Community Development and re-referred to the Committee on Crime Prevention. The motion prevailed.

Mr. Johnson, D.E. introduced--

Senate Resolution No. 55: A Senate resolution congratulating the New London-Spicer High School Girls basketball team on their participation in the 1995 State High School Girls Basketball Tournament.

Referred to the Committee on Rules and Administration.

Mr. Johnson, D.E. introduced--

Senate Resolution No. 56: A Senate resolution congratulating the New London-Spicer High School Boys basketball team on their participation in the 1995 State High School Boys Basketball Tournament.

Referred to the Committee on Rules and Administration.

Mr. Betzold moved that S.F. No. 1136, No. 89 on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

SUSPENSION OF RULES

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate take up the Consent Calendar and that the rules of the Senate be so far suspended as to waive the lie-over requirement. The motion prevailed.

CONSENT CALENDAR

S.F. No. 1112: A bill for an act relating to local government; authorizing Sherburne county to convey certain county ditches to the city of Elk River under certain conditions.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Johnston	Limmer	Olson
Beckman	Finn	Kiscaden	Marty	Ourada
Belanger	Flynn	Kleis	Merriam	Pariseau
Berg	Frederickson	Knutson	Metzen	Piper
Berglin	Hanson	Kramer	Moe, R.D.	Pogemiller
Bertram	Hottinger	Krentz	Mondale	Price
Betzold	Janezich	Langseth	Morse	Ranum
Chandler	Johnson, D.E.	Larson	Murphy	Reichgott Junge
Chmielewski	Johnson, D.J.	Lesewski	Neuville	Riveness
Day	Johnson, J.B.	Lessard	Oliver	Robertson

Runbeck
Sams

Samuelson
Scheevel

Solon
Spear

Stevens
Terwilliger

Vickerman
Wiener

So the bill passed and its title was agreed to.

S.F. No. 375: A bill for an act relating to energy; adding pumped hydropower to the list of preferred alternative energy sources; providing for incentive payments to pumped hydropower facilities; amending Minnesota Statutes 1994, sections 216C.051, subdivision 7; and 216C.41, subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Neuville	Runbeck
Beckman	Hanson	Langseth	Novak	Sams
Belanger	Hottinger	Larson	Oliver	Samuelson
Berg	Janezich	Lesewski	Olson	Scheevel
Berglin	Johnson, D.E.	Lessard	Ourada	Solon
Bertram	Johnson, D.J.	Limmer	Pariseau	Spear
Betzold	Johnson, J.B.	Marty	Piper	Stevens
Chandler	Johnston	Merriam	Pogemiller	Terwilliger
Chmielewski	Kiscaden	Metzen	Price	Vickerman
Day	Kleis	Moe, R.D.	Ranum	Wiener
Dille	Knutson	Mondale	Reichgott Junge	
Finn	Kramer	Morse	Riveness	
Flynn	Krentz	Murphy	Robertson	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate proceed to the Order of Business of Introduction and First Reading of Senate Bills. The motion prevailed.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bill was read the first time and referred to the committee indicated.

Mr. Murphy, Mrs. Pariseau, Ms. Wiener, Messrs. Metzen and Knutson introduced--

S.F. No. 1656: A bill for an act relating to taxation; property taxes; adjusting aid payments for an incorrect estimate of certain public defender costs in Dakota county.

Referred to the Committee on Taxes and Tax Laws.

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 859 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 859: A bill for an act relating to the city of Minneapolis; authorizing the city to determine the method for the sale of unclaimed property; repealing Laws 1919, chapter 396.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Krentz	Murphy	Robertson
Beckman	Frederickson	Kroening	Neuville	Runbeck
Belanger	Hottinger	Langseth	Novak	Sams
Berg	Janezich	Larson	Oliver	Samuelson
Berglin	Johnson, D.E.	Lesewski	Olson	Scheevel
Bertram	Johnson, D.J.	Lessard	Ourada	Solon
Betzold	Johnson, J.B.	Limmer	Pariseau	Spear
Chandler	Johnston	Marty	Piper	Stevens
Chmielewski	Kelly	Merriam	Pogemiller	Terwilliger
Cohen	Kiscaden	Metzen	Price	Vickerman
Day	Kleis	Moe, R.D.	Ranum	Wiener
Dille	Knutson	Mondale	Reichgott Junge	
Finn	Kramer	Morse	Riveness	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1144 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1144: A bill for an act relating to the city of Minneapolis; authorizing the Minneapolis city council to delegate to the city engineer certain authority over traffic and parking; authorizing the council to delegate certain authority to contract for professional services.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Krentz	Murphy	Robertson
Beckman	Frederickson	Kroening	Neuville	Runbeck
Belanger	Hottinger	Langseth	Novak	Sams
Berg	Janezich	Larson	Oliver	Samuelson
Berglin	Johnson, D.E.	Lesewski	Olson	Scheevel
Bertram	Johnson, D.J.	Lessard	Ourada	Solon
Betzold	Johnson, J.B.	Limmer	Pariseau	Spear
Chandler	Johnston	Marty	Piper	Stevens
Chmielewski	Kelly	Merriam	Pogemiller	Terwilliger
Cohen	Kiscaden	Metzen	Price	Vickerman
Day	Kleis	Moe, R.D.	Ranum	Wiener
Dille	Knutson	Mondale	Reichgott Junge	
Finn	Kramer	Morse	Riveness	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 957 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 957: A resolution memorializing the President and Congress to abandon the proposed sale of the Western Area Power Administration.

Was read the third time and placed on its final passage.

The question was taken on the passage of the resolution.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Morse	Riveness
Beckman	Frederickson	Krentz	Murphy	Robertson
Belanger	Hanson	Kroening	Neuville	Runbeck
Berg	Hottinger	Langseth	Novak	Sams
Berglin	Janezich	Larson	Oliver	Samuelson
Bertram	Johnson, D.E.	Lesewski	Olson	Scheevel
Betzold	Johnson, D.J.	Lessard	Ourada	Solon
Chandler	Johnson, J.B.	Limmer	Pariseau	Spear
Chmielewski	Johnston	Marty	Piper	Stevens
Cohen	Kelly	Merriam	Pogemiller	Terwilliger
Day	Kiscaden	Metzen	Price	Vickerman
Dille	Kleis	Moe, R.D.	Ranum	Wiener
Finn	Knutson	Mondale	Reichgott Junge	

So the resolution passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 98 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 98: A bill for an act relating to public safety; requiring owners of residential rental buildings to request criminal background checks of managers; prohibiting owners from hiring or continuing to employ certain individuals as managers and requiring notices; requiring the superintendent of the bureau of criminal apprehension to assist in the performance of the background checks; imposing penalties; proposing coding for new law in Minnesota Statutes, chapter 299C.

CALL OF THE SENATE

Mr. Merriam imposed a call of the Senate for the balance of the proceedings on S.F. No. 98. The Sergeant at Arms was instructed to bring in the absent members.

S.F. No. 98 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 4, as follows:

Those who voted in the affirmative were:

Anderson	Finn	Knutson	Mondale	Ranum
Beckman	Flynn	Kramer	Morse	Reichgott Junge
Belanger	Frederickson	Krentz	Murphy	Riveness
Berg	Hanson	Kroening	Novak	Runbeck
Berglin	Hottinger	Larson	Oliver	Sams
Bertram	Janezich	Lesewski	Olson	Samuelson
Betzold	Johnson, D.E.	Lessard	Ourada	Solon
Chandler	Johnson, D.J.	Limmer	Pappas	Spear
Chmielewski	Johnson, J.B.	Marty	Pariseau	Stevens
Cohen	Johnston	Merriam	Piper	Terwilliger
Day	Kelly	Metzen	Pogemiller	Vickerman
Dille	Kleis	Moe, R.D.	Price	Wiener

Ms. Kiscaden, Mr. Neuville, Ms. Robertson and Mr. Scheevel voted in the negative.

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 259 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 259: A bill for an act relating to insurance; regulating the use of genetic testing by insurers; proposing coding for new law in Minnesota Statutes, chapter 62A.

Mr. Chandler moved to amend S.F. No. 259 as follows:

Page 1, line 25, delete "A health carrier" and insert "An insurer"

Page 2, lines 1 and 2, delete "health plan"

Page 2, after line 14, insert:

"Subd. 4. [LIFE INSURANCE; EXEMPTION.] Subdivision 3 does not apply to an application for life insurance coverage in an amount in excess of \$100,000, or to an application for life insurance coverage in an amount that, when combined with the applicant's other life insurance coverage, results in a total life insurance coverage in an amount in excess of \$100,000."

Page 2, line 15, delete "4" and insert "5" and delete "5, 6, and 7" and insert "6, 7, and 8"

Page 2, line 18, before the period, insert "in excess of the amount specified in subdivision 4"

Page 2, line 19, delete "5" and insert "6"

Page 2, line 20, delete "requests" and insert "requires"

Page 2, line 31, delete "6" and insert "7"

Page 3, line 4, delete "7" and insert "8"

Page 3, line 8, delete "8" and insert "9" and delete "; REMEDY"

CALL OF THE SENATE

Mr. Chandler imposed a call of the Senate for the balance of the proceedings on S.F. No. 259. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Chandler amendment.

The roll was called, and there were yeas 15 and nays 50, as follows:

Those who voted in the affirmative were:

Anderson	Chandler	Kelly	Merriam	Piper
Berglin	Finn	Kroening	Morse	Pogemiller
Betzold	Flynn	Marty	Pappas	Ranum

Those who voted in the negative were:

Beckman	Janezich	Laidig	Neuville	Runbeck
Belanger	Johnson, D.E.	Langseth	Novak	Sams
Berg	Johnson, D.J.	Larson	Oliver	Samuelson
Bertram	Johnson, J.B.	Lesewski	Olson	Scheevel
Cohen	Johnston	Lessard	Ourada	Solon
Day	Kiscaden	Limmer	Pariseau	Spear
Dille	Kleis	Metzen	Price	Stevens
Frederickson	Knutson	Moe, R.D.	Reichgott Junge	Terwilliger
Hanson	Kramer	Mondale	Riveness	Vickerman
Hottinger	Krentz	Murphy	Robertson	Wiener

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

S.F. No. 259 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Neuville	Runbeck
Beckman	Hanson	Laidig	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berg	Janezich	Lesewski	Olson	Scheevel
Berglin	Johnson, D.E.	Lessard	Ourada	Solon
Bertram	Johnson, D.J.	Limmer	Pariseau	Spear
Betzold	Johnson, J.B.	Marty	Piper	Stevens
Chandler	Kelly	Merriam	Pogemiller	Terwilliger
Cohen	Kiscaden	Metzen	Price	Vickerman
Day	Kleis	Moe, R.D.	Ranum	Wiener
Dille	Knutson	Mondale	Reichgott Junge	
Finn	Kramer	Morse	Riveness	
Flynn	Krentz	Murphy	Robertson	

Ms. Johnston and Mr. Larson voted in the negative.

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1343 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1343: A bill for an act relating to occupations and professions; providing for biennial license renewal for individual certified and licensed public accountants; amending Minnesota Statutes 1994, sections 326.20, subdivision 1; and 326.22, subdivision 2.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Morse	Reichgott Junge
Beckman	Hanson	Kroening	Murphy	Riveness
Belanger	Hottinger	Laidig	Neuville	Robertson
Berg	Janezich	Langseth	Novak	Runbeck
Berglin	Johnson, D.E.	Larson	Oliver	Sams
Bertram	Johnson, D.J.	Lesewski	Olson	Samuelson
Betzold	Johnson, J.B.	Lessard	Ourada	Scheevel
Chandler	Johnston	Limmer	Pappas	Solon
Cohen	Kelly	Marty	Pariseau	Spear
Day	Kiscaden	Merriam	Piper	Stevens
Dille	Kleis	Metzen	Pogemiller	Terwilliger
Finn	Knutson	Moe, R.D.	Price	Vickerman
Flynn	Kramer	Mondale	Ranum	Wiener

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 823 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 823: A bill for an act relating to local government; authorizing Hennepin county to lease hospital or nursing home facilities under certain conditions; proposing coding for new law in Minnesota Statutes, chapter 383B.

Ms. Johnston moved to amend H.F. No. 823, the unofficial engrossment, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 447.45, subdivision 1, is amended to read:

Subdivision 1. [FINANCING.] A county, city, or hospital district, ~~except cities of the first class and counties containing cities of the first class,~~ may issue revenue bonds by resolution of its governing body to finance the acquisition and betterment of hospital, nursing home, and related medical facilities. This power is in addition to other powers granted by law and includes, but is not limited to, the payment of interest during construction and for a reasonable period after construction and the establishment of reserves for bond payment and for working capital. In connection with the acquisition of any existing hospital or nursing home facilities, the city, county, or district may retire outstanding indebtedness incurred to finance the construction of the existing facilities.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the day following final enactment."

Delete the title and insert:

"A bill for an act relating to hospitals; removing an exception for certain cities and counties from certain hospital financing activities; amending Minnesota Statutes 1994, section 447.45, subdivision 1."

The motion prevailed. So the amendment was adopted.

H.F. No. 823 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Morse	Reichgott Junge
Beckman	Hanson	Kroening	Murphy	Riveness
Belanger	Hottinger	Laidig	Neuville	Robertson
Berg	Janezich	Langseth	Novak	Runbeck
Berglin	Johnson, D.E.	Larson	Oliver	Sams
Bertram	Johnson, D.J.	Lesewski	Olson	Samuelson
Betzold	Johnson, J.B.	Lessard	Ourada	Scheevel
Chandler	Johnson	Limmer	Pappas	Solon
Cohen	Kelly	Marty	Pariseau	Spear
Day	Kiscaden	Merriam	Piper	Stevens
Dille	Kleis	Metzen	Pogemiller	Terwilliger
Finn	Knutson	Moe, R.D.	Price	Vickerman
Flynn	Kramer	Mondale	Ranum	Wiener

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 413 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 413: A bill for an act relating to highways; designating the Veterans Memorial Highway; amending Minnesota Statutes 1994, section 161.14, by adding a subdivision.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Murphy	Riveness
Beckman	Hanson	Laidig	Neuville	Robertson
Belanger	Hottinger	Langseth	Novak	Runbeck
Berg	Janezich	Larson	Oliver	Sams
Berglin	Johnson, D.E.	Lesewski	Olson	Samuelson
Bertram	Johnson, J.B.	Lessard	Ourada	Scheevel
Betzold	Johnston	Limmer	Pappas	Solon
Chandler	Kelly	Marty	Pariseau	Spear
Cohen	Kiscaden	Merriam	Piper	Stevens
Day	Kleis	Metzen	Pogemiller	Terwilliger
Dille	Knutson	Moe, R.D.	Price	Vickerman
Finn	Kramer	Mondale	Ranum	Wiener
Flynn	Krentz	Morse	Reichgott Junge	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate revert to the Orders of Business of Reports of Committees, Second Reading of Senate Bills and Second Reading of House Bills. The motion prevailed.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the report on S.F. No. 1089. The motion prevailed.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 507: A bill for an act relating to petroleum tank release cleanup fund; providing for payment for a site assessment prior to tank removal; amending Minnesota Statutes 1994, sections 115C.09, subdivision 2; and 115C.13; proposing coding for new law in Minnesota Statutes, chapter 115C.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 115C.02, subdivision 11, is amended to read:

Subd. 11. [POLITICAL SUBDIVISION.] "Political subdivision" means a county, a town, or a statutory or home rule charter city, a housing and redevelopment authority, an economic development authority, or a port authority.

Sec. 2. Minnesota Statutes 1994, section 115C.02, is amended by adding a subdivision to read:

Subd. 11a. [PREREMOVAL SITE ASSESSMENT.] "Preremoval site assessment" means actions defined in section 115A.092 which are taken by a registered consultant prior to the removal of a petroleum storage tank in order to determine whether a release has occurred in the area immediately surrounding the tank.

Sec. 3. Minnesota Statutes 1994, section 115C.03, subdivision 10, is amended to read:

Subd. 10. [~~RETENTION OF CORRECTIVE ACTION RECORDS.~~] ~~A person who applies for reimbursement under this chapter and a contractor or consultant who has billed the applicant for corrective action services that are part of the claim for reimbursement must maintain prepare and retain all records related to the claim for reimbursement corrective action services for a minimum of five seven years from the date the claim for reimbursement is submitted to the board. corrective action services are performed, including, but not limited to, invoices submitted to applicants, subcontractor invoices, receipts for equipment rental, and all other goods rented or purchased, personnel time reports, mileage logs, and expense accounts. An applicant must obtain and retain~~

records necessary to document costs submitted in a claim for reimbursement for corrective action services for seven years from the date the claim is submitted to the board.

Sec. 4. Minnesota Statutes 1994, section 115C.09, subdivision 2, is amended to read:

Subd. 2. [RESPONSIBLE PERSON ELIGIBILITY.] (a) A responsible person who has incurred reimbursable costs after June 4, 1987, in response to a release, may apply to the board for partial reimbursement under subdivision 3 and rules adopted by the board. The board may consider applications for reimbursement at the following stages:

(1) after the commissioner approves ~~a plan for corrective action~~ actions related to soil contamination excavation and treatment or after the commissioner determines that further soil excavation and treatment should not be done;

(2) after the commissioner determines that the corrective ~~action plan~~ actions described in clause (1) has been fully constructed ~~or~~, installed, or completed;

(3) after the commissioner approves a comprehensive plan for corrective action that will adequately address the entire release, including groundwater contamination if necessary;

(4) after the commissioner determines that the corrective action necessary to adequately address the release has been fully constructed or installed; and

(5) periodically afterward as the corrective action continues operation, but no more frequently than four times per 12-month period unless the application is for more than \$2,000 in reimbursement.

(b) The commissioner shall review a plan, and provide an approval or disapproval to the responsible person and the board, within 60 days in the case of a plan submitted under paragraph (a), clause (1), and within 120 days in the case of a plan submitted under paragraph (a), clause (3), or the commissioner shall explain to the board why additional time is necessary. The board shall consider a complete application within 60 days of submission of the application under paragraph (a), clauses (1) and (2), and within 120 days of submission of the application under paragraph (a), clauses (3) and (4), or the board shall explain for the record why additional time is necessary. For purposes of the preceding sentence, board consideration of an application is timely if it occurs at the regularly scheduled meeting following the deadline. Board staff may review applications submitted to the board simultaneous to the commissioner's consideration of the appropriateness of the corrective action, but the board may not act on the application until after the commissioner's approval is received.

(c) A reimbursement may not be made unless the board determines that the commissioner has determined that the corrective action was appropriate in terms of protecting public health, welfare, and the environment.

Sec. 5. Minnesota Statutes 1994, section 115C.09, subdivision 3, is amended to read:

Subd. 3. [REIMBURSEMENTS; SUBROGATION; APPROPRIATION.] (a) The board shall reimburse a responsible person who is eligible under subdivision 2 from the account for 90 percent of the total reimbursable costs on the first \$250,000 and 75 percent on any remaining costs in excess of \$250,000 on a site.

Not more than \$1,000,000 may be reimbursed for costs associated with a single release, regardless of the number of persons eligible for reimbursement, and not more than \$2,000,000 may be reimbursed for costs associated with a single tank facility.

(b) A reimbursement may not be made from the account under this subdivision until the board has determined that the costs for which reimbursement is requested were actually incurred and were reasonable.

(c) A reimbursement may not be made from the account under this subdivision in response to either an initial or supplemental application for costs incurred after June 4, 1987, that are payable under an applicable insurance policy, except that if the board finds that the responsible person has made reasonable efforts to collect from an insurer and failed, the board shall reimburse the responsible person under this subdivision.

(d) If the board reimburses a responsible person for costs for which the responsible person has petroleum tank leakage or spill insurance coverage, the board is subrogated to the rights of the responsible person with respect to that insurance coverage, to the extent of the reimbursement by the board. The board may request the attorney general to bring an action in district court against the insurer to enforce the board's subrogation rights. Acceptance by a responsible person of reimbursement constitutes an assignment by the responsible person to the board of any rights of the responsible person with respect to any insurance coverage applicable to the costs that are reimbursed. Notwithstanding this paragraph, the board may instead request a return of the reimbursement under subdivision 5 and may employ against the responsible party the remedies provided in that subdivision, except where the board has knowingly provided reimbursement because the responsible person was denied coverage by the insurer.

(e) Money in the account is appropriated to the board to make reimbursements under this section. A reimbursement to a state agency must be credited to the appropriation account or accounts from which the reimbursed costs were paid.

(f) The board ~~shall~~ may reduce the amount of reimbursement to be made under this section if it finds that the responsible person has not complied with a provision of this chapter, a rule or order issued under this chapter, or one or more of the following requirements:

~~(1) at the time of the release the tank was in substantial compliance with state and federal rules and regulations applicable to the tank, including rules or regulations relating to financial responsibility;~~

(2) (1) the agency was given notice of the release as required by section 115.061;

~~(3) (2) the responsible person, to the extent possible, fully cooperated with the agency in responding to the release; and~~

~~(4) if the responsible person is an operator, the person exercised due care with regard to operation of the tank, including maintaining inventory control procedures.~~

(3) the state and federal rules and regulations applicable to the condition or operation of the tank when the noncompliance caused or failed to mitigate the release.

(g) The reimbursement ~~shall~~ may be reduced as much as 100 percent for failure by the responsible person to comply with the requirements in paragraph (f) (i), clauses (1) to (4) (3). In determining the amount of the reimbursement reduction, the board shall consider:

(1) the ~~likely~~ reasonable determination by the agency of the environmental impact of the noncompliance;

(2) whether the noncompliance was negligent, knowing, or willful;

(3) the deterrent effect of the award reduction on other tank owners and operators; and

(4) the amount of reimbursement reduction recommended by the commissioner.

(h) A person may assign the right to receive reimbursement to each lender who advanced funds to pay the costs of the corrective action or to each contractor or consultant who provided corrective action services. An assignment must be made by filing with the board a document, in a form prescribed by the board, indicating the identity of the responsible person, the identity of the assignee, the dollar amount of the assignment, and the location of the corrective action. An assignment signed by the responsible person is valid unless terminated by filing a termination with the board, in a form prescribed by the board, which must include the written concurrence of the assignee. The board shall maintain an index of assignments filed under this paragraph. The board shall pay the reimbursement to the responsible person and to one or more assignees by a multiparty check. The board has no liability to a responsible person for a payment under an assignment meeting the requirements of this paragraph.

Sec. 6. Minnesota Statutes 1994, section 115C.09, subdivision 3b, is amended to read:

Subd. 3b. [VOLUNTEER ELIGIBILITY.] (a) Notwithstanding subdivisions 1 to 3, a person may apply to the board for partial reimbursement under subdivision 3 who:

- (1) is not a responsible person under section 115C.02;
- (2) holds legal or equitable title to the property where a release occurred; and
- (3) incurs reimbursable costs on or after May 23, 1989.

(b) A person eligible for reimbursement under this subdivision must, to the maximum extent possible, comply with the same conditions and requirements of reimbursement as those imposed by this section on a responsible person.

(c) The board may reduce the reimbursement to a person eligible under this subdivision if the person acquired legal or equitable title to the property from a responsible person who failed to comply with the provisions of subdivision 3, paragraph ~~(f)~~ (i), except that the board may not reduce the reimbursement to a mortgagee who acquires title to the property through foreclosure or receipt of a deed in lieu of foreclosure.

Sec. 7. Minnesota Statutes 1994, section 115C.09, subdivision 3c, is amended to read:

Subd. 3c. [RELEASE AT REFINERIES AND TANK FACILITIES NOT ELIGIBLE FOR REIMBURSEMENT.] (a) Notwithstanding other provisions of subdivisions 1 to 3b, a reimbursement may not be made under this section for costs associated with a release:

- (1) from a tank located at a petroleum refinery; or
- (2) from a tank facility, including a pipeline terminal, with more than 1,000,000 gallons of total petroleum storage capacity at the tank facility.

(b) Paragraph (a), clause (2), does not apply to reimbursement for costs associated with a release from a tank facility:

- (1) owned or operated by a person engaged in the business of mining iron ore or taconite;
- (2) owned by a political subdivision that acquired the tank facility prior to May 23, 1989; or
- (3) owned by a person:
 - (i) who acquired the tank facility prior to May 23, 1989;
 - (ii) who did not use the tank facility for the bulk storage of petroleum; and
 - (iii) who is not affiliated with the party who used the tank facility for the bulk storage of petroleum.

If reimbursement is made to a person described in clause (3), the lesser of the following constitutes an environmental lien under sections 514.671 to 514.676 on the property subject to the release:

- (1) the amount of the reimbursement; or
- (2) the value of the property.

Sec. 8. [115C.092] [TANK REMOVALS; PAYMENT FOR PREREMOVAL SITE ASSESSMENT.]

Subdivision 1. [PREREMOVAL SITE ASSESSMENT; REIMBURSEMENT.] (a) Preremoval site assessment costs which are in compliance with the requirements of this chapter and with rules promulgated under this chapter shall be reimbursable. The applicant shall obtain written competitive proposals for the preremoval site assessment on a form prescribed by the board utilizing as appropriate tasks and costs established in rules promulgated under this chapter governing the initial site assessment.

(b) If contamination is found at the site, the board shall reimburse an applicant upon submission of the applicant's first application for reimbursement under section 115C.09, subdivision 2. If no contamination is found at the site, the board shall reimburse the applicant upon provision by the applicant of documentation that the tank or tanks have been removed from the site.

(c) Notwithstanding any provision in this subdivision to the contrary, the board shall not reimburse for a preremoval site assessment which is done for the purposes of facilitating a property transfer. The board shall presume that a preremoval site assessment is done for the purposes of facilitating a property transfer if the property is transferred within three months of incurring preremoval site assessment costs.

Subd. 2. [REQUIREMENTS OF A PREREMOVAL SITE ASSESSMENT.] The preremoval site assessment shall include a preremoval site assessment report to the tank owner as prescribed in subdivision 3 and (1) three borings if one tank is to be removed, or (2) five borings if more than one tank is to be removed. The placement of the borings shall be based on the tank system location, estimated depth and gradient of groundwater, and the maximum probability of encountering evidence of petroleum contamination.

Subd. 3. [REPORT TO TANK OWNER.] The consultant shall prepare a preremoval site assessment report, which must include the following:

(1) a summary of any unusual site features affecting the preremoval site assessment and subsequent corrective action;

(2) the opinion of the consultant as to the presence and relative magnitude of any petroleum contamination on the site;

(3) the recommendation of the consultant as to whether further corrective action is needed, including groundwater remediation;

(4) the recommendation of the consultant as to whether the contaminated soil, if any, should be excavated and the volume of soil that should be excavated;

(5) a statement as to whether a petroleum tank release was reported to the agency and the date and time of that report, if any; and

(6) the signature of the consultant or contractor, and the date the report was prepared.

If further corrective action is recommended by the consultant, the preremoval site assessment report and any additional information gathered by the consultant during the assessment shall be used for securing competitive bids or proposals on forms prescribed by the board to implement corrective actions at the site, consistent with rules promulgated under this chapter.

Subd. 4. [BID AND INVOICE FORMS; AGENCY FACT SHEETS.] Within 60 days of the effective date of this section, the board shall prescribe a preremoval site assessment bid and invoice form as described in subdivision 1 and the agency shall publish fact sheets applicable to the preremoval site assessment.

Sec. 9. Minnesota Statutes 1994, section 115C.11, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION.] (a) All consultants and contractors who perform corrective action services must register with the board in order to participate in the petroleum tank release cleanup program.

(b) The board must maintain a list of all registered consultants and a list of all registered contractors including an identification of the services offered.

(c) ~~An applicant who applies for reimbursement must use a~~ All corrective action services must be performed by registered consultant consultants and contractor in order to be eligible for reimbursement contractors.

(d) ~~The commissioner must inform any person who notifies the agency of a release under section 115.061 that the person must use a registered consultant or contractor to qualify for reimbursement and that a list of registered consultants and contractors is available from the board.~~

(e) ~~Work~~ Reimbursement for corrective action services performed by an unregistered consultant or contractor is ineligible for reimbursement subject to reduction under section 115C.09, subdivision 3, paragraph (i).

~~(f) Work~~ (e) Corrective action services performed by a consultant or contractor prior to being removed from the registration list may be reimbursed without reduction by the board.

~~(g) (f)~~ If the information in an application for registration becomes inaccurate or incomplete in any material respect, the registered consultant or contractor must promptly file a corrected application with the board.

~~(h) (g)~~ Registration is effective on the date a complete application is received by the board. The board may reimburse without reduction the cost of work performed by an unregistered contractor if the contractor performed the work within 30 days of the effective date of registration.

Sec. 10. Minnesota Statutes 1994, section 115C.12, is amended to read:

115C.12 [APPEAL OF REIMBURSEMENT DETERMINATION.]

Subdivision 1. [APPEAL FROM DETERMINATION OF COMMISSIONER OF COMMERCE.] ~~(a) A person may appeal to the board within 90 days after notice of a reimbursement determination made under section 115C.09 by submitting a written notice setting forth the specific basis for the appeal.~~

~~(b) The board shall consider the appeal within 90 days of the notice of appeal. The board shall notify the appealing party of the date of the meeting at which the appeal will be heard at least 30 days before the date of the meeting.~~

~~(c) The board's decision must be based on the written record and written arguments and submissions unless the board determines that oral argument is necessary to aid the board in its decision making. Any written submissions must be delivered to the board at least 15 days before the meeting at which the appeal will be heard. Any request for the presentation of oral argument must be in writing and submitted along with the notice of appeal. An applicant for reimbursement may appeal to the board a reimbursement determination made by the commissioner of commerce under authority delegated by the board according to section 115C.09, subdivision 10. The commissioner of commerce shall send written notification of the reimbursement determination by first class United States mail to the applicant for reimbursement at the applicant's last known address. The applicant for reimbursement must file written notice with the board of an appeal of a reimbursement determination made by the commissioner of commerce within 60 days of the date that the commissioner of commerce sends written notice to the applicant of the reimbursement determination. The board shall consider the appeal within 90 days of receipt of the written notice of appeal by the applicant for reimbursement.~~

Subd. 2. [APPEAL FROM DECISION OF THE BOARD.] (a) An applicant for reimbursement may appeal a reimbursement determination of the board as a contested case under chapter 14. An applicant for reimbursement must provide written notification to the board of a request for a contested case within 30 days of the date that the board makes a reimbursement determination.

(b) This subdivision applies to reimbursement determinations made by the board as a result of an appeal to the board under subdivision 1 and reimbursement determinations made by the board when the board has not delegated its authority to make reimbursement determinations.

Sec. 11. Minnesota Statutes 1994, section 115C.13, is amended to read:

115C.13 [REPEALER.]

Sections 115C.01, 115C.02, 115C.021, 115C.03, 115C.04, 115C.045, 115C.05, 115C.06, 115C.065, 115C.07, 115C.08, 115C.09, 115C.092, 115C.10, 115C.11, and 115C.12, are repealed effective June 30, 2000.

Sec. 12. [116.481] [MONITORING.]

Subdivision 1. [MEASUREMENT OF TANK CAPACITY.] (a) By September 1, 1996, all aboveground tanks of 2,000 gallons or more used for storage and subsequent resale of petroleum products must be equipped with:

(1) a gauge in working order that shows the current level of product in the tank; or

(2) an audible or visual alarm which alerts the person delivering fuel into the tank that the tank is within 100 gallons of capacity.

(b) In lieu of the equipment specified in paragraph (a), the owner or operator of a tank may use a manual method of measurement which accurately determines the amount of product in the tank and the amount of capacity available to be used. This information must be readily available to anyone delivering fuel into the tank prior to delivery. Documentation that a tank has the available capacity for the amount of product to be delivered must be transmitted to the person making the delivery.

Subd. 2. [CONTENTS LABELED.] (a) By December 1, 1995, all aboveground tanks governed by this section must be numbered and labeled as to the tank contents, total capacity, and capacity in volume increments of 500 gallons or less.

(b) Piping connected to the tank must be labeled with the product carried at the point of delivery and at the tank inlet. Manifoldded delivery points must have all valves labeled as to product distribution.

Subd. 3. [SITE DIAGRAM.] (a) All tanks at a facility shall be shown on a site diagram which is permanently mounted in an area accessible to delivery personnel. The diagram shall show the number, capacity, and contents of tanks and the location of piping, valves, storm sewers, and other information necessary for emergency response, including the facility owner's or operator's telephone number.

(b) Prior to delivering product into an underground or aboveground tank, delivery personnel shall:

(1) consult the site diagram, where applicable, for proper delivery points, tank and piping locations, and valve settings;

(2) visually inspect the tank, piping, and valve settings to determine that the product being delivered will flow only into the appropriate tank; and

(3) determine, using equipment and information available at the site, that the available capacity of the tank is sufficient to hold the amount being delivered.

Delivery personnel must remain in attendance during delivery.

Subd. 4. [CAPACITY OF TANK.] A tank may not be filled from a transport vehicle compartment containing more than the available capacity of the tank, unless the hose of the transport vehicle is equipped with a manually operated shut-off nozzle.

Subd. 5. [EXEMPTION.] Aboveground and underground tanks located at refineries, pipeline terminals, and river terminals are exempt from this section.

Sec. 13. [EFFECTIVE DATE.]

Sections 2 and 8 are effective the day following final enactment. All other sections are effective as of August 1, 1995. Sections 2 and 8 apply only to preremoval site assessments begun on or after the effective date."

Delete the title and insert:

"A bill for an act relating to petroleum tank release cleanup fund; providing for payment for a site assessment prior to tank removal; modifying reimbursement provisions; adding requirements for tank monitoring; amending Minnesota Statutes 1994, sections 115C.02, subdivision 11, and by adding a subdivision; 115C.03, subdivision 10; 115C.09, subdivisions 2, 3, 3b, and 3c; 115C.11, subdivision 1; 115C.12; and 115C.13; proposing coding for new law in Minnesota Statutes, chapters 115C; and 116."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 1051: A bill for an act relating to emergency telephone services; requiring provider of cellular telephone services to include in its billings a notice regarding 911 calls; making technical changes; amending Minnesota Statutes 1994, sections 403.02, subdivision 1; 403.07, subdivision 1; and 403.09; proposing coding for new law in Minnesota Statutes, chapter 403.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 13, delete "in each billing" and insert "at the time of initial subscription and at least once annually thereafter"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

H.F. No. 1101: A bill for an act relating to water law; making miscellaneous technical corrections to water law; delegation of permit authority; minimal impact permits; removal of hazardous dams; amending Minnesota Statutes 1994, sections 103F.215, subdivision 1; 103F.221, subdivision 1; 103G.005, subdivision 14; 103G.105; 103G.111, subdivision 1; 103G.121, subdivision 1; 103G.135; 103G.245, subdivisions 3 and 5; 103G.271, subdivision 2; 103G.275, subdivision 1; 103G.295, subdivision 4; 103G.301, subdivision 2; 103G.315, subdivisions 12 and 15; 103G.511, subdivision 12; 103G.515, by adding a subdivision; and 103G.611, subdivision 3.

Reports the same back with the recommendation that the bill be amended as follows:

Page 7, line 23, delete "November" and insert "June"

Page 8, after line 14, insert:

"Sec. 19. [CONSTRUCTION OF SEAWALL BY HENNEPIN COUNTY ON LAKE MINNETONKA.]

Notwithstanding Minnesota Statutes, section 103G.245, subdivision 1, the commissioner of natural resources shall issue a public waters work permit authorizing Hennepin county to construct a new seawall at the site of the county's water patrol building located at Spring Park Bay on Lake Minnetonka, provided that the new seawall may not extend more than 15 feet further into the lake than the existing seawall."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete "law"

Page 1, line 5, after "dams;" insert "requiring the commissioner of natural resources to issue a permit authorizing Hennepin county to construct a seawall on Lake Minnetonka;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 629: A bill for an act relating to housing; establishing a rental tax equity pilot project in the city of Brooklyn Park; appropriating money.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 6, after "(a)" insert "The Brooklyn Park city council shall adopt by resolution guidelines for implementation of the program under this section.

(b)"

Page 2, line 10, delete "(b)" and insert "(c)"

Page 2, line 12, delete "(c)" and insert "(d)"

Page 2, line 16, delete "(d)" and insert "(e)"

Page 2, line 23, delete "(e)" and insert "(f)"

Page 2, line 25, delete "(f)" and insert "(g)"

Page 2, line 29, delete "(g)" and insert "(h)"

Page 3, line 4, delete "(h)" and insert "(i)"

Page 3, delete lines 7 and 8

Page 4, line 31, delete ", and is limited to \$1,000,000" and after the period, insert "Reimbursement is limited to a total of \$1,000,000 for both years and shall be allocated to a year according to the certifications made by the city."

Page 4, after line 35, insert:

"Subd. 10. [NO RENT INCREASE.] A landlord who receives a credit under subdivision 9, may not increase the rent charged for the unit for which the credit is provided during the taxes payable year in which the credit is provided."

Page 4, line 36, delete "10" and insert "11"

Page 5, line 3, delete "housing" and insert "jobs, energy and community development"

Page 5, line 9, delete "11" and insert "12"

Page 6, line 4, delete "1998" and insert "1997"

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

H.F. No. 1055: A bill for an act relating to waters; eliminating the position of board of water and soil resources secretary; increasing board members' compensation; duties of advisory committees; rule approval procedure; guidelines for management plans; exemptions from review; appeals from rules, permit decisions, and orders; informal dispute resolution; assessment basis; amending Minnesota Statutes 1994, sections 103D.011, subdivision 21; 103D.101, subdivision 4; 103D.205, subdivisions 1 and 4; 103D.221, subdivision 2; 103D.255, subdivision 1; 103D.261, subdivision 1; 103D.271, subdivisions 2 and 4; 103D.305, subdivision 1; 103D.311, subdivision 4; 103D.315, subdivisions 1, 8, and 11; 103D.321, subdivision 2; 103D.331; 103D.335, subdivisions 5, 6, and 13; 103D.341, subdivision 2; 103D.351; 103D.401, subdivisions 1 and 2; 103D.405, subdivision 1; 103D.515, subdivision 4; 103D.531; 103D.535, subdivisions 1, 4, and 5; 103D.537; 103D.611, subdivisions 1, 4, and 5; 103D.621, subdivision 4; 103D.625, subdivisions 3 and 4; 103D.631, subdivision 2; 103D.635, subdivisions 1 and 3; 103D.705, subdivision 1; 103D.711, subdivision 2; 103D.715, subdivision 3; 103D.721, subdivision 2; 103D.741, subdivision 1; 103D.745, subdivisions 2 and 3; 103D.811, subdivisions 1 and 3; 103D.901, subdivisions 2, 4, and 5; 103D.905, subdivisions 3 and 5; 103D.921, subdivisions 1 and 3; and 103D.925; proposing coding for new law in Minnesota Statutes, chapter 103D.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, delete section 1

Page 8, after line 7, insert:

"Sec. 18. Minnesota Statutes 1994, section 103D.335, subdivision 11, is amended to read:

Subd. 11. [ACQUISITION OF PROPERTY.] The managers may acquire by gift, purchase,

taking under the procedures of this chapter, or by the right of eminent domain, necessary real and personal property. The watershed district may acquire property outside the watershed district where necessary for a water supply system."

Page 8, after line 12, insert:

"Sec. 20. Minnesota Statutes 1994, section 103D.335, is amended by adding a subdivision to read:

Subd. 25. [WATER RESOURCE MANAGEMENT ACTIVITIES.] The managers may conduct studies and monitoring of water resources within the watershed district and implement water resource management programs."

Page 19, after line 14, insert:

"Sec. 45. Minnesota Statutes 1994, section 103D.715, subdivision 4, is amended to read:

Subd. 4. [BENEFITS AND DAMAGES TO STATE LAND.] For all watershed district projects, benefits and damages to property owned by the state or a state agency, held and used for the purposes described in sections 103E.025 and 103E.315, subdivision 1, must be determined as using the procedure provided in sections 103E.025 and 103E.315, subdivision 1, as they are applicable."

Page 19, after line 23, insert:

"Sec. 47. Minnesota Statutes 1994, section 103D.721, subdivision 3, is amended to read:

Subd. 3. [STATE PROPERTY.] For all watershed district projects, benefits and damages to property owned by the state or a state agency that is held and used for the purposes described in sections 103E.025 and 103E.315, subdivision 1, shall be determined as using the procedure provided in sections 103E.025 and 103E.315, subdivision 1, as they are applicable."

Page 24, after line 33, insert:

"Sec. 61. Minnesota Statutes 1994, section 117.011, is amended to read:

117.011 [RIGHT OF EMINENT DOMAIN.]

All bodies, public or private, who have the right of eminent domain, when exercising the right, shall do so in the manner prescribed by this chapter, even though a different procedure may be provided by charter provisions, ordinance or statute, but nothing herein shall apply to the taking of property under laws relating to drainage or to town roads when those laws themselves expressly provide for the taking and specifically prescribe the procedure. The taking of property for a project undertaken by a watershed district under chapter 103D or for a project undertaken by a drainage authority under chapter 103E may be carried out under the procedure provided by those chapters.

Sec. 62. [EFFECTIVE DATE.]

Sections 18, 45, 47, and 61 are effective the day following final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 8, after the second semicolon, insert "clarifying procedures that must be used when taking property for watershed district projects;"

Page 1, line 9, delete everything after "sections"

Page 1, line 16, delete "and" and insert "11," and after "13" insert ", and by adding a subdivision"

Page 1, line 24, delete everything before the second semicolon and insert "subdivisions 3 and 4; 103D.721, subdivisions 2 and 3"

Page 1, line 28, delete the second "and" and after the second semicolon, insert "and 117.011;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 1253: A bill for an act relating to commerce; modifying the petroleum tank release cleanup program in the department of commerce; limiting the amount of the deductible required on residential and small business sites; establishing registration requirements for consultants and contractors; amending Minnesota Statutes 1994, sections 115C.02, by adding a subdivision; 115C.09, subdivision 3; and 115C.11, subdivision 1.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. Minnesota Statutes 1994, section 115C.11, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION.] (a) All consultants and contractors must register with the board in order to participate in the petroleum tank release cleanup program. In order to register, consultants and contractors must meet and demonstrate compliance with the following criteria:

(1) provide a signed statement to the board verifying agreement to abide by this chapter and the rules adopted under it and to include a signed statement with each claim that all costs claimed by the consultant or contractor are a true and accurate account of services performed;

(2) provide a signed statement that the consultant or contractor shall make available for inspection and audit records requested by the board for field or financial audits under the scope of this chapter;

(3) certify knowledge of the requirements of this chapter and the rules adopted under it;

(4) obtain and maintain professional liability coverage, including pollution impairment liability; and

(5) agree to submit to the board a certificate or certificates verifying the existence of the required insurance coverage for all subcontractors who performed work included in a claim along with any request for reimbursement.

(b) The board must maintain a list of all registered consultants and a list of all registered contractors including an identification of the services offered.

(c) An applicant who applies for reimbursement must use a registered consultant and contractor in order to be eligible for reimbursement.

(d) The commissioner must inform any person who notifies the agency of a release under section 115.061 that the person must use a registered consultant or contractor to qualify for reimbursement and that a list of registered consultants and contractors is available from the board.

(e) Work performed by an unregistered consultant or contractor is ineligible for reimbursement.

(f) Work performed by a consultant or contractor prior to being removed from the registration list may be reimbursed by the board.

(g) If the information in an application for registration becomes inaccurate or incomplete in any material respect, the registered consultant or contractor must promptly file a corrected application with the board.

(h) Registration is effective on the date a complete application is received by the board. The board may reimburse the cost of work performed by an unregistered contractor if the contractor performed the work within 30 days of the effective date of registration.

ARTICLE 2

Section 1. Minnesota Statutes 1994, section 88.171, subdivision 2, is amended to read:

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. Except as specifically authorized by the commissioner of the pollution control agency as an emergency response to an oil spill, no person shall conduct, cause, or permit open burning of oil.

Sec. 2. Minnesota Statutes 1994, section 115E.01, is amended by adding a subdivision to read:

Subd. 3a. [DAMAGES.] "Damages" means damages of any kind for which liability may exist under the laws of this state resulting from, arising out of, or related to the discharge or threatened discharge of hazardous substances or oil.

Sec. 3. Minnesota Statutes 1994, section 115E.01, is amended by adding a subdivision to read:

Subd. 11a. [RESPONSE AREA.] "Response area" means the area designated by the federal on-scene coordinator, the commissioner of the pollution control agency, or the commissioner of agriculture in which response to a discharge is occurring.

Sec. 4. Minnesota Statutes 1994, section 115E.01, is amended by adding a subdivision to read:

Subd. 11b. [RESPONSE COSTS.] "Response costs" means the costs of response that are incurred after a discharge of oil or hazardous substances has occurred, or, where there is a substantial threat of discharge of oil or hazardous substances, the costs to prevent, minimize, or mitigate a discharge.

Sec. 5. Minnesota Statutes 1994, section 115E.01, is amended by adding a subdivision to read:

Subd. 11c. [RESPONSIBLE PARTY.] "Responsible party" means a responsible party as defined in section 1001 of the Oil Pollution Act of 1990.

Sec. 6. Minnesota Statutes 1994, section 115E.04, subdivision 2, is amended to read:

Subd. 2. [TIMING.] (a) A person required to be prepared under section 115E.03, other than a person who owns or operates a motor vehicle, rolling stock, or a facility that stores less than 250,000 gallons of oil or a hazardous substance, shall complete the response plan required by this section by March 1, 1993, unless one of the commissioners orders the person to demonstrate preparedness at an earlier date under section 115E.05. ~~Plans must be updated every three years. Plans must be updated before three years following a significant discharge, upon significant change in vessel or facility operation or ownership, upon significant change in the national or area contingency plans under the Oil Pollution Act of 1990, or upon change in the capabilities or role of a person named in a plan who has an important response role.~~

(b) A person who owns or operates a motor vehicle, rolling stock, or a facility that stores less than 250,000 gallons of oil or a hazardous substance shall complete the response plan required by this section by January 1, 1994.

(c) Plans required under section 115E.04 or 115E.045 must be updated every three years. Plans must be updated before three years following a significant discharge, upon significant change in vessel or facility operation or ownership, upon significant change in the national or area contingency plans under the Oil Pollution Act of 1990, or upon change in the capabilities or role of a person named in a plan who has an important response role.

Sec. 7. Minnesota Statutes 1994, section 115E.06, is amended to read:

115E.06 [GOOD SAMARITAN.]

(a) A person listed in this paragraph who is rendering assistance in response to a discharge of a hazardous substance or oil is not liable for response costs that result from actions taken or failed to

be taken in the course of the assistance unless the person is grossly negligent or engages in willful misconduct:

(1) a member of a cooperative or community awareness and emergency response group in compliance with standards in rules adopted by the pollution control agency;

(2) an employee or official of the political subdivision where the response takes place, or a political subdivision that has a mutual aid agreement with that subdivision;

(3) a member or political subdivision sponsor of a hazardous materials incident response team or special chemical assessment team designated by the commissioner of the department of public safety;

(4) a person carrying out the directions of: (i) the commissioner of the pollution control agency, the commissioner of agriculture, the commissioner of natural resources, or the commissioner of public safety; or (ii) the United States Coast Guard or Environmental Protection Agency on-scene coordinator consistent with a national contingency plan under the Oil Pollution Act of 1990; and

(5) a for-hire response contractor.

(b) This section does not exempt from liability responsible persons with respect to the discharge under chapter 115B or 115C or responsible parties with respect to the discharge under chapter 18B or 18D.

Sec. 8. Minnesota Statutes 1994, section 115E.061, is amended to read:

115E.061 [RESPONDER IMMUNITY; OIL DISCHARGES.]

(a) Notwithstanding any other law, a person identified in section 115E.06, paragraph (a), who is rendering care, assistance, or advice in response to a discharge or threat of discharge of oil is not liable for response costs or damages that result from actions taken or failed to be taken in the course of rendering the care, assistance, or advice in accordance consistent with the national contingency plan under the Oil Pollution Act of 1990, or as otherwise directed by the federal on-scene coordinator, the commissioner of the pollution control agency, the commissioner of agriculture, the commissioner of natural resources, or the commissioner of public safety.

(b) Paragraph (a) does not apply:

(1) to a responsible ~~person under chapter 115B or 115C~~ party;

(2) with respect to personal injury or wrongful death; or

(3) if the person rendering assistance is grossly negligent or engages in willful misconduct; or

(4) to a discharge that occurs outside the response area or after the response.

(c) Nothing in this section relieves a responsible party from liability the responsible party otherwise has for the initial discharge or threat of discharge that necessitated the response.

(d) Nothing in this section relieves a responsible party from the following duties:

(1) to take steps to prevent discharges under section 115E.02;

(2) to be prepared for discharges under section 115E.03, subdivision 1; or

(3) duties under section 115.061.

(e) A responsible party is liable for any response costs and damages that another person is relieved of under paragraph (a)."

Amend the title as follows:

Page 1, line 4, delete from "limiting" through page 1, line 5, to "sites;"

Page 1, line 7, after the first semicolon, insert "modifying provisions relating to liability for discharges of oil and hazardous substances;"

Page 1, delete lines 8 and 9 and insert "sections 88.171, subdivision 2; 115C.11, subdivision 1; 115E.01, by adding subdivisions; 115E.04, subdivision 2; 115E.06; and 115E.061."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Chmielewski from the Committee on Transportation and Public Transit, to which was referred

S.F. No. 1089: A bill for an act relating to traffic regulations; allowing turn on red arrow traffic signal, under certain conditions; regulating speed limits in residential areas; providing for disposition of proceeds of fines collected for violation of work zone speed limits; making technical changes; amending Minnesota Statutes 1994, sections 169.06, subdivision 5; and 169.14, subdivisions 2 and 5d; repealing Minnesota Statutes 1994, section 169.01, subdivision 81.

Reports the same back with the recommendation that the bill be amended as follows:

Pages 1 to 5, delete sections 1 and 2 and insert:

"Section 1. Minnesota Statutes 1994, section 116.07, subdivision 2a, is amended to read:

Subd. 2a. [EXEMPTIONS FROM STANDARDS.] No standards adopted by any state agency for limiting levels of noise in terms of sound pressure which may occur in the outdoor atmosphere shall apply to (1) ~~segments of trunk highways constructed with federal interstate substitution money, provided that all reasonably available noise mitigation~~ an existing or newly constructed segment of a freeway or expressway, as defined in section 160.02, provided that all reasonable measures, as approved by the commissioners of the department of transportation and the pollution control agency, are employed to abate noise, (2) an existing or newly constructed segment of a highway that is not operated as a freeway or expressway, (3) skeet, trap or shooting sports clubs, or (3) ~~the holding of~~ (4) motor vehicle race events conducted at a facility specifically designed for that purpose that was in operation on or before July 1, 1983. Nothing herein shall prohibit a local unit of government or a public corporation with the power to make rules for the government of its real property from regulating the location and operation of skeet, trap or shooting sports clubs, or ~~the holding of~~ motor vehicle race events conducted at a facility specifically designed for that purpose that was in operation on or before July 1, 1983.

Sec. 2. Minnesota Statutes 1994, section 160.02, is amended by adding a subdivision to read:

Subd. 16. [FREEWAY OR EXPRESSWAY.] "Freeway" or "expressway" means a divided, controlled-access highway with four or more lanes.

Sec. 3. Minnesota Statutes 1994, section 161.125, subdivision 1, is amended to read:

Subdivision 1. [IMPLEMENTATION.] The commissioner of transportation shall, ~~in accordance with the department's program,~~ implement sound a noise abatement study and noise abatement measures within or along the perimeter of any interstate or trunk highway within freeways and expressways in incorporated areas located within the metropolitan area or any municipality whenever the noise level attributable to vehicular traffic at the abutting residential property line is in excess of the federal noise standards. ~~The commissioner shall utilize federal matching funds available for constructing and maintaining sound abatement measures. No standard adopted by any state agency for limiting levels of noise in terms of sound pressure in the outdoor atmosphere shall apply to any interstate highway, or to any trunk highway segment constructed or reconstructed with federal interstate substitution funds, provided that all reasonable mitigating measures are used to abate noise contingent on the availability of funding, in accordance with section 116.07, subdivision 2a. The commissioner shall report to the legislature by February 1 of each year on noise abatement studies and measures undertaken during the previous calendar year and planned for the next three years under this subdivision.~~

Page 6, delete section 4

Reorder the sections in sequence

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon and insert "exempting highways, freeways, and expressways from noise limits; requiring noise abatement study and measures for freeways and expressways contingent on available funding; requiring annual noise abatement report;"

Page 1, delete lines 3 and 4

Page 1, delete lines 7 to 10 and insert "amending Minnesota Statutes 1994, sections 116.07, subdivision 2a; 160.02, by adding a subdivision; 161.125, subdivision 1; and 169.14, subdivision 5d."

And when so amended the bill do pass. Mr. Merriam questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

SECOND READING OF SENATE BILLS

S.F. Nos. 507, 1051 and 1253 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 1101 and 1055 were read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Solon moved that his name be stricken as a co-author to S.F. No. 1410. The motion prevailed.

Messrs. Moe, R.D. and Johnson, D.E. introduced--

Senate Concurrent Resolution No. 8: A Senate concurrent resolution relating to adjournment for more than three days.

BE IT RESOLVED by the Senate of the State of Minnesota, the House of Representatives concurring:

1. Upon its adjournment on Thursday, April 13, 1995, the Senate may set its next day of meeting more than three days after the day of adjournment.
2. Upon its adjournment on Thursday, April 13, 1995, the House of Representatives may set its next day of meeting more than three days after the day of adjournment.
3. Pursuant to the Minnesota Constitution, Article IV, Section 12, the Senate consents to the adjournment of the House of Representatives for more than three days.

Mr. Moe, R.D. moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

Mr. Merriam moved that the report from the Committee on Finance, relating to the appointment of Laura M. King as the Commissioner of the Department of Finance, reported March 6, 1995, be taken from the table. The motion prevailed.

Mr. Merriam moved that the foregoing report and the appointment be re-referred to the Committee on Finance. The motion prevailed.

Ms. Hanson moved that S.F. No. 255 be withdrawn from the Committee on Crime Prevention and re-referred to the Committee on Finance. The motion prevailed.

MEMBERS EXCUSED

Mr. Stumpf was excused from the Session of today. Mr. Chmielewski was excused from the Session of today at 11:00 a.m. Ms. Pappas was excused from the Session of today from 9:30 to 10:30 a.m. Ms. Berglin was excused from the Session of today from 9:30 to 10:00 a.m. Mr. Kroening was excused from the Session of today from 9:30 to 10:10 a.m. Mr. Laidig was excused from the Session of today from 9:30 to 11:00 a.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 9:00 a.m., Wednesday, April 12, 1995. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

THIRTY-NINTH DAY

St. Paul, Minnesota, Wednesday, April 12, 1995

The Senate met at 9:00 a.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Betzold imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Kevin D. Meyer.

The roll was called, and the following Senators answered to their names:

Anderson	Frederickson	Kroening	Neuville	Runbeck
Beckman	Hanson	Laidig	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berg	Janezich	Larson	Olson	Scheevel
Berglin	Johnson, D.E.	Lesewski	Ourada	Solon
Bertram	Johnson, D.J.	Lessard	Pappas	Spear
Betzold	Johnson, J.B.	Limmer	Pariseau	Stevens
Chandler	Johnston	Marty	Piper	Terwilliger
Chmielewski	Kelly	Merriam	Pogemiller	Vickerman
Cohen	Kiscaden	Metzen	Price	Wiener
Day	Kleis	Moe, R.D.	Ranum	
Dille	Knutson	Mondale	Reichgott Junge	
Finn	Kramer	Morse	Riveness	
Flynn	Krentz	Murphy	Robertson	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received and referred to the committee indicated.

March 13, 1995

The Honorable Allan H. Spear
President of the Senate

Dear Sir:

The following appointments are hereby respectfully submitted to the Senate for confirmation as required by law:

BOARD OF THE ARTS

Conrad Razidlo, 4237 Lynn Ave. S., Edina, Hennepin County, effective March 17, 1995, for a term expiring on the first Monday in January, 1999.

Joseph Duffy, 1032 Plummer Cir., Rochester, Olmsted County, effective March 17, 1995, for a term expiring on the first Monday in January, 1999.

Nancy Geiger, 3510 Eagle Ridge Dr. W., Willmar, Kandiyohi County, effective March 17, 1995, for a term expiring on the first Monday in January, 1999.

(Referred to the Committee on Governmental Operations and Veterans.)

Warmest regards,
Arne H. Carlson, Governor

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 838, 1042, 239, 521 and 856.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1995

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1520: A bill for an act relating to the environment; extending the notification requirements for landfarming contaminated soil; amending Minnesota Statutes 1994, section 116.07, subdivision 11.

Senate File No. 1520 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1995

Mr. Lessard moved that the Senate do not concur in the amendments by the House to S.F. No. 1520, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1055: A bill for an act relating to occupations and professions; exempting certain social workers from requirement to obtain home care provider license; exempting some social workers employed in a hospital or nursing home from examination; modifying licensure requirements; requiring hospital and nursing home social workers to be licensed; amending Minnesota Statutes 1994, sections 144A.46, subdivision 2; 148B.23, subdivisions 1 and 2; 148B.27, subdivision 2, and by adding a subdivision; and 148B.60, subdivision 3; repealing Minnesota Statutes 1994, sections 148B.23, subdivision 1a; and 148B.28, subdivision 6.

Senate File No. 1055 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 11, 1995

CONCURRENCE AND REPASSAGE

Ms. Piper moved that the Senate concur in the amendments by the House to S.F. No. 1055 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1055 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Murphy	Runbeck
Beckman	Frederickson	Krentz	Neuville	Sams
Belanger	Hanson	Laidig	Olson	Samuelson
Berg	Hottinger	Larson	Ourada	Scheevel
Berglin	Janezich	Lesewski	Pappas	Solon
Bertram	Johnson, D.E.	Lessard	Pariseau	Spear
Betzold	Johnson, D.J.	Limmer	Piper	Stevens
Chandler	Johnson, J.B.	Marty	Pogemiller	Terwilliger
Chmielewski	Johnston	Merriam	Price	Vickerman
Cohen	Kelly	Metzen	Ranum	Wiener
Day	Kiscaden	Moe, R.D.	Reichgott Junge	
Dille	Kleis	Mondale	Riveness	
Finn	Knutson	Morse	Robertson	

So the bill, as amended, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 493, 1153, 96, 586, 1437, 1567 and 617.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 11, 1995

FIRST READING OF HOUSE BILLS

The following bills were read the first time and referred to the committees indicated.

H.F. No. 493: A bill for an act relating to retirement; various local public employee pension plans; providing for various benefit modifications and related changes that require local governing body approval; repealing Laws 1969, chapter 1088; Laws 1971, chapter 114; Laws 1978, chapters 562, section 32; and 753; Laws 1979, chapters 97; 109, section 1; and 201, section 27; Laws 1981, chapters 157, section 1; and 224, sections 250 and 254; Laws 1985, chapter 259, section 3; and Laws 1990, chapter 570, article 7, section 4.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 803.

H.F. No. 1153: A bill for an act relating to transportation; authorizing cities, counties, and transit commissions and authorities outside the metropolitan area to provide certain paratransit outside their service areas; requiring such service to be under contract; amending Minnesota Statutes 1994, section 174.24, by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1097, now on General Orders.

H.F. No. 96: A bill for an act relating to insurance; health plans; prohibiting provisions that grant the health carrier a subrogation right, except where the covered person has been fully compensated from another source; proposing coding for new law in Minnesota Statutes, chapter 62A.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 164.

H.F. No. 586: A bill for an act relating to motor vehicles; authorizing sale and disposal of

unauthorized, abandoned, and junk vehicles by impound lots; amending Minnesota Statutes 1994, sections 168B.04; 168B.06; 168B.07, subdivision 1; 168B.08; 168B.09, subdivision 1; 168B.101; and 169.041, subdivisions 3, 4, and 6; proposing coding for new law in Minnesota Statutes, chapter 168B; repealing Minnesota Statutes 1994, sections 168B.02; and 168B.05.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 553, now on General Orders.

H.F. No. 1437: A bill for an act relating to employment; requiring disclosure to recruited employees in the food processing industry; proposing coding for new law in Minnesota Statutes, chapter 181.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1152.

H.F. No. 1567: A bill for an act relating to public funds; regulating the deposit and investment of these funds, and agreements related to these funds; requiring a study; amending Minnesota Statutes 1994, section 6.745; proposing coding for new law as Minnesota Statutes, chapter 118A; repealing Minnesota Statutes 1994, sections 118.005; 118.01; 118.02; 118.08; 118.09; 118.10; 118.11; 118.12; 118.13; 118.14; 118.16; 124.05; 471.56; 475.66; and 475.76.

Referred to the Committee on Taxes and Tax Laws.

H.F. No. 617: A bill for an act relating to retirement; various public pension plans; providing for the suspension or forfeiture of certain survivor benefits in the event of certain felonious deaths; making various individual and small group pension accommodations; making various pension plan administrative changes; recodifying the individual retirement account plan and making various other modifications; amending Minnesota Statutes 1994, sections 11A.23, subdivision 4; 352.12, subdivisions 1, 2, 2a, and 6; 352B.105; 352D.02, subdivision 1; 354.05, subdivisions 2a, 5, 35, and 40; 354.06, subdivision 4; 354.44, by adding a subdivision; 354.52, subdivision 4a; 354A.011, subdivision 27, and by adding a subdivision; 354A.12, subdivision 3d; 354A.31, by adding a subdivision; 355.61; 356.215, subdivisions 4d and 4g; 356.24, subdivision 1; 383B.48; and 383B.49; proposing coding for new law in Minnesota Statutes, chapters 354B; 354C and 356; repealing Minnesota Statutes 1994, sections 352D.02, subdivision 1a; 354B.01; 354B.015; 354B.02; 354B.035; 354B.04; 354B.045; 354B.05; 354B.06; 354B.07; 354B.08; 354B.085; 354B.09; and 354B.15; Laws 1990, chapter 570, article 3, sections 10 and 11, as amended; Laws 1993, chapters 192, section 89, and 239, article 5, section 2; and Laws 1994, chapters 508, article 1, section 14; and 572, sections 11 and 12.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 561.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 1034, 166, 806 and 561. The motion prevailed.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was re-referred

S.F. No. 425: A bill for an act relating to health; providing rulemaking authority; modifying enforcement and fee provisions; providing penalties; amending Minnesota Statutes 1994, sections 144.414, subdivision 3; 144.417, subdivision 1; 144.99, subdivisions 1, 4, 6, 8, and 10; 144.991, subdivision 5; 326.71, subdivision 4; 326.75, subdivision 3a; and 326.78, subdivisions 2 and 9; proposing coding for new law in Minnesota Statutes, chapter 144; repealing Minnesota Statutes 1994, sections 144.877, subdivision 5; 144.8781, subdivisions 4 and 6; Laws 1993, chapter 286, section 11; Minnesota Rules, part 4620.1500.

Reports the same back with the recommendation that the bill be amended as follows:

Page 6, after line 24, insert:

"Sec. 10. [157.011] [RULES.]

Subdivision 1. [ESTABLISHMENTS.] The commissioner shall adopt rules establishing standards for food, beverage, and lodging establishments.

Subd. 2. [CERTIFICATION OF FOOD SERVICE MANAGERS.] The commissioner shall:

- (1) adopt rules for certification requirements for managers of food service operations; and
- (2) establish in rule, criteria for training and certification."

Page 9, line 6, delete "14" and insert "15"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 10, delete "chapter" and insert "chapters" and after "144" insert "; and 157"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was re-referred

S.F. No. 1034: A bill for an act relating to education; establishing a consortium to meet statewide post-secondary learning needs; providing for a study and report for the development of an open learning institution; appropriating money.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [CREATION OF CONSORTIUM.]

The University of Minnesota, Minnesota state colleges and universities, and Minnesota private college council shall establish a consortium:

(1) either to acquire courseware and learning materials or to develop and distribute them, or both; and

(2) to develop and implement alternative methods of delivery.

Sec. 2. [FUNCTIONS.]

Subdivision 1. [ALTERNATIVE DELIVERY.] The consortium shall:

(1) identify statewide learning needs;

(2) acquire, develop, and distribute high quality learning resources, including curriculum and support services, needed to meet identified needs;

(3) facilitate the delivery of learning opportunities to residents of Minnesota using the most appropriate mode of delivery for the student and subject matter; and

(4) focus particular attention on widely dispersed needs including, but not limited to:

(i) courses that could be used statewide for the post-secondary enrollment options program;

(ii) materials for place bound, home bound, or time bound residents;

(iii) courses that would be accepted under the proposed lower division Minnesota transfer curriculum; and

(iv) courses that meet the education and training needs of employed workers.

Subd. 2. [COURSEWARE DEVELOPMENT.] The consortium shall:

- (1) assist in the development of course material for distance delivery;
- (2) award grants to encourage faculty and student support staff to develop technology-based courseware for a variety of academic fields, learning styles, and delivery modes;
- (3) identify and acquire high quality courseware and course materials for use by Minnesota institutions;
- (4) develop an inventory of existing materials and courseware created by Minnesota faculty and institutions;
- (5) encourage the use of Minnesota designed courseware outside Minnesota;
- (6) explore the possibility of establishing collaborative relationships with private organizations for the marketing and distribution of products outside Minnesota; and
- (7) seek to attract private and federal funds to support its work.

Sec. 3. [COUNCIL.]

A council is created to oversee the establishment and development of the consortium. It shall be composed of one representative of the University of Minnesota, one representative of the Minnesota state colleges and universities, one representative of the Minnesota private college council; and six citizen members appointed by the governor with the consent of the senate. At least two citizen members must be students enrolled in member institutions. The council shall oversee the operation of the consortium functions described in section 2. The council shall consult with faculty employed by the consortium members and students enrolled in member institutions. Terms, compensation, and removal of council members shall be governed by Minnesota Statutes, section 15.059.

Sec. 4. [BUDGET AND STAFFING.]

Administrative and personnel services for the consortium and council shall be provided by the member systems and institutions.

Sec. 5. [STUDY.]

Subdivision 1. [STUDY.] The higher education coordinating board shall develop plans for an open learning institution.

Subd. 2. [REPORT.] The higher education coordinating board shall report to the education committees of the legislature by February 1, 1996, on the design of an open learning institution and plans for implementation.

Sec. 6. [APPROPRIATIONS.]

Subdivision 1. [ALTERNATIVE DELIVERY.] \$..... is appropriated from the general fund for fiscal year 1996 and \$..... for fiscal year 1997 to the board of trustees of the Minnesota state colleges and universities to support the staffing and functions of the consortium and council, including the assessment of statewide learning needs; the identification, acquisition, and distribution of courseware and learning materials; provision of appropriate student support services; and training in the use of technologies.

Subd. 2. [COURSEWARE DEVELOPMENT.] \$..... is appropriated from the general fund for fiscal year 1996 and \$..... for fiscal year 1997 to the board of trustees of the Minnesota state colleges and universities to support courseware development and delivery, including staff to coordinate course development activities.

Subd. 3. [STUDY.] \$..... is appropriated from the general fund for fiscal year 1996 to the higher education coordinating board to develop plans for an open learning institution."

And when so amended the bill do pass and be re-referred to the Committee on Finance.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Metzzen from the Committee on Governmental Operations and Veterans, to which was referred

S.F. No. 166: A bill for an act relating to public administration; providing oversight of certain state and metropolitan government contracts; amending Minnesota Statutes 1994, sections 15.061; 16A.11, by adding a subdivision; 16B.17; 16B.19, subdivisions 2 and 10; and 473.129, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 16B.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [3.225] [PROFESSIONAL AND TECHNICAL SERVICE CONTRACTS.]

Subdivision 1. [APPLICATION.] This section applies to a contract for professional or technical services entered into by the house of representatives, the senate, the legislative coordinating commission, or any group under the jurisdiction of the legislative coordinating commission. For purposes of this section, "professional or technical services" contract has the meaning given it in section 16B.17.

Subd. 2. [REQUIREMENTS FOR ALL CONTRACTS.] Before entering into a contract for professional or technical services, the contracting entity shall determine that:

(1) all provisions of section 16B.19, subdivision 2, and subdivision 3 of this section have been verified or complied with;

(2) the work to be performed under the contract is necessary to the entity's achievement of its responsibilities;

(3) the contract will not establish an employment relationship between the state or the entity and any persons performing under the contract;

(4) no current legislator or legislative employees will engage in the performance of the contract;

(5) no state agency has previously performed or contracted for the performance of tasks that would be substantially duplicated under the proposed contract;

(6) the contracting entity has specified a satisfactory method of evaluating and using the results of the work to be performed; and

(7) the combined contract and amendments will not extend for more than five years.

Subd. 3. [CONTRACTS IN EXCESS OF \$5,000.] Before an entity may seek to enter into a professional or technical services contract valued in excess of \$5,000, it must determine that:

(1) no legislative employee is able and available to perform the services called for by the contract;

(2) reasonable efforts were made to publicize the availability of the contract to the public;

(3) the entity has received, reviewed, and accepted a detailed work plan from the contractor for performance under the contract; and

(4) the entity has developed, and fully intends to implement, a written plan providing for: the assignment of personnel to a monitoring and liaison function; the periodic review of interim reports or other indications of past performance; and the ultimate utilization of the final product of the services.

Subd. 4. [RENEWALS.] The renewal of a professional or technical service contract must comply with all requirements, including notice, applicable to the original contract. A renewal contract must be identified as such. All notices and reports on a renewal contract must state the date of the original contract and the amount previously paid under the contract.

Subd. 5. [REPORTS.] (a) The house of representatives, the senate, and the legislative coordinating commission shall submit to the legislative reference library a monthly listing of all contracts for professional or technical services executed in the preceding month. The report must identify the parties and the contract amount, duration, and tasks to be performed.

(b) The monthly report must:

- (1) be sorted by contracting entity and by contractor;
- (2) show the aggregate value of contracts issued by each agency and issued to each contractor;
- (3) distinguish between contracts that are being issued for the first time and contracts that are being renewed;
- (4) state the termination date of each contract; and
- (5) categorize contracts according to subject matter, including topics such as contracts for training, contracts for research and opinions, and contracts for computer systems.

(c) Within 30 days of final completion of a contract in excess of \$5,000 covered by this subdivision, the chief executive of the entity entering into the contract must file a one-page performance report with the legislative reference library. The report must:

- (1) summarize the purpose of the contract, including why it was necessary to enter into a contract;
- (2) state the amount spent on the contract;
- (3) explain why this amount was a cost-effective way to enable the entity to provide its services or products better or more efficiently.

Subd. 6. [CONTRACT TERMS.] (a) A professional or technical services contract must by its terms permit the contracting entity to unilaterally terminate the contract prior to completion, upon payment of just compensation, if the entity determines that further performance under the contract would not serve entity purposes. If the final product of the contract is a written report, a copy must be filed with the legislative reference library.

(b) The terms of a contract must provide that no more than 90 percent of the amount due under the contract may be paid until the final product has been reviewed by the person entering into the contract on behalf of the contracting entity, and that person has certified that the contractor has satisfactorily fulfilled the terms of the contract.

Sec. 2. Minnesota Statutes 1994, section 15.061, is amended to read:

15.061 [~~CONSULTANT, PROFESSIONAL AND OR~~ TECHNICAL SERVICES.]

~~Pursuant to the provisions of~~ In accordance with section 16B.17, the head of a state department or agency may, with the approval of the commissioner of administration, contract for ~~consultant services and professional and or~~ technical services in connection with the operation of the department or agency. A contract negotiated under this section shall ~~is~~ not be subject to the competitive bidding requirements of chapter ~~46~~ 16B.

Sec. 3. Minnesota Statutes 1994, section 16A.11, is amended by adding a subdivision to read:

Subd. 3b. [CONTRACTS.] The detailed budget estimate must also include the following information on professional or technical services contracts:

- (1) the number and amount of contracts in excess of \$25,000 for each agency for the past biennium;
- (2) the anticipated number and amount of contracts in excess of \$25,000 for each agency for the upcoming biennium; and
- (3) the total value of all contracts from the previous biennium, and the anticipated total value of all contracts for the upcoming biennium.

Sec. 4. [16B.167] [EMPLOYEE SKILLS INVENTORY.]

(a) The commissioners of employee relations and administration shall develop a list of skills that state agencies commonly seek from professional or technical service contracts, in consultation with exclusive representatives of state employees.

(b) Before an agency may seek approval of a professional or technical services contract valued in excess of \$5,000, it must certify to the commissioner that it has publicized the contract by posting notice at appropriate worksites within agencies and has made reasonable efforts to determine that no state employee, including an employee outside the contracting agency, is able to perform the services called for by the contract.

Sec. 5. Minnesota Statutes 1994, section 16B.17, is amended to read:

16B.17 [~~CONSULTANTS AND~~ PROFESSIONAL OR TECHNICAL SERVICES.]

Subdivision 1. [TERMS.] For the purposes of this section, ~~the following terms have the meanings given them:~~

~~(a) [CONSULTANT SERVICES.] "Consultant professional or technical services" means services which that are intellectual in character; which that do not involve the provision of supplies or materials; which that include consultation analysis, evaluation, prediction, planning, or recommendation; and which that result in the production of a report or the completion of a task.~~

~~(b) [PROFESSIONAL AND TECHNICAL SERVICES.] "Professional and technical services" means services which are predominantly intellectual in character; which do not involve the provision of supplies or materials; and in which the final result is the completion of a task rather than analysis, evaluation, prediction, planning, or recommendation.~~

Subd. 2. [PROCEDURE FOR CONSULTANT AND PROFESSIONAL AND OR TECHNICAL SERVICES CONTRACTS.] Before approving a proposed state contract for ~~consultant services or professional and or~~ technical services, the commissioner must determine, at least, that:

(1) all provisions of section 16B.19 and subdivision 3 of this section have been verified or complied with;

(2) the work to be performed under the contract is necessary to the agency's achievement of its statutory responsibilities, and there is statutory authority to enter into the contract;

(3) the contract will not establish an employment relationship between the state or the agency and any persons performing under the contract;

(4) no current legislator or state employees will engage in the performance of the contract;

(5) no state agency has previously performed or contracted for the performance of tasks which that would be substantially duplicated under the proposed contract; and

(6) the contracting agency has specified a satisfactory method of evaluating and using the results of the work to be performed; and

(7) the combined contract and amendments will not extend for more than five years.

Subd. 3. [DUTIES OF CONTRACTING AGENCY.] Before an agency may seek approval of a ~~consultant or professional and or~~ technical services contract valued in excess of \$5,000, it must certify to the commissioner that:

(1) no state employee is able and available to perform the services called for by the contract;

(2) the normal competitive bidding mechanisms will not provide for adequate performance of the services;

~~(3) the services are not available as a product of a prior consultant or professional and technical services contract, and the contractor has certified that the product of the services will be original in character;~~

(4) reasonable efforts were made to publicize the availability of the contract to the public;

(5) the agency has received, reviewed, and accepted a detailed work plan from the contractor for performance under the contract; and

(6) the agency has developed, and fully intends to implement, a written plan providing for the assignment of specific agency personnel to a monitoring and liaison function; the periodic review of interim reports or other indications of past performance, and the ultimate utilization of the final product of the services; and

(7) the agency will not allow the contractor to begin work before funds are fully encumbered.

The agency certification must provide detail on how the agency complied with this subdivision. In particular, the agency must describe how it complied with clauses (1) and (4) and section 16B.167, paragraph (b), and what steps it has taken to verify the competence of the proposed contractor.

Subd. 3a. [RENEWALS.] The renewal of a professional or technical contract must comply with all requirements, including notice, applicable to the original contract. A renewal contract must be identified as such. All notices and reports on a renewal contract must state the date of the original contract and the amount paid previously under the contract.

Subd. 4. [REPORTS.] (a) The commissioner shall submit to the governor, the chairs of the house of representatives ways and means and senate finance committees, and the legislature legislative reference library a monthly listing of all contracts for ~~consultant services and for~~ professional and or technical services executed or disapproved in the preceding month. The report must identify the parties and the contract amount, duration, and tasks to be performed. The commissioner shall also issue quarterly reports summarizing the contract review activities of the department during the preceding quarter.

(b) The monthly and quarterly reports must:

(1) be sorted by agency and by contractor;

(2) show the aggregate value of contracts issued by each agency and issued to each contractor;

(3) distinguish between contracts that are being issued for the first time and contracts that are being renewed;

(4) state the termination date of each contract; and

(5) categorize contracts according to subject matter, including topics such as contracts for training, contracts for research and opinions, and contracts for computer systems.

(c) Within 30 days of final completion of a contract in excess of \$5,000 covered by this subdivision, the chief executive of the agency entering into the contract must submit a one-page performance report to the commissioner who must submit a copy to the legislative reference library. The report must:

(1) summarize the purpose of the contract, including why it was necessary to enter into a contract;

(2) state the amount spent on the contract; and

(3) explain why this amount was a cost-effective way to enable the agency to provide its services or products better or more efficiently.

Subd. 5. [CONTRACT TERMS.] (a) A ~~consultant or technical~~ and professional or technical services contract must by its terms permit the agency to unilaterally terminate the contract prior to completion, upon payment of just compensation, if the agency determines that further performance under the contract would not serve agency purposes. If the final product of the contract is to be a written report, no more than three copies of the report, one in camera ready form, shall be submitted to the agency. One of the copies a copy must be filed with the legislative reference library.

(b) The terms of a contract must provide that no more than 90 percent of the amount due under the contract may be paid until the final product has been reviewed by the chief executive of the agency entering into the contract, and the chief executive has certified that the contractor has satisfactorily fulfilled the terms of the contract.

Subd. 6. [EXCEPTION.] This section and section 16B.167 do not apply to contracts with private collection agencies for the collection of debt owed to the state.

Sec. 6. Minnesota Statutes 1994, section 16B.19, subdivision 2, is amended to read:

Subd. 2. [~~CONSULTANT, PROFESSIONAL AND OR TECHNICAL PROCUREMENTS.~~] Every state agency shall for each fiscal year designate for awarding to small businesses at least 25 percent of the value of anticipated procurements of that agency for ~~consultant services or professional and or technical services.~~ The set-aside under this subdivision is in addition to that provided by subdivision 1, but ~~shall~~ must otherwise comply with section 16B.17.

Sec. 7. Minnesota Statutes 1994, section 16B.19, subdivision 10, is amended to read:

Subd. 10. [APPLICABILITY.] This section does not apply to construction contracts or contracts for ~~consultant, professional, or technical services~~ under section 16B.17 that are financed in whole or in part with federal funds and that are subject to federal disadvantaged business enterprise regulations.

Sec. 8. [LEGISLATIVE AUDITOR.]

The legislative audit commission shall consider directing the legislative auditor to conduct a follow-up study of agency contracting and compliance with laws governing contracting.

Sec. 9. [SPENDING LIMITATION ON CONTRACTS.]

(a) During the biennium ending June 30, 1997, the aggregate amount spent by all departments or agencies defined in Minnesota Statutes, section 15.91, subdivision 1, from direct-appropriated funds on professional or technical service contracts may not exceed 90 percent of the aggregate amount these departments or agencies spent on these contracts from direct-appropriated funds during the biennium from July 1, 1993, to June 30, 1995. For purposes of this section, professional or technical service contracts are as defined in Minnesota Statutes, section 16B.17, but do not include contracts for highway construction or maintenance. The governor or a designated official must limit or disapprove proposed contracts as necessary to comply with this section. This paragraph does not apply to contracts with private collection agencies for the collection of debt owed to the state.

(b) During the biennium ending June 30, 1997, the amount spent by (1) the house of representatives; (2) the senate; and (3) the legislative coordinating commission and all groups under its jurisdiction, from direct-appropriated funds on professional or technical service contracts may not exceed 90 percent of the amount spent on these contracts from direct-appropriated funds during the biennium from July 1, 1993 to June 30, 1995. Each entity listed in clauses (1), (2), and (3) of this paragraph must be treated separately for purposes of determining compliance with this paragraph, except that the legislative coordinating commission and all groups under its jurisdiction must be treated as one unit. For purposes of this paragraph, "professional or technical service contract" has the meaning given it in Minnesota Statutes, section 16B.17.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective July 1, 1995."

Delete the title and insert:

"A bill for an act relating to public administration; providing oversight of certain state contracts; amending Minnesota Statutes 1994, sections 15.061; 16A.11, by adding a subdivision; 16B.17; and 16B.19, subdivisions 2 and 10; proposing coding for new law in Minnesota Statutes, chapters 3; and 16B."

And when so amended the bill do pass and be re-referred to the Committee on Finance.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

S.F. No. 803: A bill for an act relating to retirement; modifying administrative provisions relating to the Minneapolis employees retirement fund; amending Minnesota Statutes 1994, section 422A.05, by adding a subdivision.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

LOCAL PENSION PLAN MODIFICATIONS

Section 1. [EVELETH POLICE AND FIREFIGHTERS; BENEFIT INCREASE.]

Notwithstanding any general or special law to the contrary, in addition to the current pensions and other retirement benefits payable, the pensions and retirement benefits payable to retired police officers and firefighters and their surviving spouses by the Eveleth police and fire trust fund are increased by \$100 a month. Increases are retroactive to January 1, 1995. If the city of Eveleth fails to contribute an amount required in a given year sufficient to amortize the unfunded actuarial accrued liability of the police and fire trust fund by December 31, 1998, the increases under this section in the following year are not payable.

Sec. 2. [DULUTH TEACHERS RETIREMENT FUND ASSOCIATION; SPECIAL SERVICE PURCHASE AUTHORIZATION FOR CERTAIN FORMER DULUTH TECHNICAL COLLEGE TEACHERS.]

(a) A retired member of the Duluth teachers retirement fund association who:

(1) was born on April 29, 1932;

(2) was initially employed by independent school district No. 709 on September 8, 1970;

(3) terminated employment as a teacher at the Duluth technical college on July 1, 1994;

(4) retired from the Duluth teachers retirement fund association effective on July 15, 1994; and

(5) did not receive certification of eligibility for an early separation incentive from the chancellor of the higher education board in a timely fashion, but did eventually receive the required certification on October 24, 1994;

may purchase two years of additional service credit from the Duluth teachers retirement fund association as provided in Laws 1994, chapter 572, section 3, subdivision 3, paragraph (e), clause (2)(i), as though otherwise qualified, to have the person's retirement annuity from the Duluth teachers retirement fund association recomputed based on the additional service credit, and to have any medical insurance premiums that the person paid subsequent to retirement reimbursed by the Duluth technical college on the basis of the provisions of Laws 1994, chapter 572, section 3, subdivision 3, paragraph (e), clause (1).

(b) The purchase of additional service credit must be made within 30 days of the effective date of this section.

(c) The recomputed retirement annuity must be based on any optional annuity form selected upon retirement and must be subject to the early retirement reduction imposed upon retirement. The recomputed annuity accrues as of the effective date of retirement and any omitted retirement annuity amounts from the date of retirement to the date of recomputation must be paid in a lump sum as soon as practicable following the recomputation and must include annual interest on the omitted amounts at the rate of six percent, expressed as a monthly rate, and compounded monthly.

(d) If the retired member seeks reimbursement for medical insurance premiums, the retired member must furnish the president of the Duluth technical college with reasonable verification of medical insurance coverage and of prior medical insurance premiums paid.

Sec. 3. [MINNEAPOLIS EMPLOYEES RETIREMENT FUND; TEMPORARY OPTION.]

Notwithstanding any law to the contrary, a retired member of the Minneapolis employees retirement fund who elected a joint and survivor optional annuity form at the time of retirement and who has a living designated optional annuity recipient may select a substitute joint and survivor option under which the retired member will receive a normal single-life annuity if the previously designated recipient dies before the retired member. This substitute optional annuity must be the actuarial equivalent of the joint and survivor annuity option amount in effect at the time this option substitution is selected. This option must be exercised before July 1, 1996, according to procedures specified by the board of the Minneapolis employees retirement fund.

Sec. 4. [WEST ST. PAUL POLICE CONSOLIDATION ACCOUNT; CERTAIN SURVIVING SPOUSE BENEFITS.]

(a) Notwithstanding Minnesota Statutes, section 353A.08, the surviving spouse of a person described in paragraph (b) is entitled to receive survivor benefits provided under paragraph (c).

(b) This section applies to the surviving spouse of a person who was:

(1) employed as a police chief by the city of West St. Paul;

(2) an active member of the West St. Paul police relief association on February 8, 1993, when the governing body of West St. Paul, in accordance with Minnesota Statutes, section 353A.04, subdivision 5, gave preliminary approval to the consolidation of the association with the public employees retirement association;

(3) whose intention, upon consolidation, to elect benefits provided under the relevant provisions of the public employees retirement association police and fire fund benefit plan was recognized by the governing body of West St. Paul in a resolution adopted March 16, 1994;

(4) who died in April 1993, before the governing body of West St. Paul, on August 23, 1993, gave final approval to the consolidation in accordance with Minnesota Statutes, section 353A.04, subdivision 8; and

(5) who was thus unable, before his death, to carry out his intent to elect public employees retirement association benefits under Minnesota Statutes, section 353A.08.

(c) As of the effective date of this section, benefits for the surviving spouse identified in paragraph (b) computed under provisions of the West St. Paul police relief association plan terminate and survivor benefits computed under relevant provisions of the public employees retirement association police and fire plan commence. The relevant provisions of the public employees retirement association police and fire plan are survivor benefits computed under Minnesota Statutes, section 353.657, assuming the deceased police officer was covered by that plan at the time of death. The benefit will include adjustments if any, under Minnesota Statutes, section 353.271. Retroactive payment of benefits is not authorized.

Sec. 5. [EDEN PRAIRIE VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION SERVICE PENSIONS.]

Subdivision 1. [SERVICE PENSION VESTING REQUIREMENT.] (a) Notwithstanding any provision of Minnesota Statutes, section 424A.02, subdivision 2, to the contrary, if the bylaws of the relief association so provide, the Eden Prairie volunteer firefighters relief association may pay an unreduced service pension to a member of the association who has terminated active service as a firefighter in the Eden Prairie fire department, who has at least ten years of service as an active firefighter in good standing with the department and at least ten years of membership in good standing in the association, and who meets all other applicable eligibility requirements of the association for entitlement to a service pension.

(b) Notwithstanding any provision of Minnesota Statutes, section 424A.02, subdivision 2, to the

contrary, if the bylaws of the association so provide, the association may pay a reduced service pension to a member of the association who has terminated active service as a firefighter in the department, who has at least five years of service but less than ten years of service as an active firefighter in good standing with the department and at least five years but less than ten years as a member in good standing in the association, and who meets all other applicable eligibility requirements of the association for entitlement to a service pension. The amount of the reduced service pension is the amount determined by multiplying the total service pension amount as specified in the articles of incorporation or bylaws of the association that is appropriate for the number of completed years of service to the credit of the retiring member by the applicable percentage, as follows:

<u>Completed years of service</u>	<u>Applicable percentage</u>
<u>5</u>	<u>40 percent</u>
<u>6</u>	<u>52 percent</u>
<u>7</u>	<u>64 percent</u>
<u>8</u>	<u>76 percent</u>
<u>9</u>	<u>88 percent</u>
<u>10 and thereafter</u>	<u>100 percent.</u>

Subd. 2. [POSTRETIREMENT SERVICE PENSION ADJUSTMENTS FOR DEFERRED RETIREES.] (a) A "deferred retiree" is a former Eden Prairie volunteer firefighter who has completed at least five years of service as a firefighter in good standing with the Eden Prairie volunteer fire department and five years as a member in good standing in the Eden Prairie volunteer firefighters relief association and has separated from active service as a firefighter before attaining the earliest age for immediate receipt of service pension from the association as provided in the articles of incorporation or the bylaws of the association.

(b) Notwithstanding any provision of Minnesota Statutes, section 424A.02, to the contrary, if the articles of incorporation or bylaws of the association so provide, and if the Eden Prairie city council approves the deferred service pension increase under Minnesota Statutes, sections 69.773, subdivision 6, and 424A.02, subdivision 10, a deferred retiree who has credit for at least 15 years of active service with the department and who has not elected to receive a lump sum service pension as an alternative to a monthly service pension, may receive the same postretirement increase in the amount of that deferred monthly service pension that is approved and is payable to an association service pension recipient under Minnesota Statutes, section 424A.02, subdivision 9a.

(c) A deferred retiree who has credit for less than 15 years of active service with the department is not eligible for a postretirement increase.

Sec. 6. [RETURNING ANNUITANT.]

(a) Notwithstanding any provision of Minnesota Statutes, section 353.37, to the contrary, an eligible person described in paragraph (b) will be treated as specified in paragraph (c).

(b) An eligible person is a person who:

- (1) was born on December 9, 1936;
- (2) terminated from the Carlton county human services department as a financial eligibility specialist and retired from the public employees retirement association on April 1, 1992; and
- (3) returned to Carlton county employment as a financial worker.

(c) As of the effective date of this section, annuity payments from the public employees retirement association terminate for an eligible person described in paragraph (b). As of that date the person is considered to have elected a deferred annuity under Minnesota Statutes, section 353.34, subdivision 3, with deferred annuity payments to commence upon the termination of the person's present employment. During the person's present employment, the person is entitled to

participation in the public employees unclassified plan, and the person and the county shall make the contributions required under Minnesota Statutes, section 353D.03, paragraph (a).

Sec. 7. [REPEALER.]

Minnesota Statutes 1994, section 423B.02, is repealed effective March 1, 1995.

Sec. 8. [EFFECTIVE DATE.]

(a) Section 1 is effective on approval by the Eveleth city council and compliance with Minnesota Statutes, section 645.021.

(b) Section 2 is effective on the day following approval by the board of education of independent school district No. 709 and compliance with Minnesota Statutes, section 645.021.

(c) Section 3 is effective on approval by the Minneapolis city council and compliance with Minnesota Statutes, section 645.021.

(d) Section 4 is effective on the day following approval by the governing body of the city of West St. Paul and compliance with Minnesota Statutes, section 645.021, subdivision 2.

(e) Section 5 is effective on the day following compliance with Minnesota Statutes, section 69.773, subdivision 6, approval by the Eden Prairie city council, and compliance with Minnesota Statutes, section 645.021, subdivision 3.

(f) Section 6 is effective on the day following approval by the Carlton county board and compliance with Minnesota Statutes, section 645.021.

ARTICLE 2

CRYSTAL-NEW HOPE VOLUNTEER FIREFIGHTER

RELIEF ASSOCIATION CONSOLIDATION

Section 1. [CONSOLIDATED CRYSTAL-NEW HOPE VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION; CREATION.]

Notwithstanding any provision of law to the contrary, if the cities of Crystal and New Hope enter into a joint powers agreement under Minnesota Statutes, section 471.59, to establish and operate a joint powers fire department, the Crystal volunteer firefighters' relief association and the New Hope volunteer firefighters' relief association shall consolidate into a single volunteer firefighters' relief association. The consolidated volunteer firefighters' relief association must be governed by sections 1 to 7 and the applicable provisions of Minnesota Statutes, chapters 69, 356, 356A, and 424A.

Sec. 2. [CONSOLIDATED VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION.]

Subdivision 1. [ESTABLISHMENT.] The consolidated volunteer firefighters' relief association for the joint powers fire department serving the cities of Crystal and New Hope must be incorporated under Minnesota Statutes, chapter 317A. The incorporators of the consolidated relief association must include at least one board member of the Crystal volunteer firefighters' relief association and at least one board member of the former New Hope volunteer firefighters' relief association. The consolidated relief association must be incorporated within 90 days of the establishment of the joint powers fire department. The joint powers fire department is established on the date specified in the joint powers agreement.

Subd. 2. [GOVERNANCE OF CONSOLIDATED VOLUNTEER FIREFIGHTERS' RELIEF ASSOCIATION.] (a) Notwithstanding Minnesota Statutes, section 424A.04, subdivision 1, the consolidated volunteer firefighters' relief association is governed by a board of trustees consisting of nine members, as provided in the bylaws of the consolidated relief association, composed of:

(1) six firefighters in the joint fire department elected by the membership of the consolidated relief association; and

(2) three appointed members, including the fire chief of the joint fire department, one member

appointed by the city council of the city of New Hope, and one member appointed by the city council of the city of Crystal.

(b) The board must have three officers, including a president, a secretary, and a treasurer. The membership of the consolidated volunteer firefighters' relief association must elect the three officers from the nine board members. A board of trustees member may not hold more than one officer position at the same time.

(c) The board of trustees must administer the affairs of the relief association consistent with sections 1 to 7 and the applicable provisions of Minnesota Statutes, chapters 69, 356A, and 424A.

Subd. 3. [SPECIAL AND GENERAL FUNDS.] (a) The consolidated volunteer firefighters' relief association must establish and maintain a special fund and may establish and maintain a general fund.

(b) The special fund must be established and maintained as provided in Minnesota Statutes, section 424A.05.

(c) The general fund must be established and maintained as provided in Minnesota Statutes, section 424A.06.

Sec. 3. [CONSOLIDATION OF FORMER RELIEF ASSOCIATIONS.]

Subdivision 1. [EFFECTIVE DATE OF CONSOLIDATION.] On the first business day occurring 30 days after the establishment of the consolidated volunteer firefighters' relief association under section 2, which is the effective date of consolidation, the administration, records, assets, and liabilities of the prior Crystal volunteer firefighters' relief association and of the prior New Hope volunteer firefighters' relief association transfer to the consolidated volunteer firefighters' relief association and the Crystal volunteer firefighters' relief association and the New Hope volunteer firefighters' relief association cease to exist as legal entities.

Subd. 2. [TRANSFER OF ADMINISTRATION.] On the effective date of consolidation, the administration of the prior relief associations is transferred to the board of trustees of the consolidated volunteer firefighters' relief association.

Subd. 3. [TRANSFER OF RECORDS.] On the effective date of consolidation, the secretary and the treasurer of the Crystal volunteer firefighters' relief association and the secretary and the treasurer of the New Hope volunteer firefighters' relief association shall transfer all records and documents relating to the prior relief associations to the secretary and the treasurer of the consolidated volunteer firefighters' relief association.

Subd. 4. [TRANSFER OF SPECIAL FUND ASSETS AND LIABILITIES.] (a) On the effective date of consolidation, the secretary and the treasurer of the Crystal volunteer firefighters' relief association and the secretary and the treasurer of the New Hope volunteer firefighters' relief association shall cause to occur the transfer of the assets of the special fund of the applicable relief association to the special fund of the consolidated relief association. Unless the applicable secretary and treasurer decide otherwise, the assets may be transferred as investment securities rather than as cash. The transfer must include any accounts receivable. The applicable secretary shall settle any accounts payable from the special fund of the relief association before the effective date of consolidation.

(b) Upon the transfer of the assets of the special fund of a prior relief association, the pension liabilities of that special fund become the obligation of the special fund of the consolidated volunteer firefighters' relief association.

(c) Upon the transfer of the prior relief association special fund assets, the board of trustees of the consolidated volunteer firefighters' relief association has legal title to and management responsibility for the transferred assets as trustees for persons having a beneficial interest in those assets arising out of the benefit coverage provided by the prior relief association.

(d) The consolidated volunteer firefighters' relief association is the successor in interest for all claims for and against the special funds of the prior Crystal volunteer firefighters' relief association and the prior New Hope volunteer firefighters' relief association, or the cities of

Crystal and New Hope with respect to the special funds of the prior relief associations. The status of successor in interest does not apply to any claim against a prior relief association, the city in which that relief association is located, or any person connected with the prior relief association or the city, based on any act or acts that were not done in good faith and that constituted a breach of fiduciary responsibility under common law or Minnesota Statutes, chapter 356A.

Subd. 5. [DISSOLUTION OF PRIOR GENERAL FUND BALANCES.] Before the effective date of consolidation, the secretary of the Crystal volunteer firefighters' relief association and the secretary of the New Hope volunteer firefighters' relief association shall settle any accounts payable from the respective general fund or any other relief association fund in addition to the relief association special fund. Any investments held by a fund of the prior relief associations in addition to the special fund must be liquidated before the effective date of consolidation as the bylaws of the relief association provide. Before consolidation, the respective relief associations shall pay all applicable general fund expenses from their respective general funds and any balance remaining in the general fund or in a fund other than the relief association special fund as of the effective date of consolidation must be paid to the new general fund of the consolidated volunteer relief association.

Subd. 6. [TERMINATION OF PRIOR RELIEF ASSOCIATIONS.] Following the transfer of administration, records, special fund assets, and special fund liabilities from the prior relief associations to the consolidated volunteer firefighters' relief association, the Crystal volunteer firefighters' relief association and the New Hope volunteer firefighters' relief association cease to exist as legal entities. The city manager of the city of Crystal and the city manager of the city of New Hope must notify the following government officials of the termination of the respective relief associations and of the establishment of the consolidated volunteer firefighters' relief association:

- (1) Minnesota secretary of state;
- (2) Minnesota state auditor;
- (3) Minnesota commissioner of revenue; and
- (4) commissioner of the federal Internal Revenue Service.

Sec. 4. [EFFECT ON PREVIOUS BENEFIT PLAN COVERAGE.]

Subdivision 1. [BENEFIT COVERAGE FOR CURRENT RETIRED MEMBERS.] (a) A person who is receiving a monthly service pension, a monthly disability benefit, or a monthly survivorship benefit from the Crystal volunteer firefighters' relief association or from the New Hope volunteer firefighters' relief association on the effective date of consolidation is entitled to a continuation of that pension or benefit, including any death benefit or monthly survivorship benefit provided for in the benefit plan document of the applicable prior relief association in effect on the day before the effective date of the consolidation, from the consolidated volunteer firefighters' relief association. Unless paragraph (b) applies, the amount of the pension or benefit payable after the effective date of consolidation must be identical to the amount payable before the effective date of consolidation. The pension or benefit payable after the effective date of consolidation is subject to the same terms, conditions, and qualifications as were in effect before the effective date of consolidation.

(b) If the board of trustees of the consolidated volunteer firefighters' relief association establishes the option, a pension or benefit recipient to whom paragraph (a) applies is entitled to elect an alternative pension or benefit amount as offered by the relief association board. To provide this alternative pension or benefit, the relief association board may arrange for a lump-sum payment or the purchase of an annuity contract for the pension or benefit recipient in place of a direct payment from the relief association to the person. The annuity contract may be purchased only from an insurance company that is licensed to do business in this state, regularly undertakes life insurance and annuity business, and is rated by a recognized national rating agency or organization as being among the top 25 percent of all insurance companies undertaking life insurance and annuity business. The alternative pension or benefit payable monthly may be in an amount greater than the pension or benefit payable before the effective date of consolidation, but may not exceed the maximum service pension or benefit payable under Minnesota Statutes,

chapter 424A. In electing the alternative pension or benefit payable under an annuity contract from a qualified insurance company, the affected person must waive in writing the person's eligibility and entitlement to any direct future pension or benefit payments from the consolidated volunteer firefighters' relief association.

Subd. 2. [BENEFIT COVERAGE FOR CURRENT DEFERRED MEMBERS.] (a) A person who is not an active member of the Crystal volunteer firefighters' relief association or an active member of the New Hope volunteer firefighters' relief association but who has sufficient service credit with one of the relief associations to be entitled to a future service pension from the appropriate relief association remains entitled to the receipt of that service pension, upon application, when the person attains at least the minimum age for receipt of a service pension unless the person elects an alternative service pension under paragraph (b). A deferred member may transfer the member's current service pension to a member's individual account established under subdivision 3, paragraph (c), subject to the same conditions of individual accounts for active members, and remain entitled to receipt of a service pension when the member reaches the normal retirement age.

(b) If the board of trustees of the consolidated volunteer firefighters' relief association establishes the option for benefit recipients under subdivision 1, the deferred service pensioner described in paragraph (a) may elect the same alternative service pension as established under subdivision 1, paragraph (b), except that the deferred service pensioner may not receive the alternative service pension at an age younger than the normal retirement age in effect for the prior applicable relief association.

Subd. 3. [BENEFIT COVERAGE FOR NEW FIREFIGHTERS' AND CURRENT VESTED AND NONVESTED ACTIVE MEMBERS.] (a) The benefit coverage for persons who become firefighters for the joint fire department for the first time after the effective date of consolidation and for persons who are active members of the consolidated volunteer firefighters' relief association as of the effective date of consolidation is a defined contribution plan governed under this subdivision and Minnesota Statutes, section 424A.02, subdivision 4.

(b) For an active member of the consolidated volunteer firefighters' relief association as of the effective date of consolidation, that member's prior service as a firefighter in the prior Crystal fire department or the prior New Hope fire department must be converted into a dollar accumulation by multiplying each full year of prior service as a firefighter in the prior fire department of Crystal or the prior fire department of New Hope by not less than \$3,000. A member's prior service of a partial year will be converted into a dollar accumulation by prorating the full year of prior service yearly amount by the number of months served in the partial year. The total calculated dollar accumulation must be credited to the member's individual account established under paragraph (c).

(c) For each active member of the consolidated volunteer firefighters' relief association covered by the defined contribution plan, an individual account must be established, as provided in Minnesota Statutes, section 424A.02, subdivision 4, with an initial balance based on the conversion accumulation determined under paragraph (b), if applicable. Notwithstanding Minnesota Statutes, section 424A.02, subdivision 4, the amount of fire state aid and the amount of regular municipal contributions must be credited to individual active firefighter accounts as specified in section 6, subdivision 4.

Sec. 5. [ACTUARIAL VALUATIONS REQUIRED.]

(a) Unless all benefit recipients and deferred service pensioners elect alternative pensions or benefits under section 4, subdivisions 1, paragraph (b); and 2, paragraph (b), a special actuarial valuation of the consolidated volunteer firefighters' relief association must be prepared as soon as practicable following the benefit selection under section 4, subdivision 1. The actuarial valuation must be prepared under the applicable provisions of Minnesota Statutes, sections 356.215 and 356.216.

(b) Subsequent actuarial valuations must be prepared as required under Minnesota Statutes, section 69.773, subdivisions 2 and 3, if any person is entitled or is reasonably anticipated to be entitled to a direct future monthly benefit from the consolidated relief association.

Sec. 6. [ANNUAL RELIEF ASSOCIATION FUNDING.]

Subdivision 1. [SOURCES.] In addition to investment income earned by the special fund, the sources of the annual funding of the consolidated volunteer firefighters' relief association are the fire state aid received by the city of Crystal, the fire state aid received by the city of New Hope, the regular municipal contribution from the city of Crystal, and the regular municipal contribution from the city of New Hope.

Subd. 2. [FIRE STATE AID.] The fire state aid received by the city of Crystal and the fire state aid received by the city of New Hope must be deposited in the special fund of the consolidated volunteer firefighters' relief association, for allocation as provided in subdivision 4.

Subd. 3. [REGULAR MUNICIPAL CONTRIBUTION.] (a) Annually, as part of the municipal budget setting process, the city council of the city of Crystal and the city council of the city of New Hope must jointly establish the amount of the regular municipal contribution by each city to the consolidated volunteer firefighters' relief association.

(b) The regular municipal contribution in total must be at least equal to (1) the amount of the fire state aid received by the city of Crystal and the fire state aid received by the city of New Hope, plus (2) whatever additional amount is needed to equal the sum determined by multiplying \$1,811 by the total of the number of active firefighters' who are members of the consolidated volunteer firefighters' relief association.

(c) The established amount for each city must be included in the budget of the respective city, and, if not payable from a municipal revenue source other than the city's property tax levy or fire state aid, must be included in the property tax levy of the respective city. The regular municipal contribution must be allocated in the manner specified in subdivision 4.

(d) If a direct service pension or entitlement is payable under section 4, subdivision 1, paragraph (a); or subdivision 2, paragraph (a), to a retiree or deferred retiree, the applicable city remains responsible for any amount of service pension that is payable beyond the relief association assets allocated for the retiree or deferred retiree. Following any actuarial valuation of the consolidated relief association, if there is a net mortality loss attributable to the applicable city, the city shall make a contribution in addition to the regular municipal contribution under paragraphs (a) to (c) equal to the amount of that net mortality loss. The municipal contribution under this paragraph is payable on or before the last business day of the month next following the completion of the actuarial valuation.

Subd. 4. [ALLOCATION OF FUNDING AMOUNTS.] (a) The annual fire state aid and the regular municipal contribution, after deduction for payment of administrative expenses as specified in subdivision 5, must be allocated to individual active firefighter accounts based on the level of firefighting services rendered by the individual active firefighter as stated in the bylaws of the consolidated volunteer firefighters' relief association.

(b) Investment income earned by the special fund of the consolidated relief association must be allocated to each individual account based on the proportion of the total assets of the special fund represented by the account.

Subd. 5. [PAYMENT OF RELIEF ASSOCIATION ADMINISTRATIVE EXPENSES.] (a) The payment of authorized administrative expenses of the consolidated volunteer firefighters' relief association shall be from the special fund of the relief association according to Minnesota Statutes, section 69.80, and as provided for in the bylaws of the consolidated relief association and approved by the board of trustees of the consolidated relief association. The allocation of these administrative expenses to the individual member accounts must occur as provided in the bylaws of the consolidated relief association.

(b) The payment of any other expenses of the consolidated relief association shall be from the general fund of the consolidated relief association according to Minnesota Statutes, section 69.80, and as provided for in the bylaws of the consolidated relief association and approved by the board of trustees of the consolidated relief association.

Sec. 7. [VALIDATION OF CURRENT BENEFIT PLANS AND PRIOR ACTIONS.]

Notwithstanding any provisions of Laws 1969, chapter 1088, as amended by Laws 1978, chapters 562, section 32, and 753; Laws 1979, chapter 201, section 44; or Laws 1981, chapter 224, section 250; or Laws 1971, chapter 114, as amended by Laws 1979, chapters 97, and 201, sections 27 and 44; and Laws 1981, chapter 224, section 254, the benefit plans of the Crystal volunteer firefighters' relief association and of the New Hope volunteer firefighters' relief association as reflected in each relief association's articles of incorporation and bylaws as of December 15, 1993, are hereby ratified and validated. Any acts previously taken by the Crystal volunteer firefighters' relief association and by the New Hope volunteer firefighters' relief association with those ratified articles of incorporation and bylaws are also ratified and validated.

Sec. 8. [REPEALER OF PRIOR SPECIAL LAWS.]

Laws 1969, chapter 1088; Laws 1971, chapter 114; Laws 1978, chapters 562, section 32, and 753; Laws 1979, chapters 97, and 201, section 27; and Laws 1981, chapter 224, sections 250 and 254, are repealed.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 7 are effective on the day following final approval by the city council of the city of Crystal and by the city council of the city of New Hope and compliance with Minnesota Statutes, section 645.021, subdivision 3. Section 8 is effective on the effective date of consolidation of the Crystal volunteer firefighters' relief association and the New Hope volunteer firefighters' relief association.

ARTICLE 3

ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION
POST RETIREMENT ADJUSTMENT MECHANISMS

Section 1. [ST. PAUL TEACHERS' RETIREMENT FUND ASSOCIATION; POSTRETIREMENT ADJUSTMENTS.]

Subdivision 1. [AUTHORITY FOR AMENDMENT.] Under Minnesota Statutes, section 354A.12, authority is granted for the St. Paul teachers retirement fund association to amend its articles of incorporation or bylaws as required to provide postretirement adjustments after June 1, 1995, in accordance with this section.

Subd. 2. [CALCULATION OF THIRTEENTH CHECK POSTRETIREMENT ADJUSTMENT.] Retired members and survivors of retired members from the St. Paul teachers retirement fund association are entitled to receive an annual lump sum postretirement increase granted at the discretion of the board of trustees under this subdivision. If granted, the lump sum postretirement increase is payable to all eligible annuitants and benefit recipients who have been retired for at least one year on July 1 following the June 30 fiscal year end. The lump sum amount must be determined as follows:

(1) The years of service and years of annuity or benefit payment receipt of each eligible annuitant or benefit recipient must be determined by the executive secretary as of each June 30, based on the records of the association and are called units.

(2) The unit value of the lump sum adjustment is one percent of the actuarial value of fund assets divided by the total of all units determined in clause (1).

(3) The amount payable to each eligible annuitant or benefit recipient is the product of the number of units allocated to that annuitant or beneficiary multiplied by the unit value determined in clause (2).

(4) The lump sum postretirement adjustment determined under this paragraph is payable annually to each eligible annuitant or beneficiary and must be paid no sooner than six months following the fiscal year end. In lieu of a lump sum payment, the annuitant or beneficiary may annuitize the lump sum to a lifetime annuity or benefit increase using the interest and mortality assumptions required for the annual actuarial valuations of the fund.

Subd. 3. [INVESTMENT PERFORMANCE POSTRETIREMENT ADJUSTMENT.] (a)

Annually, following the fiscal year end, the board of trustees of the St. Paul teachers retirement fund association shall use the procedures in paragraph (b) to determine whether an additional investment performance postretirement adjustment is payable and the amount of that additional investment performance postretirement adjustment.

(b) Annually, as of each June 30, the rate of return, after deduction of any investment-related expenses, must be determined using the method described in Minnesota Statutes, section 11A.04, clause (11), and the return above the assumed interest rate specified in Minnesota Statutes, section 356.215, must be determined and certified by the board of trustees to the actuary performing the annual actuarial valuation of the retirement fund. The amount of excess investment earnings, the funding ratio, and the actuarial accrued liability must be determined by the actuary preparing the annual actuarial valuation as specified in Minnesota Statutes, section 356.215, and must be used to determine the amount of an excess earnings postretirement adjustment, as follows:

(1) The amount of excess investment return must be determined by the actuary as of the end of the fiscal year end.

(2) The retiree percentage of the total fund actuarial accrued liability must be determined and must be multiplied by the amount of excess investment return determined in clause (1).

(3) The amount determined in clause (2) must be multiplied by the accrued liability funding ratio to determine the amount of excess investment return available for the postretirement increase.

(4) One-fifth of the amount determined in clause (3) must be allocated equally to the current year postretirement adjustment and one-fifth to each of the subsequent four years.

(5) The amount determined in clause (4) must be combined with the amount of excess investment return available for the postretirement increase allocated to the same fiscal year in prior years.

(6) If the amount determined in clause (5) is not positive, then no adjustment under this subdivision is payable.

(7) The postretirement adjustment increase percentage rate must be determined by dividing the amount determined in clause (6) by the actuarial accrued liability for annuitants and benefit recipients in the year preceding the most recent fiscal year actuarial report.

(c) The additional postretirement adjustment rate determined in (b) applies to all annuitants and benefit recipients eligible for the regular lump sum postretirement increase determined in subdivision 2.

Subd. 4. [PAYMENT.] Any additional postretirement adjustment determined under subdivision 2 or 3 is payable to eligible annuitants and benefit recipients on January following the fiscal year end.

Sec. 2. [REPEALER.]

Laws 1979, chapter 109, section 1; Laws 1981, chapter 157, section 1; Laws 1985, chapter 259, section 3; and Laws 1990, chapter 570, article 7, section 4, are repealed.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective upon approval by the board of education of independent school district No. 625 (St. Paul) and compliance with Minnesota Statutes, section 645.021."

Delete the title and insert:

"A bill for an act relating to retirement; various local public employee pension plans; providing for various benefit modifications and related changes that require local governing body approval; repealing Minnesota Statutes 1994, section 423B.02; Laws 1969, chapter 1088; Laws 1971, chapter 114; Laws 1978, chapters 562, section 32; and 753; Laws 1979, chapters 97; 109, section 1; and 201, section 27; Laws 1981, chapters 157, section 1; and 224, sections 250 and 254; Laws 1985, chapter 259, section 3; and Laws 1990, chapter 570, article 7, section 4."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

S.F. No. 806: A bill for an act relating to retirement; higher education supplemental retirement and individual retirement plans; revising laws governing certain faculty in the state university and community college systems who return to teaching part time after retirement; part-time faculty program participation; investment options; amending Minnesota Statutes 1994, sections 136.90; 354.445; 354.66, by adding a subdivision; 354B.05, subdivisions 2 and 3; 354B.07, subdivisions 1 and 2; and 354B.08, subdivision 2.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

STATEWIDE GENERAL EMPLOYEE PENSION PLAN
BENEFIT AND RELATED MODIFICATIONS

Section 1. [125.615] [RETURN TO FULL-TIME WORK.]

A teacher with 20 or more years of allowable service credit under chapter 354 or chapter 354A who was assigned to a part-time position under section 354.66 or 354A.094 after June 30, 1994, must be given the option of returning to full-time employment if the employer does not make the full employer contribution to the applicable pension fund under section 354.66, subdivision 4, or 354A.094, subdivision 4, after July 1, 1995. If an employer decides not to make the full employer contribution to the pension fund after July 1, 1995, it shall notify an affected part-time teacher of that decision in writing within 30 days of the employer's decision. A teacher receiving this notice who wishes to return to work full-time must notify the employer of intent to return to full-time employment within 30 days of receiving notice from the employer and must return to full-time employment by the beginning of the next school year.

Sec. 2. Minnesota Statutes 1994, section 136.90, is amended to read:

136.90 [EMPLOYER-PAID HEALTH INSURANCE.]

(a) This section applies to a person who:

(1) retires from the state university system or the community college system, or from a successor system employing state university or community college faculty, with at least ten years of combined service credit in the a system from which the person retires under the jurisdiction of the higher education board;

(2) was employed on a full-time basis immediately preceding retirement as a state university or community college faculty member or as an unclassified administrator in one of these systems;

(3) begins drawing an annuity from the teachers retirement association; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than \$35,000 in a calendar year from employment after retirement in the system from which the person retired.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the employer and the employee. The employer may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The employer shall determine the time of year the employee shall work.

(c) For a person eligible under paragraphs (a) and (b), the employing board shall make the same employer contribution for hospital, medical, and dental benefits as would be made if the person were employed full time.

(d) For work under paragraph (a), a person must receive a percentage of the person's salary at the time of retirement that is equal to the percentage of time the person works compared to full-time work.

(e) If a collective bargaining agreement covering a person provides for an early retirement incentive that is based on age, the incentive provided to the person must be based on the person's age at the time employment under this section ends. However, the salary used to determine the amount of the incentive must be the salary that would have been paid if the person had been employed full time for the year immediately preceding the time employment under this section ends.

Sec. 3. Minnesota Statutes 1994, section 352.01, subdivision 13, is amended to read:

Subd. 13. [SALARY.] "Salary" means ~~the periodical wages, or other periodic~~ wages, or other periodic compensation paid to ~~any an~~ an employee before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs. ~~It also means wages and includes net income from fees.~~ Lump sum sick leave payments, severance payments, lump sum annual leave payments and overtime payments made at the time of separation from state service, payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to an employee with single coverage, and payments made as an employer-paid fringe benefit ~~and, workers' compensation payments, employer contributions to a deferred compensation or tax sheltered annuity program, and amounts contributed under a benevolent vacation and sick leave donation program~~ are not salary.

Sec. 4. Minnesota Statutes 1994, section 354.445, is amended to read:

354.445 [NO ANNUITY REDUCTION.]

(a) The annuity reduction provisions of section 354.44, subdivision 5, do not apply to a person who:

(1) retires from the state university system or the community college system, or from a successor system employing state university or community college faculty, with at least ten years of combined service credit in the system from which the person retires a system under the jurisdiction of the higher education board;

(2) was employed on a full-time basis immediately preceding retirement as a state university or community college faculty member or as an unclassified administrator in one of these systems;

(3) begins drawing an annuity from the teachers retirement association; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than \$35,000 in a calendar year from employment after retirement in the system from which the person retired.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the employer and the employee. The employer may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The employer shall determine the time of year the employee shall work.

(c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and (b) may not earn further service credit in the teachers retirement association and is not eligible to participate in the individual retirement account plan or the supplemental retirement plan established in chapter 354B as a result of service under this section. No employer or employee contribution to any of these plans may be made on behalf of such a person.

(d) For a person eligible under paragraphs (a) and (b) who earns more than \$35,000 in a calendar year from employment after retirement in the system from which the person retired, the annuity reduction provisions of section 354.44, subdivision 5, apply only to income over \$35,000.

Sec. 5. Minnesota Statutes 1994, section 354.66, subdivision 4, is amended to read:

Subd. 4. [RETIEMENT CONTRIBUTIONS.] Notwithstanding any provision to the contrary in this chapter relating to the salary figure to be used for the determination of contributions or the accrual of service credit, a teacher assigned to a part-time position under this section shall continue to make employee contributions to and to accrue allowable service credit in the retirement fund during the period of part-time employment on the same basis and in the same amounts as would have been paid and accrued if the teacher had been employed on a full-time basis provided that, prior to June 30 each year, or within 30 days after notification by the association of the amount due, whichever is later, the member and the employing board make that portion of the required employer contribution to the retirement fund, in any proportion which they may agree upon, that is based on the difference between the amount of compensation that would have been paid if the teacher had been employed on a full-time basis and the amount of compensation actually received by the teacher for the services rendered in the part-time assignment. The employing unit shall make that portion of the required employer contributions to the retirement fund on behalf of the teacher that is based on the amount of compensation actually received by the teacher for the services rendered in the part-time assignment in the manner described in section 354.43, subdivision 3. ~~If the teacher has 20 years or more of allowable service in the fund or 20 years or more of full-time teaching service, the employer shall make the full employer contribution to the fund based on the compensation that would have been paid if the teacher had been employed on a full-time basis.~~ The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354.42. Full accrual of allowable service credit and employee contributions for part-time teaching service pursuant to this section and section 354A.094 shall not continue for a period longer than ten years.

Sec. 6. Minnesota Statutes 1994, section 354A.094, subdivision 4, is amended to read:

Subd. 4. [RETIEMENT CONTRIBUTIONS.] Notwithstanding any provision to the contrary in this chapter or the articles of incorporation or bylaws of an association relating to the salary figure to be used for the determination of contributions or the accrual of service credit, a teacher assigned to a part-time position under this section shall continue to make employee contributions to and to accrue allowable service credit in the applicable association during the period of part-time employment on the same basis and in the same amounts as would have been paid and accrued if the teacher had been employed on a full-time basis provided that, prior to June 30 each year the member and the employing board make that portion of the required employer contribution to the applicable association in any proportion which they may agree upon, that is based on the difference between the amount of compensation that would have been paid if the teacher had been employed on a full-time basis and the amount of compensation actually received by the teacher for services rendered in the part-time assignment. The employer contributions to the applicable association on behalf of the teacher shall be based on the amount of compensation actually received by the teacher for the services rendered in the part-time assignment in the manner described in section 354.43, subdivision 3. ~~If the teacher has 20 years or more of allowable service in the association or 20 years or more of full-time teaching service, the employer shall make the full employer contribution to the fund, based on the compensation that would have been paid if the teacher had been employed on a full-time basis.~~ The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354A.12. Full membership, accrual of allowable service credit and employee contributions for part-time teaching service by a teacher pursuant to this section and section 354.66 shall not continue for a period longer than ten years.

Sec. 7. Minnesota Statutes 1994, section 354B.05, subdivision 2, is amended to read:

Subd. 2. [PURCHASE OF CONTRACTS.] ~~The state university board and the community college higher education board shall arrange for the purchase of annuity contracts, fixed, variable, or a combination of fixed and variable, or custodial accounts from financial institutions selected by the state board of investment under subdivision 3, to provide retirement benefits to members of the plan. The contracts or accounts must be purchased with contributions under section 354B.04 or money or assets otherwise provided by law or by authority of the state university board or community college higher education board and acceptable by the financial institutions from which the contracts or accounts are purchased.~~

Sec. 8. Minnesota Statutes 1994, section 354B.05, subdivision 3, is amended to read:

Subd. 3. [SELECTION OF FINANCIAL INSTITUTIONS.] The supplemental investment fund

administered by the state board of investment is one of the investment options for the plan. The state board of investment may select up to five other financial institutions to provide annuity products. In making their selections, the board shall consider at least these criteria:

- (1) the experience and ability of the financial institution to provide retirement and death benefits suited to the needs of the covered employees;
- (2) the relationship of the benefits to their cost; and
- (3) the financial strength and stability of the institution.

The state board of investment must periodically review at least every three years each financial institution selected by the state board of investment. The state board of investment may retain consulting services to assist in the periodic review, may establish a budget for its costs in the periodic review process, and may charge a proportional share of those costs to each financial institution selected by the state board of investment. All contracts must be approved by the state board of investment before execution by the ~~state university board and the community college higher education board~~. The state board of investment shall also establish policies and procedures under section 11A.04, clause (2), to carry out this subdivision.

The chancellor of the ~~state university system and the chancellor of the state community college higher education system~~ shall redeem all shares in the accounts of the Minnesota supplemental investment fund held on behalf of personnel in the supplemental plan who elect an investment option other than the supplemental investment fund, except that shares in the fixed interest account attributable to any guaranteed investment contract as of July 1, 1994, must not be redeemed until the expiration dates for the guaranteed investment contracts. The ~~chancellors~~ chancellor shall transfer the cash realized to the financial institutions selected by the ~~state university board and the community college board~~ under this section 354B.05.

Sec. 9. Minnesota Statutes 1994, section 354B.07, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT AND ELIGIBILITY.] (a) [REGULAR UNCLASSIFIED EMPLOYEES.] The supplemental retirement plan for personnel employed by the state university board, the state board for community colleges, the higher education board, and ~~effective July 1, 1995~~, the technical colleges, who are in the unclassified service of the state commencing July 1 following the completion of the second year of their full-time contract is governed by this section. Once a person qualifies for participation in the supplemental plan, all subsequent service by the person as an unclassified employee of the state university board, the state board for community colleges, the higher education board, or the technical colleges is covered by the supplemental plan.

(b) [CETA UNCLASSIFIED EMPLOYEES.] An unclassified employee employed by the state university board or the state board for community colleges in subsidized on-the-job training, work experience, or public service employment as an enrollee under the federal Comprehensive Employment and Training Act is not included in the supplemental retirement plan provided for in this section after March 30, 1978, unless the unclassified employee has as of the later of March 30, 1978, or the date of employment sufficient service credit in the retirement fund providing primary retirement coverage to meet the minimum vesting requirements for a deferred retirement annuity, or the board agrees in writing to make the employer contribution required by this section on account of that unclassified employee from revenue sources other than funds provided under the federal Comprehensive Employment and Training Act, or the unclassified employee agrees in writing to make the employer contribution required by this section in addition to the member contribution.

Sec. 10. Minnesota Statutes 1994, section 354B.07, subdivision 2, is amended to read:

Subd. 2. [REDEMPTIONS.] The chancellor of the ~~state university system and the chancellor of the state community college~~ higher education system shall redeem all shares in the accounts of the Minnesota supplemental investment fund held on behalf of personnel in the supplemental plan who elect an investment option other than the supplemental investment fund, except that shares in the fixed interest account attributable to any guaranteed investment contract as of July 1, 1994, may not be redeemed until the expiration dates for the guaranteed investment contracts. The ~~chancellors~~ chancellor shall transfer the cash realized to the financial institutions selected by the ~~state university board and the community college board~~ under section 354B.05.

Sec. 11. Minnesota Statutes 1994, section 354B.08, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATION.] (a) The chancellor of the ~~state university system and the chancellor of the state community college~~ higher education system shall administer the supplemental retirement plan for their employees. ~~The chancellors~~ chancellor shall invest contributions made under this section, less amounts used for administrative expenses, as authorized by law. The retirement contributions and death benefits provided by annuity contracts or custodial accounts purchased by the ~~chancellors~~ chancellor are owned by the plan and must be paid in accordance with the annuity contracts or custodial accounts.

(b) Effective July 1, 1995, administration of the plan must transfer to the higher education board.

Sec. 12. Minnesota Statutes 1994, section 356.30, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY; COMPUTATION OF ANNUITY.] (1) Notwithstanding any provisions to the contrary of the laws governing the funds enumerated in subdivision 3, a person who has met the qualifications of clause (2) may elect to receive a retirement annuity from each fund in which the person has at least six months allowable service, based on the allowable service in each fund, subject to the provisions of clause (3).

(2) A person may receive upon retirement a retirement annuity from each fund in which the person has at least six months allowable service, and augmentation of a deferred annuity calculated under the laws governing each public pension plan or fund named in subdivision 3, from the date the person terminated all public service if:

(a) the person has allowable service totaling an amount that allows the person to receive an annuity in any two or more of the enumerated funds; and

(b) the person has not begun to receive an annuity from any enumerated fund or the person has made application for benefits from all funds and the effective dates of the retirement annuity with each fund under which the person chooses to receive an annuity are within a one-year period.

(3) The retirement annuity from each fund must be based upon the allowable service in each fund, except that:

(a) The laws governing annuities must be the law in effect on the date of termination from the last period of public service under a covered fund with which the person earned a minimum of one-half year of allowable service credit during that employment.

(b) The "average salary" on which the annuity from each covered fund in which the employee has credit in a formula plan shall be based on the employee's highest five successive years of covered salary during the entire service in covered funds.

(c) The formula percentages to be used by each fund must be those percentages prescribed by each fund's formula as continued for the respective years of allowable service from one fund to the next, recognizing all previous allowable service with the other covered funds.

(d) Allowable service in all the funds must be combined in determining eligibility for and the application of each fund's provisions in respect to actuarial reduction in the annuity amount for retirement prior to normal retirement.

(e) The annuity amount payable for any allowable service under a nonformula plan of a covered fund must not be affected but such service and covered salary must be used in the above calculation.

(f) This section shall not apply to any person whose final termination from the last public service under a covered fund is prior to May 1, 1975.

(g) For the purpose of computing annuities under this section the formula percentages used by any covered fund, except the basic program of the teachers retirement association, the public employees police and fire fund, must may not exceed 2-1/2 percent per year of service for any year of service or fraction thereof of a year. The formula percentage used by the public employees

police and fire fund ~~must~~ may not exceed 2.65 percent per year of service for any year of service or fraction thereof of a year. The formula percentage used by the teachers retirement association may not exceed 2.63 percent per year of basic program service for any year of basic program service or fraction of a year.

(h) Any period of time for which a person has credit in more than one of the covered funds ~~must~~ may be used only once for the purpose of determining total allowable service.

(i) If the period of duplicated service credit is more than six months, or the person has credit for more than six months with each of the funds, each fund shall apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all funds for the period.

(j) If the period of duplicated service credit is less than six months, or when added to other service credit with that fund is less than six months, the service credit must be ignored and a refund of contributions made to the person in accord with that fund's refund provisions.

Sec. 13. [356.305] [PARTIAL PAYMENT OF PENSION PLAN REFUND.]

(a) Notwithstanding any provision of law to the contrary, a member of a pension plan listed in section 356.30, subdivision 3, with at least two years of forfeited service taken from a single pension plan, may repay a portion of all refunds. A partial refund repayment must comply with this section.

(b) The minimum portion of a refund repayment is one-third of the total service credit period of all refunds taken from a single plan.

(c) The cost of the partial refund repayment is the product of the cost of the total repayment multiplied by the ratio of the restored service credit to the total forfeited service credit. The total repayment amount includes interest at the annual rate of 8.5 percent, compounded annually, from the refund date to the date repayment is received.

(d) The restored service credit is allocated based on the relationship the restored service bears to the total service credit period for all refunds taken from a single pension plan.

(e) This section does not authorize a public pension plan member to repay a refund if the law governing the plan does not authorize the repayment of a refund of member contributions.

Sec. 14. Minnesota Statutes 1994, section 356.611, is amended to read:

356.611 [LIMITATION ON PUBLIC EMPLOYEE SALARIES FOR PENSION PURPOSES.]

Subdivision 1. [STATE SALARY LIMITATIONS.] (a) Notwithstanding any provision of law, bylaws, articles of incorporation, retirement and disability allowance plan agreements, or retirement plan contracts to the contrary, the covered salary for pension purposes for a plan participant of a covered retirement fund under section 356.30, subdivision 3, may not exceed 95 percent of the salary established for the governor under section 15A.082 at the time the person received the salary.

(b) This section does not apply to a salary paid:

- (1) to the governor;
- (2) to an employee of a political subdivision in a position that is excluded from the limit as specified under section 43A.17, subdivision 9; or
- (3) to a state employee in a position for which the commissioner of employee relations has approved a salary rate that exceeds 95 percent of the governor's salary.

(c) The limited covered salary determined under this section must be used in determining employee and employer contributions and in determining retirement annuities and other benefits under the respective covered retirement fund and under this chapter.

Subd. 2. [FEDERAL COMPENSATION LIMITS.] For members first contributing to a pension plan covered under section 356.30, subdivision 3, on or after July 1, 1995, compensation in excess of the limitation set forth in section 401(a)(17) of the Internal Revenue Code may not be included for contribution and benefit computation purposes. The compensation limit set forth in section 401(a)(17) of the Internal Revenue Code on June 30, 1993, applies to members first contributing before July 1, 1995.

Sec. 15. [RETROACTIVE PROVISIONS.]

(a) A teacher who had at least three years of allowable service credit under Minnesota Statutes, chapter 354 or 354A, on July 1, 1994, and who worked part-time between July 1, 1994, and June 30, 1995, may be allowed to make contributions to and accrue allowable service credit in the applicable retirement fund as if the teacher had been working full-time, as provided in Minnesota Statutes, sections 354.66, subdivision 4, and 354A.094, subdivision 4, for service after July 1, 1994, and before June 30, 1995. If a teacher described in this paragraph wishes to obtain allowable service credit as if the teacher had been working full-time for the period from July 1, 1994, to June 30, 1995, the teacher must:

(1) make a lump-sum payment to the applicable pension fund within 60 days after the effective date of this section of the difference between the amount of the employer and employee contributions to the pension fund that would have been paid if the teacher had been working full-time, and that amount that was actually paid for part-time service during that period; and

(2) submit to the association a letter or other document from the board of the teacher's employing district stating that the board would have agreed to the teacher's participation in the part-time mobility program during the 1994-1995 school year but for the requirement then in effect that the district make the full employer contribution to the retirement fund for teachers with 20 or more years of service, based on the compensation that would have been paid if the teacher had been employed on a full-time basis.

(b) An employer of a teacher covered by paragraph (a) shall notify the teacher of the option available under paragraph (a) in writing within 30 days of the effective date of this section.

Sec. 16. [EARLY RETIREMENT INCENTIVE.]

The metropolitan council, a metropolitan agency as defined by Minnesota Statutes, section 473.121, subdivision 5a, or the Minnesota historical society may offer its eligible employees the early retirement incentive provided in sections 16 to 24.

Sec. 17. [ELIGIBILITY.]

An employee of a public employer specified in section 16 is eligible to receive the early retirement incentive if the employee:

(1) has at least 25 years of combined service credit in any covered fund or funds listed in Minnesota Statutes, section 356.30, subdivision 3, or for purposes of the incentive in section 18, subdivision 2 only, is at least 65 years old and has at least one year of combined service credit in these covered funds;

(2) upon retirement is immediately eligible for a retirement annuity from a defined benefit plan, if the person is a member of a defined benefit plan;

(3) is at least 55 years of age; and

(4) retires on or after May 23, 1995, and before January 31, 1996.

Sec. 18. [EARLY RETIREMENT INCENTIVE.]

Subdivision 1. [CHOICE.] An eligible employee may not choose both the incentive in subdivision 2 and the incentive in subdivision 3. The public employers specified in section 16 that choose to offer the early retirement incentive must offer included employees eligible for both incentives a choice between the incentive in subdivision 2 or 3.

Subd. 2. [FORMULA INCREASE OPTION.] For an employee covered by a retirement plan established in Minnesota Statutes, section 352.115, 352.116, 353.29, or 353.30, or chapter 354 or 422A, who selects the incentive under this subdivision, the multiplier percentage used to calculate the retirement annuity must be increased for each year of service credit up to 30 years. The amount of the increase is:

(1) .25 for each year of service credit calculated under Minnesota Statutes, section 352.115, 352.116, 353.29, or 353.30, or chapter 422A; and

(2) .10 for each year of service credit calculated under Minnesota Statutes, chapter 354 or 354A.

If an employee has more than 30 years of service credit, the increased multiplier applies only to the first 30 years.

Subd. 3. [INSURANCE OPTION.] For an employee who selects the incentive under this subdivision, the employer must pay for hospital, medical, and dental insurance under the following conditions and limitations. An employee is eligible for this employer-paid insurance only if the person:

(1) is eligible for employer-paid insurance under a collective bargaining agreement or personnel plan in effect on the day before the effective date of sections 16 to 24;

(2) 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; and

(3) is under age 65.

Sec. 19. [LIMIT ON REHIRING.]

A public employer may not rehire an employee who retires under sections 16 to 24.

Sec. 20. [RETIREMENT.]

For purposes of sections 16 to 24, an employee retires when the employee terminates active employment and applies for retirement benefits.

Sec. 21. [CONDITIONS; INSURANCE COVERAGE.]

A retired employee is eligible for single and dependent insurance coverages and employer payments to which the employee 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 reaches age 65, chooses not to receive the retirement benefits for which the employee has applied, or becomes 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.

Sec. 22. [INCLUSION.]

A public employer that offers incentives under sections 16 to 24 shall designate the positions or group of positions affected by downsizing or restructuring that will qualify for participation in its early retirement plan and may exclude otherwise eligible employees.

Sec. 23. [PAYMENT OF COST OF EARLY RETIREMENT INCENTIVE.]

(a) A public employer referenced in section 16 that offers an early retirement incentive under section 18 must make an additional employer contribution to the applicable retirement plan from which an employee retired under the incentive program.

(b) The additional employer contribution is an amount equal to the difference in the amount of the reserve transfer under Minnesota Statutes, section 11A.18, or 422A.06, subdivision 8, with the early retirement incentive under section 18, and without the early retirement incentive. The

additional employer contribution must be paid before July 1, 1997. The public employer shall also pay compound interest on the additional employer contribution at an annual rate of 8.5 percent from the effective date of the retirement to the date of the payment of the additional employer contribution.

Sec. 24. [APPLICATION OF OTHER LAWS.]

Unilateral implementation of sections 16 to 24 by a public employer is not an unfair labor practice for purposes of Minnesota Statutes, chapter 179A. The requirement in sections 16 to 24 for an employer to pay health insurance coverage costs for certain retired employees is not subject to the limits in Minnesota Statutes, section 179A.20, subdivision 2a.

Sec. 25. [REPEALER.]

Minnesota Statutes 1994, sections 3A.10, subdivision 2, and 352.021, subdivision 5, are repealed.

Sec. 26. [EFFECTIVE DATE.]

(a) Sections 1, 9, and 14 are effective on July 1, 1995.

(b) Sections 3 and 15 are effective on the day following final enactment.

(c) Sections 5 and 6 are effective on July 1, 1995, and apply to teaching service rendered after that date.

(d) Section 12 is effective retroactively to May 16, 1994.

(e) Sections 16 to 24 are effective on the day after final enactment.

(f) Section 25 is effective on July 1, 1995, and is not intended to reduce the service credit of a legislator for service recorded by the Minnesota state retirement system before July 1, 1995.

ARTICLE 2

LOCAL GENERAL EMPLOYEE PENSION PLAN BENEFIT AND RELATED MODIFICATIONS

Section 1. Minnesota Statutes 1994, section 124.916, subdivision 3, is amended to read:

Subd. 3. [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~~ it 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, payable in 1996 or later, an amount equal to the supplemental contributions under section 354A.12, subdivision 2c, and may also levy in payable in 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~~ these levies may be recognized as revenue for the fiscal year in which the levy is certified. ~~This levy shall~~ These levies may not be considered in computing the aid reduction under section 124.155.

Sec. 2. Minnesota Statutes 1994, section 354A.12, subdivision 1, is amended to read:

Subdivision 1. [EMPLOYEE CONTRIBUTIONS.] The contribution required to be paid by each member of a teachers retirement fund association ~~shall~~ may not be less than the percentage of total salary specified below for the applicable association and program:

Association and Program	Percentage of Total Salary
Duluth teachers retirement association	
old law and new law	
coordinated programs	4.5 <u>5.5</u> percent
Minneapolis teachers retirement association	
basic program	8.5 percent
coordinated program	4.5 percent
St. Paul teachers retirement association	
basic program	8 percent
coordinated program	4.5 percent

Contributions shall be made by deduction from salary and must be remitted directly to the respective teachers retirement fund association at least once each month.

Sec. 3. Minnesota Statutes 1994, section 354A.12, subdivision 2, is amended to read:

Subd. 2. [RETIREMENT CONTRIBUTION LEVY DISALLOWED.] Except as provided in ~~subdivision~~ subdivisions 2c and 3b, paragraph (d), with respect to the city of Minneapolis and special school district No. 1, notwithstanding any law to the contrary, levies for teachers retirement fund associations in cities of the first class, including levies for any employer social security taxes for teachers covered by the Duluth teachers retirement fund association or the

Minneapolis teachers retirement fund association or the St. Paul teachers retirement fund association, are disallowed.

Sec. 4. Minnesota Statutes 1994, section 354A.12, is amended by adding a subdivision to read:

Subd. 2c. [SCHOOL DISTRICT SUPPLEMENTAL CONTRIBUTIONS TO MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION.] (a) Beginning in fiscal year 1996, and annually in subsequent years, special school district No. 1 shall pay supplemental contributions in the following amounts to the Minneapolis teachers retirement fund association to reduce the unfunded actuarial accrued liability of the Minneapolis teachers retirement fund association according to the actuarial valuation of the fund prepared by the commission-retained actuary under section 356.215:

(1) an amount equal to the difference between the total 1995 financial requirements and the total current year financial requirements of the Minneapolis employees retirement fund payable by the city of Minneapolis under section 422A.101, subdivision 1a, determined according to the most recent actuarial valuation of the Minneapolis employees retirement fund prepared by the actuary retained by the legislative commission on pensions and retirement; and

(2) an amount equal to the difference between the total 1995 employer contributions and the total current year employer contributions payable under section 422A.101, subdivision 2, paragraph (c), on behalf of employees of special school district No. 1 who are covered by the Minneapolis employees retirement fund, determined according to the most recent actuarial valuation of the Minneapolis employees retirement fund prepared by the actuary retained by the legislative commission on pensions and retirement.

(b) Special school district No. 1 may levy for supplemental contributions to the Minneapolis teachers retirement fund association under this subdivision only to the extent permitted by section 124.916, subdivision 3.

Sec. 5. Minnesota Statutes 1994, section 354A.12, subdivision 3b, is amended to read:

Subd. 3b. [SPECIAL DIRECT STATE MATCHING AND STATE AID TO THE MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION.] (a) Special school district No. 1 may make an additional employer contribution to the Minneapolis teachers retirement fund association. The city of Minneapolis may make a contribution to the Minneapolis teachers retirement fund association. This contribution may be made by a levy of the board of estimate and taxation of the city of Minneapolis, and the levy, if made, is classified as that of a special taxing district for purposes of sections 275.065 and 276.04, and for all other property tax purposes.

(b) For every \$1,000 contributed in equal proportion by special school district No. 1 and by the city of Minneapolis to the Minneapolis teachers retirement fund association under paragraph (a), the state shall pay to the Minneapolis teachers retirement fund association \$1,000, but not to exceed \$2,500,000 in total in fiscal year 1994. The total amount available for each subsequent fiscal year must be increased at the same rate as the increase in the general education revenue formula allowance under section 124A.22, subdivision 2, in subsequent fiscal years. The superintendent of special school district No. 1, the mayor of the city of Minneapolis, and the executive director of the Minneapolis teachers retirement fund association shall jointly certify to the commissioner of finance the total amount that has been contributed by special school district No. 1 and by the city of Minneapolis to the Minneapolis teachers retirement fund association. Any certification to the commissioner of education must be made quarterly. If the total certifications for a fiscal year exceed the maximum annual direct state matching aid amount in any quarter, the amount of direct state matching aid payable to the Minneapolis teachers retirement fund association must be limited to the balance of the maximum annual direct state matching aid amount available. The amount required under this paragraph, subject to the maximum direct state matching aid amount, is appropriated annually to the commissioner of finance.

(c) The commissioner of finance may prescribe the form of the certifications required under paragraph (b).

(d) In addition to the direct matching aid payable under paragraph (b), the state shall pay direct

state aid to the Minneapolis teachers retirement fund association annually an amount equal to the difference between \$11,005,000 and the state contribution to the Minneapolis employees retirement fund under sections 356.865 and 422A.101, subdivision 3, for the current fiscal year. Payments under this paragraph must be made in four equal installments on March 15, July 15, September 15, and November 15 annually.

Sec. 6. Minnesota Statutes 1994, section 354A.12, subdivision 3c, is amended to read:

Subd. 3c. [TERMINATION OF SUPPLEMENTAL CONTRIBUTIONS AND DIRECT STATE MATCHING AND STATE AID.] (a) The supplemental contributions payable to the Minneapolis teachers retirement fund association by special school district No. 1 under subdivision 2c, the direct state aid under subdivision 3a to the St. Paul teachers retirement association, and the direct matching and state aid under subdivision 3b to the Minneapolis teachers retirement fund association terminates for the respective fund at the end of the fiscal year in which the accrued liability funding ratio for that fund, as determined in the most recent actuarial report for that fund by the actuary retained by the legislative commission on pensions and retirement, equals or exceeds the accrued liability funding ratio for the teachers retirement association, as determined in the most recent actuarial report for the teachers retirement association by the actuary retained by the legislative commission on pensions and retirement.

(b) If the direct matching or state aid is terminated for the St. Paul teachers retirement fund association or the Minneapolis teachers retirement fund association under paragraph (a), it may not again be received by that fund.

Sec. 7. Minnesota Statutes 1994, section 354A.27, subdivision 1, is amended to read:

354A.27 [DULUTH TEACHERS RETIREMENT FUND ASSOCIATION; LUMP-SUM POSTRETIREMENT ADJUSTMENT MECHANISM.]

Subdivision 1. [ELIGIBILITY POSTRETIREMENT ADJUSTMENT MODIFICATION.] A person receiving a retirement annuity, disability benefit, or surviving spouse benefit or annuity from the Duluth teachers retirement fund association who has received the annuity or benefit for at least one year may be entitled to receive a lump-sum postretirement adjustment under subdivision 2, in the discretion of the board of trustees under subdivision 3. Any postretirement adjustment payable from the Duluth teachers retirement fund association must be computed and paid according to this section.

Sec. 8. Minnesota Statutes 1994, section 354A.27, is amended by adding a subdivision to read:

Subd. 5. [CALCULATION OF POSTRETIREMENT ADJUSTMENTS.] (a) Annually, after June 30, the board of trustees shall determine the amount of any postretirement adjustment using the procedures in this subdivision and subdivision 6.

(b) Each person who has been receiving an annuity or benefit under the articles of incorporation, bylaws, or this section for at least 12 months as of the date of the postretirement adjustment is eligible for a postretirement adjustment. The postretirement adjustment is payable each January 1. The postretirement adjustment must be equal to two percent of the annuity or benefit to which the person is entitled one month before the payment of the postretirement adjustment.

Sec. 9. Minnesota Statutes 1994, section 354A.27, is amended by adding a subdivision to read:

Subd. 6. [ADDITIONAL INCREASE.] (a) In addition to the postretirement increases granted under subdivision 5, an additional percentage increase must be computed and paid under this subdivision.

(b) The board of trustees shall determine the number of annuitants or benefit recipients who have been receiving an annuity or benefit for at least 12 months as of the current June 30. These recipients are entitled to receive the surplus investment earnings additional postretirement increase.

(c) Annually, as of each June 30, the board shall determine the five-year annualized rate of return attributable to the assets of the Duluth teachers retirement fund association under the formula or formulas specified in section 11A.04, clause (11).

(d) The board shall determine the amount of excess five-year annualized rate of return over the preretirement interest assumption as specified in section 356.215.

(e) The additional percentage increase must be determined by multiplying the quantity one minus the rate of contribution deficiency, as specified in the most recent actuarial report of the actuary retained by the legislative commission on pensions and retirement, times the rate of return excess as determined in paragraph (d).

(f) The additional increase is payable to all eligible annuitants or benefit recipients on the following January 1.

Sec. 10. [354A.281] [MODIFICATION OF MINNEAPOLIS TEACHERS RETIREMENT FUND ADJUSTMENT.]

The additional percentage increase determined under section 354A.28, subdivision 9, must be reduced by multiplying the percentage increase determined under that subdivision by the accrued liability funding ratio as determined in the actuarial report of the actuary retained by the legislative commission on pensions and retirement for the previous July 1.

Sec. 11. Minnesota Statutes 1994, section 354A.31, subdivision 4, is amended to read:

Subd. 4. [COMPUTATION OF THE NORMAL COORDINATED RETIREMENT ANNUITY; MINNEAPOLIS AND ST. PAUL FUNDS.] (a) This subdivision applies to the coordinated programs of the Minneapolis teachers retirement fund association and the St. Paul teachers retirement fund association.

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

~~(b)~~ (c) This paragraph, in conjunction with subdivision 6, applies to a person who first became a member or a member in a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph ~~(e)~~ (d), in conjunction with subdivision 7, produces a higher annuity amount, in which case paragraph ~~(e)~~ (d) will apply. The retirement annuity formula percentage for purposes of this paragraph is one percent per year for each year of coordinated service for the first ten years and 1.5 percent for each year of coordinated service thereafter.

~~(e)~~ (d) This paragraph applies to a person who has become at least 55 years old and who first becomes a member after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with subdivision 7 is higher than it is when calculated under paragraph ~~(b)~~ (c), in conjunction with the provisions of subdivision 6. The retirement annuity formula percentage for purposes of this paragraph is 1.5 percent for each year of coordinated service.

Sec. 12. Minnesota Statutes 1994, section 354A.31, is amended by adding a subdivision to read:

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

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

(c) This paragraph, in conjunction with subdivision 6, applies to a person who first became a

member or a member in a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a higher annuity amount, in which case paragraph (d) applies. The retirement annuity formula percentage for purposes of this paragraph is 1.16 percent per year for each year of coordinated service for the first ten years and 1.66 percent for each subsequent year of coordinated service.

(d) This paragraph applies to a person who is at least 55 years old and who first becomes a member after June 30, 1989, and to any other member who is at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with subdivision 7, is higher than it is when calculated under paragraph (c) in conjunction with subdivision 6. The retirement annuity formula percentage for purposes of this paragraph is 1.66 percent for each year of coordinated service.

Sec. 13. Minnesota Statutes 1994, section 422A.05, is amended by adding a subdivision to read:

Subd. 8. [HEALTH INSURANCE.] The retirement board may authorize the executive director or the executive director's designee to:

(1) offer the beneficiaries of the fund the option of having their health insurance premiums deducted automatically from their monthly benefit amounts and paid to a designated insurer; and

(2) provide beneficiaries information about available group health insurance plan options.

Sec. 14. Minnesota Statutes 1994, section 422A.09, subdivision 2, is amended to read:

Subd. 2. The contributing class shall consist of all employees not included in the exempt class, who become prospective beneficiaries of the fund created by sections 422A.01 to 422A.25.

A member of the contributing class who is granted a leave of absence without pay by the member's employer to serve as an employee or agent of a labor union primarily representing members of the contributing class may continue as a member of the contributing class during the period of such leave of absence by depositing each month with the fund the amount of the contribution of the employee as required by sections 422A.01 to 422A.25 which amount shall be the normal employee contribution.

The contributions referred to in this subdivision shall be based on the salary for the position or its equivalent held by the member immediately prior to such leave of absence subject to any adjustment thereof during the period of such leave.

Sec. 15. Minnesota Statutes 1994, section 422A.101, subdivision 1a, is amended to read:

Subd. 1a. [CITY CONTRIBUTIONS.] Prior to August 31 of each year, the retirement board shall prepare an itemized statement of the financial requirements of the fund payable by the city for the succeeding fiscal year, and a copy of the statement shall be submitted to the board of estimate and taxation and to the city council by September 15. The financial requirements of the fund payable by the city shall be calculated as follows:

(a) a regular employer contribution of an amount equal to the percentage rounded to the nearest two decimal places of the salaries and wages of all employees covered by the retirement fund which equals the difference between the level normal cost plus administrative cost as reported in the annual actuarial valuation prepared by the commission-retained actuary and the employee contributions provided for in section 422A.10 less any amounts contributed toward the payment of the balance of the normal cost not paid by employee contributions by any city owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than real estate taxes, any public corporation, any employing unit of metropolitan government, or by special school district No. 1 pursuant to subdivision 2;

(b) an additional employer contribution of an amount equal to the percent specified in section 353.27, subdivision 3a, clause (a), multiplied by the salaries and wages of all employees covered by the retirement fund less any amounts contributed toward amortization of the unfunded actuarial accrued liability by June 30, 2020, attributable to their respective covered employees by any city owned public utility, improvement project, other municipal activities supported in whole or in part

by revenues other than real estate taxes, any public corporation, any employing unit of metropolitan government, or by special school district No. 1 pursuant to subdivision 2; and

(c) a proportional share of an additional employer amortization contribution of an amount equal to \$3,900,000 annually until June 30, 2020, based upon the share of the fund's unfunded actuarial accrued liability attributed to the city as disclosed in the annual actuarial valuation prepared by the commission-retained actuary.

The city council shall, in addition to other taxes levied by the city, annually levy a tax equal to the amount of the financial requirements of the fund which are payable by the city for fiscal year 1995. The tax, when levied, shall be extended upon the county lists and shall be collected and enforced in the same manner as other taxes levied by the city. If the city does not levy a tax sufficient to meet the requirements of this subdivision, the retirement board shall submit the tax levy statement directly to the county auditor, who shall levy the tax. The tax, when levied, shall be extended upon the county lists and shall be collected and paid into the city treasury ~~to the credit of the retirement fund. Any amount to the credit of the retirement fund,~~ and shall constitute a special fund and shall to be used only for the payment of obligations authorized pursuant to section 354A.12, subdivision 2c, and this chapter. In 1996 and succeeding years, the amount of the special fund equal to the annual financial requirements of the fund that are payable by the city under this subdivision must be credited to the retirement fund, and the excess must be paid to special school district No. 1.

Sec. 16. [INITIAL ADJUSTMENT.]

Subdivision 1. [LUMP-SUM POSTRETIREMENT ADJUSTMENT TRANSITION.] For all annuitants and beneficiaries of the association who previously received a lump-sum postretirement adjustment, before calculation of the first postretirement adjustment under sections 7 and 8, the annual retirement annuity or benefit must be permanently increased by the amount of the previous lump-sum postretirement adjustment.

Subd. 2. [ANNUITIZED POSTRETIREMENT ADJUSTMENT TRANSITION.] For all annuitants and beneficiaries of the association who chose to annuitize previous lump-sum postretirement adjustments, before calculation of the first postretirement adjustment under sections 7 and 8, the annual retirement annuity or benefit must include the benefits supported by the accumulated annuitized value due to annuitizing the previous lump-sum postretirement adjustments.

Sec. 17. [DULUTH OLD PLAN BYLAWS; AUTHORITY GRANTED TO INCREASE FORMULAS.]

In accordance with Minnesota Statutes, section 354A.12, subdivision 4, approval is granted for the Duluth teachers retirement fund association to amend its articles of incorporation or bylaws by increasing the formula percentage used in computing annuities for old law coordinated program members in the Duluth teachers retirement fund association to 1.41 percent for each year of service.

Sec. 18. [DULUTH OLD PLAN BYLAWS.]

In accordance with Minnesota Statutes, section 354A.12, subdivision 4, the Duluth teachers retirement fund association shall amend its articles of incorporation or bylaws to conform to sections 2, 7, 8, 9, and 15.

Sec. 19. [REPEALER.]

Minnesota Statutes 1994, section 354A.27, subdivisions 2, 3, and 4, are repealed.

Sec. 20. [EFFECTIVE DATE.]

(a) Sections 1, 3, 4, 5, 6, and 14 are effective upon approval of those sections by both the Minneapolis city council and the board of special school district No. 1, and upon compliance with Minnesota Statutes, section 645.021, subdivision 3, by both groups.

(b) Section 2 is effective on the first day of the first payroll period beginning after July 1, 1995.

(c) Sections 7, 8, 9, 15, 17, and 18 are effective November 1, 1995.

(d) Sections 11 and 16 are effective May 15, 1995.

(e) Sections 12 and 13 are effective on the day following final enactment.

(f) Section 10 is effective on the day following final enactment and applies to any postretirement adjustment payable after that date.

ARTICLE 3

PUBLIC SAFETY EMPLOYEE PENSION PLAN BENEFIT AND RELATED MODIFICATIONS

Section 1. Minnesota Statutes 1994, section 352B.02, subdivision 1a, is amended to read:

Subd. 1a. [MEMBER CONTRIBUTIONS.] Each member shall pay a sum equal to ~~8.5~~ 8.92 percent of the member's salary, which shall constitute the member contribution to the fund.

Sec. 2. Minnesota Statutes 1994, section 352B.08, subdivision 2, is amended to read:

Subd. 2. [NORMAL RETIREMENT ANNUITY.] The annuity must be paid in monthly installments. The annuity shall be equal to the amount determined by multiplying the average monthly salary of the member by ~~2-1/2~~ 2.65 percent for each year and pro rata for completed months of service.

Sec. 3. Minnesota Statutes 1994, section 352B.10, subdivision 1, is amended to read:

Subdivision 1. [INJURIES, PAYMENT AMOUNTS.] Any member who becomes disabled and physically or mentally unfit to perform duties as a direct result of an injury, sickness, or other disability incurred in or arising out of any act of duty, shall receive disability benefits while disabled. The benefits must be paid in monthly installments equal to the member's average monthly salary multiplied by ~~50~~ 53 percent, plus an additional ~~2-1/2~~ 2.65 percent for each year and pro rata for completed months of service in excess of 20 years, if any.

Sec. 4. Minnesota Statutes 1994, section 353.651, subdivision 4, is amended to read:

Subd. 4. [EARLY RETIREMENT.] Any police officer or firefighter member who has become at least 50 years old and who has at least three years of allowable service is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, ~~reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the member if the member deferred receipt of the annuity from the day the annuity begins to accrue until the member attains age 55 by two-tenths of one percent for each month that the member is under age 55 at the time of retirement.~~

Sec. 5. Minnesota Statutes 1994, section 353A.083, is amended to read:

353A.083 [PERA-P&F BENEFIT PLAN APPLICABLE TO PRE-1993 CONSOLIDATIONS.]

Subdivision 1. [PRE-1993 CONSOLIDATIONS.] For any consolidation account in effect on May 24, 1993, 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.

Subd. 2. [PRE-1995 CONSOLIDATIONS.] For any consolidation account in effect on July 1, 1995, 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, 1995, public employees police and fire fund benefit plan unless the applicable municipality approves the extension of the post-June 30, 1995, public employees police and fire fund benefit plan to the consolidation account.

Sec. 6. Minnesota Statutes 1994, section 356.30, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY; COMPUTATION OF ANNUITY.] (1) Notwithstanding any provisions to the contrary of the laws governing the funds enumerated in subdivision 3, a person who has met the qualifications of clause (2) may elect to receive a retirement annuity from each fund in which the person has at least six months allowable service, based on the allowable service in each fund, subject to the provisions of clause (3).

(2) A person may receive upon retirement a retirement annuity from each fund in which the person has at least six months allowable service, and augmentation of a deferred annuity calculated under the laws governing each public pension plan or fund named in subdivision 3, from the date the person terminated all public service if:

(a) the person has allowable service totaling an amount that allows the person to receive an annuity in any two or more of the enumerated funds; and

(b) the person has not begun to receive an annuity from any enumerated fund or the person has made application for benefits from all funds and the effective dates of the retirement annuity with each fund under which the person chooses to receive an annuity are within a one-year period.

(3) The retirement annuity from each fund must be based upon the allowable service in each fund, except that:

(a) The laws governing annuities must be the law in effect on the date of termination from the last period of public service under a covered fund with which the person earned a minimum of one-half year of allowable service credit during that employment.

(b) The "average salary" on which the annuity from each covered fund in which the employee has credit in a formula plan shall be based on the employee's highest five successive years of covered salary during the entire service in covered funds.

(c) The formula percentages to be used by each fund must be those percentages prescribed by each fund's formula as continued for the respective years of allowable service from one fund to the next, recognizing all previous allowable service with the other covered funds.

(d) Allowable service in all the funds must be combined in determining eligibility for and the application of each fund's provisions in respect to actuarial reduction in the annuity amount for retirement prior to normal retirement.

(e) The annuity amount payable for any allowable service under a nonformula plan of a covered fund must not be affected but such service and covered salary must be used in the above calculation.

(f) This section shall not apply to any person whose final termination from the last public service under a covered fund is prior to May 1, 1975.

(g) For the purpose of computing annuities under this section the formula percentages used by any covered fund, except the public employees police and fire fund and the state patrol retirement fund, must not exceed 2-1/2 percent per year of service for any year of service or fraction thereof. The formula percentage used by the public employees police and fire fund and the state patrol retirement fund must not exceed 2.65 percent per year of service for any year of service or fraction thereof.

(h) Any period of time for which a person has credit in more than one of the covered funds must be used only once for the purpose of determining total allowable service.

(i) If the period of duplicated service credit is more than six months, or the person has credit for more than six months with each of the funds, each fund shall apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all funds for the period.

(j) If the period of duplicated service credit is less than six months, or when added to other

service credit with that fund is less than six months, the service credit must be ignored and a refund of contributions made to the person in accord with that fund's refund provisions.

Sec. 7. Laws 1994, chapter 499, section 2, is amended to read:

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the first of the month next following:

(1) receipt of an affirmative written determination from the ~~Secretary of the federal Department of Health and Human Services~~ Social Security Administration of ineligibility for coverage under the federal old age, survivors, and disability insurance; and

(2) approval by the Hennepin county board and compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, except that, for section 1 to be deemed approved, a certificate of approval must be filed within the year following receipt of the written affirmative determination from the Social Security Administration, or before January 1, 1998, whichever is earlier.

Sec. 8. [EFFECTIVE DATE.]

(a) Section 1 is effective on the first day of the first full pay period occurring after July 1, 1995.

(b) Sections 2, 3, 4, 5, and 6 are effective on July 1, 1995.

(c) Section 7 is effective on the day following final enactment.

ARTICLE 4

ADDITIONAL POLICE AND FIRE AMORTIZATION AID

Section 1. Minnesota Statutes 1994, section 353.65, subdivision 7, is amended to read:

Subd. 7. [EXCESS CONTRIBUTIONS HOLDING ACCOUNT.] (a) The excess contributions holding account is established in the public employees retirement association. Excess contributions established by section 69.031, subdivision 5, paragraphs (2), clauses (b) and (c), and (3) must be deposited in the account. These contributions and all investment earnings associated with them must be regularly transferred as provided in paragraph (b).

(b) From the amount of the excess contributions and associated investment earnings:

(1) \$1,000,000 must be transferred annually to the ambulance service personnel longevity award and incentive suspense account established by section 144C.03, subdivision 2; and

(2) any remaining balance, after deduction of the police officer stress reduction program appropriation under paragraph (c) and after deduction of the additional amortization aid allocation, if any, under paragraph (d), must be transferred to the general fund.

(c) If a law is enacted creating a police officer stress reduction program, and money is appropriated for the program, an amount equal to the appropriation must be transferred from the excess contributions holding account to the stress reduction program before money is ~~transferred to the general fund~~ allocated under paragraph (b), clause (2).

(d) On October 1, 1996, the balance of money in the excess contributions holding account under paragraph (b), clause (2), collected during the period July 1, 1995, through June 30, 1996, must be allocated by the commissioner of revenue to all local police or salaried firefighter relief associations governed by and in full compliance with section 69.77 that had an unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of December 31, 1995, and to all local police or salaried firefighter consolidation accounts governed by chapter 353A that have an additional municipal contribution amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented section 353A.083, if the effective date of the consolidation preceded May 24, 1993, on the basis of the relief association or consolidation account's proportional share of the total unfunded actuarial accrued liability of all recipient relief associations and consolidation accounts as of December 31, 1993, or June 30, 1994, whichever applies.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the day following enactment.

ARTICLE 5

HIGHER EDUCATION SYSTEM EARLY RETIREMENT
EMPLOYER-PAID HEALTH INSURANCE PREMIUM INCENTIVE

Section 1. [STATE COLLEGE AND UNIVERSITY EARLY RETIREMENT INCENTIVES.]

Subdivision 1. [INTENT.] To avoid the disruptive effects of employee layoffs due to campus consolidations, mergers, and budget reductions resulting in downsizing within the Minnesota state colleges and universities and the higher education coordinating board, an employer-funded early retirement incentive is made available in this section to employees of the state universities, community colleges, technical colleges, the existing system central offices, and the higher education coordinating board.

Subd. 2. [EMPLOYER PARTICIPATION.] The early retirement incentives provided in this section may be offered to eligible employees in the state university, community college, technical college systems, the higher education board, and the higher education coordinating board. The incentives apply to personnel in any state university, community college, or technical college department being downsized or where a reduction in force has been declared by the president of the institution. In the case of personnel in the chancellor's office, a reduction in force must be declared by the chancellor or the chancellor's designee or the executive director of the higher education coordinating board. Positions that are not assigned to a specific department or support positions that are assigned campus-wide or to a specific department are considered to be campus-wide in jurisdiction and eligible for this incentive as part of the reduction-in-force declaration.

Subd. 3. [ELIGIBILITY.] A person identified in subdivision 2 is eligible to receive the incentives if the person:

(1) has at least 15 years of combined service credit in any Minnesota public pension plans governed by Minnesota Statutes, section 356.30, subdivision 3, and the plan governed by Minnesota Statutes, chapter 354B;

(2) upon retirement is immediately eligible for a retirement annuity from a defined benefit plan if the person is a member of a defined benefit plan;

(3) is at least 55 years of age; and

(4) retires before January 31, 1996.

Subd. 4. [INCENTIVE.] Persons who retire under this section are eligible to receive employer-paid hospital, medical, and dental insurance, subject to the conditions in subdivision 5 and at the level and under conditions existing at the time of retirement.

Subd. 5. [LIMITS ON REHIRING.] Persons retiring under the provisions of this section may not be reemployed by the state or hired under a professional technical contract in any capacity except:

(1) under conditions of a stated emergency, and then only if the rehire or contract is approved by the higher education board or the higher education coordinating board under procedures adopted by the boards; and

(2) if rehired as adjunct faculty as defined in the appropriate bargaining agreement, or, if rehired by another executive branch agency of state government, if the retired employee works only on a seasonal, temporary, or intermittent basis as defined in Minnesota Statutes, section 43A.02, subdivision 23, or 179A.03, subdivision 14, clause (f), for no more than 1,044 hours in any consecutive 12-month period.

Subd. 6. [CONDITIONS; INSURANCE COVERAGE.] A retired employee is eligible for

single and dependent insurance 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 reaches age 65, when the person chooses not to receive the retirement benefits for which the person has applied, or when the person 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. 7. [APPLICATION OF OTHER LAWS.] Unilateral implementation of this section by a public employer is not an unfair labor practice for the purposes of Minnesota Statutes, chapter 179A. The requirement 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.

Sec. 2. [NOTIFICATION OF SUBSEQUENT HEALTH COVERAGE: PENALTY FOR NOTIFICATION FAILURE.]

(a) An employee who accepts the early retirement incentive benefit under section 1 agrees as a condition of receipt of the incentive to notify the higher education board or the higher education coordinating board within 30 days of the event that the person is eligible for employer-paid health insurance from subsequent employment.

(b) Failure to make the notification required in paragraph (a) obligates the person to reimburse the higher education board or the higher education coordinating board for any insurance premiums that it paid since the person became eligible for the subsequent employment health insurance coverage.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective on the day following final enactment."

Delete the title and insert:

"A bill for an act relating to retirement; providing various benefit increases and related modifications; amending Minnesota Statutes 1994, sections 124.916, subdivision 3; 136.90; 352.01, subdivision 13; 352B.02, subdivision 1a; 352B.08, subdivision 2; 352B.10, subdivision 1; 353.65, subdivision 7; 353.651, subdivision 4; 353A.083; 354.445; 354.66, subdivision 4; 354A.094, subdivision 4; 354A.12, subdivisions 1, 2, 3b, 3c, and by adding a subdivision; 354A.27, subdivision 1, and by adding subdivisions; 354A.31, subdivision 4, and by adding a subdivision; 354B.05, subdivisions 2, and 3; 354B.07, subdivisions 1, and 2; 354B.08, subdivision 2; 356.30, subdivision 1; 356.611; 422A.05, by adding a subdivision; 422A.09, subdivision 2; 422A.101, subdivision 1a; Laws 1994, chapter 499, section 2; proposing coding for new law in Minnesota Statutes, chapters 125; 354A; and 356; repealing Minnesota Statutes 1994, sections 3A.10, subdivision 2; 352.021, subdivision 5; and 354A.27, subdivisions 2, 3, and 4."

And when so amended the bill do pass and be re-referred to the Committee on Finance.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Metzen from the Committee on Governmental Operations and Veterans, to which was referred

S.F. No. 561: A bill for an act relating to retirement; teachers retirement association; making various changes in administrative and benefits practices; amending Minnesota Statutes 1994, sections 354.05, subdivisions 5, 35, and 40; 354.06, subdivision 4; and 354.52, subdivision 4a; repealing Minnesota Statutes 1994, section 354A.05, subdivision 4.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

SUSPENSION OR FORFEITURE OF CERTAIN
SURVIVOR BENEFITS IN THE EVENT OF
CERTAIN FELONIOUS DEATHS

Section 1. [356.305] [LOSS OF ENTITLEMENT TO BENEFITS FOR SURVIVOR CAUSING DEATH OF PENSION PLAN MEMBER.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the following words or terms have the meanings given them in this subdivision.

(b) "Public pension plan" means a retirement plan or fund listed in section 356.20, subdivision 2, or 356.30, subdivision 3, a relief association governed by section 69.77 or sections 69.771 to 69.775, a retirement plan governed by chapter 354B or 354C, the Hennepin County supplemental retirement plan governed by sections 383B.46 to 383B.52, or a housing and redevelopment authority retirement plan.

(c) "Public pension plan member" means a participant covered by a public pension plan; a former participant of a public pension plan who has sufficient service to be entitled to receive a future retirement annuity or service pension; a recipient of a retirement annuity, service pension, or disability benefit from a public pension plan; or a former participant of a public pension plan who has member or employee contributions to the former participant's credit in the public pension plan.

(d) "Survivor" means the surviving spouse, a surviving former spouse, a surviving child, a joint annuitant, a designated recipient of a second or remainder portion of an optional annuity form, a beneficiary, or the estate of a deceased public pension plan member, as those terms are commonly understood or defined in the benefit plan document of the public pension plan.

(e) "Survivor benefit" means a surviving spouse benefit, surviving child benefit, second or remainder portion of an optional annuity form, a death benefit, a funeral benefit, or a refund of member or employee contributions payable on account of the death of a public pension plan member as provided for in the benefit plan document of the public pension plan.

Subd. 2. [SURVIVOR CAUSING DEATH OF MEMBER.] A survivor of a public pension plan member is not entitled to a survivor benefit otherwise payable from the plan if the survivor has been convicted of a felony that caused the death of the member, of criminal liability for the felony, or of conspiracy to commit the felony. The conviction of one survivor, however, does not affect the entitlement of another survivor to a survivor benefit. A survivor benefit may not be paid to a survivor charged with the commission of a felony that caused the death of a member, criminal liability for the felony, or conspiracy to commit the felony, but an amount equal to the survivor benefit due the survivor must be set aside and paid to the survivor in the event that the survivor is not convicted of the charge.

Subd. 3. [RECOVERY OF CERTAIN BENEFITS.] If a survivor benefit has already been paid to a survivor who is later charged or convicted of a felony listed in subdivision 2, the executive director or chief administrative officer of the public pension plan shall attempt to recover the amounts paid. Payment may be made to the next beneficiary or survivor only in an amount equal to the amount recovered and in the amount of any future payments that would legally accrue to another survivor under the laws governing the retirement plan.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment and applies to felony charges pending on that date.

ARTICLE 2

INDIVIDUAL AND SMALL GROUP PENSION ACCOMMODATIONS

Section 1. [PURCHASE OF FULL-SERVICE CREDIT FOR SABBATICAL LEAVE.]

Subdivision 1. [ELIGIBILITY.] Notwithstanding Minnesota Statutes, section 354.092, subdivision 3, a member of the teachers retirement association described in subdivision 2 may make a direct payment under subdivision 3 to the association to receive service credit for a period of uncovered service due to a sabbatical leave during the 1975-1976 school year for which the member failed to make employee payments on the difference between salary during the leave and the salary for a comparable period during the year immediately preceding the leave.

Subd. 2. [APPLICATION.] Subdivision 1 applies to a member who was on a sabbatical leave of absence during the 1975-1976 school year, whose additional payment permitted for that fiscal year was \$313.46, who was attending an institute of higher education outside Minnesota during the period of the leave, and whose original payment deadline was June 30, 1977.

Subd. 3. [PURCHASE PAYMENT AMOUNT.] (a) To purchase credit for prior service under this section, there must be paid to the teachers retirement association an amount equal to the present value, on the date of payment, of the amount of the additional retirement annuity obtained by the purchase of the additional service credit. Calculation of this amount must be made by the executive director of the teachers retirement association using the applicable preretirement interest rate of the association specified in Minnesota Statutes, section 356.215, subdivision 4d, and the mortality table adopted for the association. The calculation must assume continuous future service in the association until, and retirement at, the age at which the minimum requirements of the fund for normal retirement or retirement with an annuity unreduced for retirement at an early age, including Minnesota Statutes, section 356.30, are met with the additional service credit purchased. The calculation must also assume the person's actual salary and a future salary history that includes annual salary increases at the applicable rate for the fund or association specified in Minnesota Statutes, section 356.215, subdivision 4d. In order to purchase the service credit, the individual must establish in the records of the association proof of the sabbatical leave for which the purchase of prior service applies. The manner of proof must be in accordance with procedures prescribed by the executive director of the association.

(b) Payment must be made in one lump sum before July 1, 1995.

(c) Payment of the amount calculated under this subdivision must be made by the member. However, the current or former employer of the member may, at its discretion, pay all or any portion of the payment amount that exceeds \$313.46 plus interest at the rate of eight and one-half percent a year compounded annually from June 30, 1977, to the date on which the payment is made. If the employer agrees to payments under this paragraph, the employee must make the employee payments required under this paragraph before July 1, 1995. If that employee payment is made, the employing unit payment under this paragraph must be remitted to the executive director of the teachers retirement association within 30 days of receipt by the executive director of the employee payments specified under this paragraph.

Subd. 4. [SERVICE CREDIT GRANT.] Service credit for the purchase period or periods must be granted to the account of the eligible person upon receipt of the purchase payment amount specified in subdivision 3.

Sec. 2. [CERTAIN CITY ATTORNEY; ANNUITY COMPUTATION.]

A retired member of the public employees retirement association who terminated a contract for employment as city attorney for the city of West St. Paul on January 30, 1994, but who continued to perform legal services for the city as an independent contractor until the city retained a successor legal counsel on May 9, 1994, may be deemed to have terminated public service on January 30, 1994, and is eligible for the increased accrual rate retirement incentive provided by Laws 1993, chapter 192, section 108, subdivision 3, notwithstanding the fact that there was no interruption of legal service for 30 days after January 30, 1994.

Sec. 3. [TEACHERS RETIREMENT ASSOCIATION; PURCHASE OF PRIOR SERVICE CREDIT.]

Subdivision 1. [ELIGIBILITY; MANKATO STATE UNIVERSITY PROFESSOR.] (a) Notwithstanding any provision of Minnesota Statutes, section 354.094, to the contrary, an eligible

person described in paragraph (b) is entitled to purchase allowable service credit in the teachers retirement association for the period described in paragraph (c) by paying the amount specified in subdivision 3.

(b) An eligible person is a person who was granted an extended leave of absence from employment by Mankato state university on June 19, 1991, for the period September 11, 1991, through June of 1994, which was erroneously characterized as an educational leave.

(c) The period for service credit purchase is the period from September 11, 1991, through June 1994.

Subd. 2. [PURCHASE PAYMENT AMOUNT.] (a) To purchase credit under subdivision 1, there must be paid to the teachers retirement association an amount equal to the present value on the date of payment, of the amount of the additional retirement annuity obtained by purchase of the additional service credit.

(b) Calculation of this amount must be made by the executive director of the teachers retirement association using the applicable preretirement interest rate specified in Minnesota Statutes, section 356.215, subdivision 4d, and the mortality table adopted for the coordinated program of the retirement association. The calculation must assume continuous future service in the association until, and retirement at, the age at which the minimum requirements of the retirement association for normal retirement or retirement with an annuity unreduced for retirement at an early age, including Minnesota Statutes, section 356.30, are met with the additional service credit purchased. The calculation must also assume a future salary history that includes annual salary increases at the rate specified in Minnesota Statutes, section 356.215, subdivision 4d.

(c) The eligible person must establish in the records of the association proof of the leave of absence for which the purchase of service credit is requested. The manner of the proof must be in accordance with procedures prescribed by the executive director of the retirement association.

(d) The portion of the total cost of the purchase payable by the eligible person is specified in subdivision 3. The remaining portion of total cost is to be paid by the employing unit as specified in subdivision 4.

Subd. 3. [ELIGIBLE PERSON PAYMENT.] (a) To receive credit for the period of service credit purchase specified in subdivision 1, paragraph (c), the eligible person specified in subdivision 1, paragraph (b), must pay a member contribution equivalent amount.

(b) The member contribution equivalent amount is an amount equal to the applicable employee contribution rate specified in Minnesota Statutes, section 354.42, applied to the person's actual salary rate in the year immediately preceding the extended leave, plus 8.5 percent annually compounded interest from June 30 of each year of the leave until payment is made. Payment must be made in a lump sum. Authority to make the member contribution equivalent amount expires 90 days after the effective date of this section or at the time of retirement, whichever is earlier.

Subd. 4. [MANDATORY EMPLOYING UNIT PAYMENT.] (a) Within 30 days of the receipt by the executive director of the teachers retirement association of the payment from the eligible person under subdivision 3, the employer employing the eligible person described in subdivision 1, paragraph (b), immediately before the leave described in subdivision 1, shall pay the difference between the amounts specified in subdivisions 2 and 3.

(b) The mandatory employing unit payment amount is payable by the governmental employing unit in a lump sum.

Subd. 5. [SERVICE CREDIT GRANT.] Service credit for the purchase period must be granted to the account of the eligible person upon receipt of the purchase payment amount specified in subdivision 2.

Sec. 4. [PURCHASE OF PRIOR SERVICE CREDIT.]

Subdivision 1. [ELIGIBILITY.] (a) Notwithstanding Minnesota law to the contrary, an employee of Swift county who is a current coordinated member of the public employees

retirement association, who was born in 1948, who first had sufficient salary to meet minimum statutory salary thresholds for association membership on March 1, 1990, but who was not reported for membership until January 1991, may purchase allowable service credit in the public employees retirement association for the periods of uncovered service during which the employee had sufficient salary to meet minimum statutory salary thresholds for public employees retirement association membership.

(b) In order to purchase the service credit, the individual must establish in the records of the association proof of the service for which the purchase of prior service applies, and proof that the individual had sufficient salary during all or part of that period to meet minimum statutory salary thresholds for public employees retirement association membership. Payments may not be made if the executive director determines that the member was eligible for coverage during this period by another Minnesota public pension plan other than a volunteer fire plan covered by Minnesota Statutes, section 69.771, subdivision 1. The manner of proof must be in accordance with procedures prescribed by the executive director of the association.

Subd. 2. [PURCHASE PAYMENT AMOUNT.] (a) To purchase credit for prior service under this section, there must be paid to the public employees retirement association an amount equal to the present value, on the date of payment, of the amount of the additional retirement annuity obtained by the purchase of the additional service credit. Calculation of this amount must be made by the executive director of the public employees retirement association using the applicable preretirement interest rate of the association specified in Minnesota Statutes, section 356.215, subdivision 4d, and the mortality table adopted for the association. The calculation must assume continuous future service in the association until, and retirement at, the age at which the minimum requirements of the fund for normal retirement or retirement with an annuity un-reduced for retirement at an early age, including Minnesota Statutes, section 356.30, are met with the additional service credit purchased. The calculation must also assume the person's actual salary and a future salary history that includes annual salary increases at the applicable rate for the fund or association specified in Minnesota Statutes, section 356.215, subdivision 4d.

(b) Payment must be made in one lump sum before July 1, 1996.

(c) Payment of the amount calculated under this subdivision must be made by the member. However, the current or former employer of the member may, at its discretion, pay all or any portion of the payment amount that exceeds an amount equal to the employee contribution rates in effect during the period or periods of prior service applied to the actual salary rates in effect during the period or periods of prior service, plus interest at the rate of eight and one-half percent a year compounded annually from the date on which the contributions would otherwise have been made to the date on which the payment is made. If the employer agrees to payments under this paragraph, the employee must make the employee payments required under this paragraph before July 1, 1996. If that employee payment is made, the employing unit payment under this paragraph must be remitted to the executive director of the public employees retirement association within 60 days of receipt by the executive director of the employee payments specified under this paragraph.

Subd. 3. [SERVICE CREDIT GRANT.] Service credit for the purchase period or periods must be granted to the account of the eligible person upon receipt of the purchase payment amount specified in subdivision 2.

Sec. 5. [EFFECTIVE DATE.]

(a) Section 1 is effective the day following final enactment.

(b) Section 2 is effective the day following final enactment and the annuity payable under section 2 must be recalculated and paid retroactively to the date that the annuity was first paid to the retiree.

(c) Section 3 is effective July 1, 1995.

(d) Section 4 is effective the day following final enactment.

ARTICLE 3

PENSION PLAN ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 1994, section 352.12, subdivision 1, is amended to read:

Subdivision 1. [DEATH BEFORE TERMINATION OF SERVICE.] If an employee dies before state service has terminated and neither a survivor annuity nor a reversionary annuity is payable, or if a former employee who has sufficient service credit to be entitled to an annuity dies before the benefit has become payable, the director shall make a refund to the last designated beneficiary or, if there is none, to the surviving spouse or, if none, to the employee's surviving children in equal shares or, if none, to the employee's surviving parents in equal shares or, if none, to the representative of the estate in an amount equal to the accumulated employee contributions plus interest at the rate of six percent per annum compounded annually. Interest must be computed as provided in section 352.22, subdivision 2, to the first day of the month in which the refund is processed ~~and based on fiscal year balances~~. Upon the death of an employee who has received a refund that was later repaid in full, interest must be paid on the repaid refund only from the date of repayment. If the repayment was made in installments, interest must be paid only from the date installment payments began. The designated beneficiary, surviving spouse, or representative of the estate of an employee who had received a disability benefit is not entitled to interest upon any balance remaining to the decedent's credit in the fund at the time of death, unless death occurred before any payment could be negotiated.

Sec. 2. Minnesota Statutes 1994, section 352.12, subdivision 2, is amended to read:

Subd. 2. [SURVIVING SPOUSE BENEFIT.] (a) If an employee or former employee has credit for at least three years allowable service and dies before an annuity or disability benefit has become payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse of the employee may elect to receive, in lieu of the refund with interest under subdivision 1, an annuity equal to the joint and 100 percent survivor annuity which the employee or former employee could have qualified for ~~had the employee terminated service~~ on the date of death.

(b) If the employee was under age 55 and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and surviving spouse on the date of death. The annuity is payable using the full early retirement reduction under section 352.116, subdivision 1, paragraph (a), to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(c) If the employee was under age 55 and has credit for at least three years of allowable service credit on the date of death but did not yet qualify for retirement, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the employee and surviving spouse at the time of death. The annuity is payable using the full early retirement reduction under section 352.116, subdivision 1 or 1a, to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

The surviving spouse eligible for ~~surviving spouse~~ benefits under paragraph (a) may apply for the annuity at any time after the date on which the ~~deceased employee or former employee~~ would have attained the required age for retirement based on the ~~employee's~~ allowable service earned. The surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for the annuity at any time after the employee's death. The annuity must be computed under sections 352.115, subdivisions 1, 2, and 3, and 352.116, subdivisions 1, 1a, and 3. Sections 352.22, subdivision 3, and 352.72, subdivision 2, apply to a deferred annuity or surviving spouse benefit payable under this subdivision. The annuity must cease with the last payment received by the surviving spouse in the lifetime of the surviving spouse, or upon expiration of a term certain benefit payment to a surviving spouse under subdivision 2a. An amount equal to the excess, if any, of the accumulated contributions credited to the account of the deceased employee in excess of the total of the benefits paid and payable to the surviving spouse must be paid to the deceased employee's or former employee's last designated beneficiary or, if none, as specified under subdivision 1.

Any employee or former employee may request in writing that this subdivision not apply and that payment be made only to a designated beneficiary as otherwise provided by this chapter.

Sec. 3. Minnesota Statutes 1994, section 352.12, subdivision 2a, is amended to read:

Subd. 2a. [SURVIVING SPOUSE COVERAGE TERM CERTAIN.] In lieu of the 100 percent optional annuity under subdivision 2, or refund under subdivision 1, the surviving spouse of a deceased employee or former employee may elect to receive survivor coverage in a term certain of five, ten, 15, or 20 years, but monthly payments must not exceed 75 percent of the average high-five monthly salary of the deceased employee or former employee. The monthly term certain annuity must be actuarially equivalent to the 100 percent optional annuity under subdivision 2.

If a survivor elects a term certain annuity and dies before the expiration of the specified term certain period, the commuted value of the remaining annuity payments must be paid in a lump sum to the survivor's estate.

Sec. 4. Minnesota Statutes 1994, section 352.12, subdivision 6, is amended to read:

Subd. 6. [DEATH AFTER SERVICE TERMINATION.] Except as provided in subdivision 1, if a former employee covered by the system dies and has not received an annuity, a retirement allowance, or a disability benefit, a refund must be made to the last designated beneficiary or, if there is none, to the surviving spouse or, if none, to the employee's surviving children in equal shares or, if none, to the employee's surviving parents in equal shares or, if none, to the representative of the estate in an amount equal to accumulated employee contributions. The refund must include interest at the rate of six percent per year compounded annually. The interest must be computed to the first day of the month in which the refund is processed and be based on fiscal year balances as provided in section 352.22, subdivision 2.

Sec. 5. Minnesota Statutes 1994, section 352B.105, is amended to read:

352B.105 [TERMINATION OF DISABILITY BENEFITS.]

Disability benefits payable under section 352B.10 shall terminate at the end of the month the beneficiary becomes ~~55~~ 65 years old. If the beneficiary is still disabled when the beneficiary becomes ~~55~~ 65 years old, the beneficiary shall be deemed to be a retired member and, if the beneficiary had chosen an optional annuity under section 352B.10, subdivision 5, shall receive an annuity in accordance with the terms of the optional annuity previously chosen. If the beneficiary had not chosen an optional annuity under section 352B.10, subdivision 5, the beneficiary may choose to receive either a normal retirement annuity computed under section 352B.08, subdivision 2, or an optional annuity as provided in section 352B.08, subdivision 3. An optional annuity must be chosen within 90 days of attaining age 65 or reaching the five-year anniversary of the effective date of the disability benefit, whichever is later. If an optional annuity is chosen, the optional annuity shall begin to accrue the first of the month following attainment of age 65 or the five-year anniversary of the effective date of the disability benefit, whichever is later.

Sec. 6. Minnesota Statutes 1994, section 354.05, subdivision 5, is amended to read:

Subd. 5. [MEMBER OF FUND ASSOCIATION.] "Member of fund association" means every teacher who ~~joins and~~ contributes to the teachers retirement fund as provided in this chapter who has not retired, except a teacher covered by section 354B.02, subdivision 2 or 3, who elects to participate in the individual retirement account plan under chapter 354B, or a teacher who exercises an option to elect coverage under another public pension plan enumerated in section 356.30, subdivision 3. Any former member of the ~~fund~~ association who is retired and subsequently resumes teaching service is a member of the fund association only for purposes of social security coverage.

Sec. 7. Minnesota Statutes 1994, section 354.05, subdivision 35, is amended to read:

Subd. 35. [SALARY.] (a) "Salary" means the compensation, upon which member contributions are required and made, that is paid to a teacher before employee-paid fringe benefits, tax sheltered annuities, deferred compensation, or any combination of these employee-paid items are deducted.

(b) "Salary" does not mean:

- (1) lump sum annual leave payments;
- (2) lump sum wellness and sick leave payments;

- (3) payments in lieu of any employer-paid group insurance coverage;
- (4) payments for the difference between single and family premium rates that may be paid to a member with single coverage;
- (5) employer-paid fringe benefits including, but not limited to, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or automobile allowances and expenses;
- (6) any form of payment made in lieu of any other employer-paid fringe benefit or expense;
- (7) any form of severance payments;
- (8) workers' compensation payments;
- (9) disability insurance payments including self-insured disability payments;
- (10) payments to school principals and all other administrators for services in addition to the normal work year contract if these additional services are performed on an extended duty day, Saturday, Sunday, holiday, annual leave day, sick leave day, or any other nonduty day;
- (11) payments under section 356.24, subdivision 1, clause (4)(ii); and
- (12) payments made under section 125.12, subdivision 7, except for payments for sick leave accumulated under the provisions of a uniform school district policy that applies equally to all similarly situated persons in the district.

Sec. 8. Minnesota Statutes 1994, section 354.05, subdivision 40, is amended to read:

Subd. 40. [TIMELY RECEIPT.] An application, payment, return, claim, or other document that is not personally delivered to the association on or before the applicable due date is considered to be a timely receipt if officially postmarked on or before the due date or delivered or filed under section 645.151.

Sec. 9. Minnesota Statutes 1994, section 354.06, subdivision 4, is amended to read:

Subd. 4. [~~TREASURER; DUTIES BOARD; EXPENSES.~~] All members of the board shall serve without compensation. A member shall must receive necessary expenses to attend meetings of the board and its committees, and association functions and presentations authorized by the board. The necessary expenses must be paid out of the fund. Members of the board shall suffer no loss of compensation from their employing units by reason of service on or for the association, the board, or any committee authorized by the board. Necessary expenses may include the salary of any substitute teacher which the employing unit is required to hire in the absence of the board member. The board may reimburse the employing unit for the cost of the substitute teacher.

Sec. 10. Minnesota Statutes 1994, section 354.44, is amended by adding a subdivision to read:

Subd. 9. [DETERMINING APPLICABLE LAW.] An employee who returns to covered service following a termination and who is not receiving a retirement annuity under this section must have earned at least 85 days of credited service following the return to covered service to be eligible for improved benefits resulting from any law change enacted subsequent to that termination.

Sec. 11. Minnesota Statutes 1994, section 354.52, subdivision 4a, is amended to read:

Subd. 4a. [MEMBER DATA REPORTING REQUIREMENTS.] (a) An employing unit shall initially provide the following member data or any of that data not previously provided to the association for payroll warrants dated after June 30, 1995, in a format prescribed by the executive director. Data changes and the dates of those changes must be reported to the association on an ongoing basis for the payroll cycle in which they occur with the data under subdivision 4b. Data on the member includes:

- (1) legal name, address, date of birth, association member number, employer-assigned employee number, and social security number;

- (2) association status, including, but not limited to, basic, coordinated, exempt annuitant, exempt technical college teacher, and exempt independent contractor or consultant;
- (3) employment status, including, but not limited to, full time, part time, intermittent, substitute, or part-time mobility;
- (4) employment position, including, but not limited to, teacher, superintendent, principal, administrator, or other;
- (5) employment activity, including, but not limited to, hire, termination, resumption of employment, disability, or death;
- (6) leaves of absence;
- (7) county district number assigned by the association for the employing unit;
- (8) data center identification number, if applicable; and
- (9) other information as may be required by the executive director.

Sec. 12. Minnesota Statutes 1994, section 354A.12, subdivision 3d, is amended to read:

Subd. 3d. [SUPPLEMENTAL ADMINISTRATIVE EXPENSE ASSESSMENT.] (a) The active and retired membership of the Minneapolis teachers retirement fund association and of the St. Paul teachers retirement fund association is responsible for defraying supplemental administrative expenses other than investment expenses of the respective teacher retirement fund association.

(b) Investment expenses of the teachers retirement fund association are those expenses incurred by or on behalf of the retirement fund in connection with the investment of the assets of the retirement fund other than investment security transaction costs. Other administrative expenses are all expenses incurred by or on behalf of the retirement fund for all other retirement fund functions other than the investment of retirement fund assets. Investment and other administrative expenses must be accounted for using generally accepted accounting principles and in a manner consistent with the comprehensive annual financial report of the teachers retirement fund association for the immediately previous fiscal year under section 356.20.

(c) Supplemental administrative expenses other than investment expenses of a first class city teacher retirement fund association are those expenses for the fiscal year that exceed the amount computed by applying the most recent percentage of pay administrative expense amount, other than investment expenses, for the teachers retirement association governed by chapter 354 to the covered payroll of the respective teachers retirement fund association for the fiscal year.

(d) The board of trustees of each first class city teachers retirement fund association shall allocate the total dollar amount of supplemental administrative expenses other than investment expenses among the various active and retired membership groups of the teachers retirement fund association and shall assess the various membership groups their respective share of the supplemental administrative expenses other than investment expenses, in amounts determined by the board of trustees. The supplemental administrative expense assessments must be paid by the membership group in a manner determined by the board of trustees of the respective teachers retirement association. Supplemental administrative expenses payable by the active members of the pension plan must be picked up by the employer in accordance with section 356.62.

(e) With respect to the St. Paul teachers retirement fund association, the supplemental administrative expense assessment must be fully disclosed to the various active and retired membership groups of the teachers retirement fund association. The chief administrative officer of the association shall prepare a supplemental administrative expense assessment disclosure notice, which must include the following:

(1) the total amount of administrative expenses of the association, the amount of the investment expenses of the association, and the net remaining amount of administrative expenses of the association;

(2) the amount of administrative expenses for the association that would be equivalent to the teachers retirement association noninvestment administrative expense level described in paragraph (c);

(3) the total amount of supplemental administrative expenses required for assessment calculated under paragraph (c);

(4) the portion of the total amount of the supplemental administrative expense assessment allocated to each membership group and the rationale for that allocation;

(5) the manner of collecting the supplemental administrative expense assessment from each membership group, the number of assessment payments required during the year, and the amount of each payment or the procedure used to determine each payment; and

(6) any other information that the chief administrative officer determines is necessary to fairly portray the manner in which the supplemental administrative expense assessment was determined and allocated.

(f) The disclosure notice must be provided annually in the annual report of the association.

(g) The supplemental administrative expense assessments must be deposited in the applicable teachers retirement fund upon receipt.

(h) Any omitted active membership group assessments that remain undeducted and unpaid to the teachers retirement fund association for 90 days must be paid by the respective school district. The school district may recover any omitted active membership group assessment amounts that it has previously paid. The teachers retirement fund association shall deduct any omitted retired membership group assessment amounts from the benefits next payable after the discovery of the omitted amounts.

Sec. 13. Minnesota Statutes 1994, section 354A.31, is amended by adding a subdivision to read:

Subd. 8. [DETERMINING APPLICABLE LAW.] An employee who returns to covered service following a termination and who is not receiving a retirement annuity under this section must have earned at least 85 days of credited service following the return to covered service to be eligible for improved benefits resulting from any law change enacted subsequent to that termination.

Sec. 14. Minnesota Statutes 1994, section 356.215, subdivision 4d, is amended to read:

Subd. 4d. [INTEREST AND SALARY ASSUMPTIONS.] (a) For funds governed by chapters ~~352~~, ~~352B~~, ~~353~~, and 353C, and ~~354~~ by sections 352.90 to 352.951 and 353.63 to 353.68, the actuarial valuation must use a preretirement interest assumption of 8.5 percent, a postretirement interest assumption of five percent, and a future salary increase assumption of 6.5 percent.

(b) For funds governed by chapter 354A, the actuarial valuation must use preretirement and postretirement assumptions of 8.5 percent and a future salary increase assumption of 6.5 percent, but the actuarial valuation must reflect the payment of postretirement adjustments to retirees, based on the methods specified in the bylaws of the fund as approved by the legislature. For a fund governed by chapter 422A, the actuarial valuation shall use a preretirement interest assumption of six percent, a postretirement interest assumption of five percent, and an assumption that in each future year the salary on which a retirement or other benefit is based is 1.04 multiplied by the salary for the preceding year.

(c) For all other funds not specified in paragraph (a), (b), ~~(d)~~, or (e), the actuarial valuation must use a preretirement interest assumption of five percent, a postretirement interest assumption of five percent, and a future salary increase assumption of 3.5 percent.

(d) For funds governed by chapters 3A, 352C, and 490, the actuarial valuation must use a preretirement interest assumption of 8.5 percent, a postretirement interest assumption of five percent, and a future salary increase assumption of 6.5 percent in each future year in which the salary amount payable is not determinable from section 3.099, 15A.081, subdivision 6, or

15A.083, subdivision 1, whichever applies, or from applicable compensation council recommendations under section 15A.082.

(e) For funds governed by sections 352.01 to 352.86, 353.01 to 353.46, and chapter 354, the actuarial valuation must use a preretirement interest assumption of 8.5, a postretirement interest assumption of five percent, and a graded rate future salary increase assumption as follows:

<u>age</u>	<u>general state</u>	<u>general public</u>	
	<u>employees</u> <u>retirement</u> <u>plan</u>	<u>employees</u> <u>retirement</u> <u>plan</u>	<u>teachers</u> <u>retirement</u> <u>plan</u>
<u>16</u>	<u>7.2500%</u>	<u>8.71%</u>	<u>7.25%</u>
<u>17</u>	<u>7.2500</u>	<u>8.71</u>	<u>7.25</u>
<u>18</u>	<u>7.2500</u>	<u>8.70</u>	<u>7.25</u>
<u>19</u>	<u>7.2500</u>	<u>8.70</u>	<u>7.25</u>
<u>20</u>	<u>7.2500</u>	<u>7.70</u>	<u>7.25</u>
<u>21</u>	<u>7.1454</u>	<u>7.70</u>	<u>7.25</u>
<u>22</u>	<u>7.1094</u>	<u>7.70</u>	<u>7.25</u>
<u>23</u>	<u>7.0725</u>	<u>7.70</u>	<u>7.20</u>
<u>24</u>	<u>7.0363</u>	<u>7.70</u>	<u>7.15</u>
<u>25</u>	<u>7.0000</u>	<u>7.60</u>	<u>7.10</u>
<u>26</u>	<u>7.0000</u>	<u>7.51</u>	<u>7.05</u>
<u>27</u>	<u>7.0000</u>	<u>7.39</u>	<u>7.00</u>
<u>28</u>	<u>7.0000</u>	<u>7.30</u>	<u>7.00</u>
<u>29</u>	<u>7.0000</u>	<u>7.20</u>	<u>7.00</u>
<u>30</u>	<u>7.0000</u>	<u>7.20</u>	<u>7.00</u>
<u>31</u>	<u>7.0000</u>	<u>7.10</u>	<u>7.00</u>
<u>32</u>	<u>7.0000</u>	<u>7.10</u>	<u>7.00</u>
<u>33</u>	<u>7.0000</u>	<u>7.00</u>	<u>7.00</u>
<u>34</u>	<u>7.0000</u>	<u>7.00</u>	<u>7.00</u>
<u>35</u>	<u>7.0000</u>	<u>6.90</u>	<u>7.00</u>
<u>36</u>	<u>6.9019</u>	<u>6.80</u>	<u>7.00</u>
<u>37</u>	<u>6.8074</u>	<u>6.70</u>	<u>7.00</u>
<u>38</u>	<u>6.7125</u>	<u>6.60</u>	<u>6.90</u>
<u>39</u>	<u>6.6054</u>	<u>6.50</u>	<u>6.80</u>
<u>40</u>	<u>6.5000</u>	<u>6.40</u>	<u>6.70</u>
<u>41</u>	<u>6.3540</u>	<u>6.30</u>	<u>6.60</u>
<u>42</u>	<u>6.2087</u>	<u>6.30</u>	<u>6.50</u>
<u>43</u>	<u>6.0622</u>	<u>6.30</u>	<u>6.35</u>
<u>44</u>	<u>5.9048</u>	<u>6.20</u>	<u>6.20</u>
<u>45</u>	<u>5.7500</u>	<u>6.20</u>	<u>6.05</u>
<u>46</u>	<u>5.6940</u>	<u>6.09</u>	<u>5.90</u>

<u>47</u>	<u>5.6375</u>	<u>6.00</u>	<u>5.75</u>
<u>48</u>	<u>5.5822</u>	<u>5.90</u>	<u>5.70</u>
<u>49</u>	<u>5.5405</u>	<u>5.80</u>	<u>5.65</u>
<u>50</u>	<u>5.5000</u>	<u>5.70</u>	<u>5.60</u>
<u>51</u>	<u>5.4384</u>	<u>5.70</u>	<u>5.55</u>
<u>52</u>	<u>5.3776</u>	<u>5.70</u>	<u>5.50</u>
<u>53</u>	<u>5.3167</u>	<u>5.70</u>	<u>5.45</u>
<u>54</u>	<u>5.2826</u>	<u>5.70</u>	<u>5.40</u>
<u>55</u>	<u>5.2500</u>	<u>5.70</u>	<u>5.35</u>
<u>56</u>	<u>5.2500</u>	<u>5.70</u>	<u>5.30</u>
<u>57</u>	<u>5.2500</u>	<u>5.70</u>	<u>5.25</u>
<u>58</u>	<u>5.2500</u>	<u>5.70</u>	<u>5.25</u>
<u>59</u>	<u>5.2500</u>	<u>5.70</u>	<u>5.25</u>
<u>60</u>	<u>5.2500</u>	<u>5.00</u>	<u>5.25</u>
<u>61</u>	<u>5.2500</u>	<u>5.00</u>	<u>5.25</u>
<u>62</u>	<u>5.2500</u>	<u>5.00</u>	<u>5.25</u>
<u>63</u>	<u>5.2500</u>	<u>5.00</u>	<u>5.25</u>
<u>64</u>	<u>5.2500</u>	<u>5.00</u>	<u>5.25</u>
<u>65</u>	<u>5.2500</u>	<u>5.00</u>	<u>5.25</u>
<u>66</u>	<u>5.2500</u>	<u>5.00</u>	<u>5.25</u>
<u>67</u>	<u>5.2500</u>	<u>5.00</u>	<u>5.25</u>
<u>68</u>	<u>5.2500</u>	<u>5.00</u>	<u>5.25</u>
<u>69</u>	<u>5.2500</u>	<u>5.00</u>	<u>5.25</u>
<u>70</u>	<u>5.2500</u>	<u>5.00</u>	<u>5.25</u>

Sec. 15. Minnesota Statutes 1994, 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. For funds governed by chapter 3a, sections 352.90 to 352.951, chapter 352B, chapter 352C, sections 353.63 to 353.68, chapter 353C, chapter 354A, and chapter 490, the level percent additional contribution must be calculated assuming annual payroll growth of 6.5 percent. For funds governed by sections 352.01 to 352.86 and chapter 354, the level percent additional contribution must be calculated assuming an annual payroll growth of five percent. For the fund governed by sections 353.01 to 353.46, the level percent additional contribution must be calculated assuming an annual payroll growth of six 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.

Sec. 16. Minnesota Statutes 1994, section 356.24, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTION; EXCEPTIONS.] (a) It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or contribute public funds to a

supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

(1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;

(2) to a plan that provides solely for group health, hospital, disability, or death benefits;

(3) to the individual retirement account plan established by sections 354B.01 to 354B.05;

~~(3)~~ (4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;

(4) (5) for employees other than personnel employed by the state university board or the community college board and covered by section 354B.07, subdivision 1, to:

~~(i) the state of Minnesota deferred compensation plan under section 352.96; or~~

~~(ii) payment of the applicable portion of the premium on a tax-sheltered annuity contract qualified under section 403(b) of the federal Internal Revenue Code, purchased from a qualified insurance company; if provided for in a personnel policy of the public employer or in the collective bargaining agreement of between the public employer with and the exclusive representative of public employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per employee;~~

(i) to the state of Minnesota deferred compensation plan under section 352.96; or

(ii) in payment of the applicable portion of the premium on a tax-sheltered annuity contract qualified under section 403(b) of the Internal Revenue Code, if purchased from a qualified insurance company, and if the employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax-sheltered annuity program during the preceding calendar year; or

~~(5)~~ (6) for personnel employed by the state university board or the community college board and covered by sections 352D.02, subdivision 1a, and 354B.07, subdivision 1, to the supplemental retirement plan under sections 354B.07 to 354B.09, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year for each employee.

(b) A qualified insurance company is a company that:

(1) meets the definition in section 60A.02, subdivision 4;

(2) is licensed to engage in life insurance or annuity business in the state;

(3) is determined by the commissioner of commerce to have a rating within the top two rating categories by a recognized national rating agency or organization that regularly rates insurance companies; and

(4) is determined by the state board of investment to be among the ten applicant insurance companies with competitive options and investment returns on annuity products. The state board of investment determination must be made on or before January 1, 1993, and must be reviewed periodically. The state board of investment may retain actuarial services to assist it in this determination and in its periodic review. The state board of investment may annually establish a budget for its costs in any determination and periodic review processes. The state board of investment may charge a proportional share of all costs related to the periodic review to those companies currently under contract and may charge a proportional share of all costs related to soliciting and evaluating bids in a determination process to each company selected by the state board of investment. All contracts must be approved before execution by the state board of

investment. The state board of investment shall establish policies and procedures under section 11A.04, clause (2), to carry out this paragraph.

(c) A personnel policy for unrepresented employees or a collective bargaining agreement may establish limits on the number of vendors under paragraph (b), clause (4) (5), that it will utilize and conditions under which the vendors may contact employees both during working hours and after working hours.

Sec. 17. Minnesota Statutes 1994, section 383B.48, is amended to read:

383B.48 [PURCHASE OF SHARES IN MINNESOTA SUPPLEMENTAL INVESTMENT FUND.]

At the time a person becomes eligible for coverage and elects to obtain coverage by the Hennepin county supplemental retirement program and ~~prior to July before November 1~~ of each subsequent year, a participant in the Hennepin county supplemental retirement program shall indicate in writing on a form provided by the county of Hennepin the account of the Minnesota supplemental investment fund in which the participant wishes salary deductions and county matching contributions attributable to salary deductions to be invested for ~~that fiscal year~~ the subsequent 12-month period. For that ~~fiscal year~~ 12-month period the county of Hennepin shall purchase with the salary deductions and county matching funds attributable to the salary deductions shares in the appropriate account of the Minnesota supplemental investment fund in accordance with the indicated preferences of the participant. However, the county of Hennepin has the authority to determine which accounts of the Minnesota supplemental investment fund will be available for participant investment. The shares purchased shall must stand in the name of the county of Hennepin. A record shall must be kept by the county of Hennepin indicating the number of shares in each account of the Minnesota supplemental investment fund purchased with the salary deductions and county matching funds attributable to the salary deductions of each participant. The record shall must be known as the "participant's share account record." The participant's share account record shall must show, in addition to the number of shares therein in the account, any cash balance of salary deductions or county matching funds attributable to those deductions which stand uninvested in shares. At the option of the county of Hennepin, and subject to any terms and conditions established and communicated in writing by the county to a participant, the participant may designate no more often than once each ~~fiscal year~~ calendar quarter that prior salary deductions and county matching contributions attributable to the salary deductions ~~from prior fiscal years~~, together with any interest earned, be reinvested in another account of the Minnesota supplemental investment fund made available by the county of Hennepin.

Sec. 18. Minnesota Statutes 1994, section 383B.49, is amended to read:

383B.49 [SUPPLEMENTAL RETIREMENT BENEFITS; REDEMPTION OF SHARES.]

When requested to do so, in writing, on forms provided by the county, by a participant, surviving spouse, a guardian of a surviving child or ~~an estate~~ a personal representative, whichever is applicable, the county of Hennepin shall redeem shares in the accounts of the Minnesota supplemental investment fund standing in a participant's share account record under the following circumstances and in accordance with the laws and regulations governing the Minnesota supplemental investment fund:

(1) A participant who is no longer employed by the county of Hennepin ~~shall be~~ is entitled to receive the cash realized on the redemption of the shares to the credit of the participant's share account record of the person. The participant may request the redemption of all or a portion of the shares in the participant's share account record of the person, but may not request more than one redemption in any one calendar year. If only a portion of the shares in the participant's share account record is requested to be redeemed the person may request to redeem not less than 20 percent of the shares in any one calendar year and the redemption must be completed in no more than five years. An election is irrevocable except that a participant may request an amendment of the election to redeem all of the person's remaining shares. All requests under this paragraph are subject to application to and approval of the Hennepin county board, in its sole discretion.

(2) In the event of the death of a participant leaving a surviving spouse, the surviving spouse

~~shall be~~ is entitled to receive the cash realized on the redemption of all or a portion of the shares in the participant's share account record of the deceased spouse, but in no event may the spouse request more than one redemption in each calendar year. If only a portion of the shares in the participant's share account record is requested to be redeemed, the surviving spouse may request the redemption of not less than 20 percent of the shares in any one calendar year. Redemption must be completed in no more than five years. An election is irrevocable except that the surviving spouse may request an amendment of the election to redeem all of the participant's remaining shares. All requests under this paragraph are subject to application to and approval of the Hennepin county board, in ~~their~~ its sole discretion. Upon the death of the surviving spouse, any shares remaining in the participant's share account record ~~shall~~ must be redeemed by the county of Hennepin and the cash realized ~~therefrom~~ from the redemption distributed to the estate of the surviving spouse.

(3) In the event of the death of a participant leaving no surviving spouse, but leaving a minor surviving child or minor surviving children, the guardianship estate of the minor child is, or the guardianship estates of the minor children ~~shall be~~ are, entitled to receive the cash realized on the redemption of all shares to the credit of the participant's share account record of the deceased participant. In the event of minor surviving children, the cash realized ~~shall~~ must be paid in equal shares to the guardianship estates of the minor surviving children.

(4) In the event of the death of a participant leaving no surviving spouse and no minor surviving children, the estate of the deceased participant ~~shall be~~ is entitled to receive the cash realized on the redemption of all shares to the credit of the participant's share account record of the deceased participant.

Sec. 19. [FIRST CLASS CITY TEACHER PLANS; DETERMINING APPLICABLE LAW.]

In accordance with Minnesota Statutes, section 354A.12, subdivision 4, the Minneapolis teachers retirement fund association, the St. Paul teachers retirement fund association, and the Duluth teachers retirement fund association shall amend the articles of incorporation or bylaws of the respective association. This authorization is to provide that an employee who has service credit in the basic plan of the Minneapolis teachers retirement fund association or the St. Paul teachers retirement fund association, or an employee with service credit in the Duluth teachers retirement fund association old law plan, who returns to covered service following a termination and who is not receiving a retirement annuity from the respective plan, must have earned at least 85 days of credited service following the return to covered service to be eligible for improved benefits resulting from any law change enacted subsequent to the termination.

Sec. 20. [INSTRUCTION TO REVISOR.]

In the next and subsequent issues of Minnesota Statutes, the revisor of statutes shall substitute "association" for "fund" in every instance where reference is to the teachers retirement organization in chapters 354 and 356. For purposes of this section, "organization" means the entity that administers the plans under chapter 354. The revisor shall substitute "fund" for "association" in every instance where reference is to the fund which receives contributions and is used to accumulate and invest assets to meet liabilities created by benefits offered under terms of the plan.

Sec. 21. [EFFECTIVE DATE.]

(a) Sections 1 to 9, 11, 12, 14, 15, and 20 are effective the day following final enactment.

(b) Sections 10, 13, and 19 are effective July 1, 1995.

(c) Section 16 is effective the day following final enactment and applies to tax-sheltered annuity programs receiving employer matching contributions in operation at any time during the 1995 calendar year.

ARTICLE 4

IRAP RECODIFICATION AND MODIFICATIONS

Section 1. Minnesota Statutes 1994, section 11A.23, subdivision 4, is amended to read:

Subd. 4. [COVERED RETIREMENT FUNDS AND PLANS.] The provisions of this section shall apply to the following retirement funds and plans:

(1) ~~State university and state community college higher education board supplemental retirement plan established pursuant to sections 354B.07 to 354B.09 under chapter 354C;~~

- (2) state employees retirement fund established pursuant to chapter 352;
- (3) correctional employees retirement plan established pursuant to chapter 352;
- (4) state patrol retirement fund established pursuant to chapter 352B;
- (5) unclassified employees retirement plan established pursuant to chapter 352D;
- (6) public employees retirement fund established pursuant to chapter 353;
- (7) public employees police and fire fund established pursuant to chapter 353;
- (8) teachers' retirement fund established pursuant to chapter 354;
- (9) judges' retirement fund established pursuant to chapter 490; and
- (10) any other funds required by law to be invested by the board.

Sec. 2. Minnesota Statutes 1994, section 352D.02, subdivision 1, is amended to read:

Subdivision 1. [COVERAGE.] (a) Employees enumerated in paragraph (b), if they are in the unclassified service of the state or metropolitan council and are eligible for coverage under the general state employees retirement plan under chapter 352, are participants in the unclassified program under this chapter unless the employee gives notice to the executive director of the Minnesota state retirement system within one year following the commencement of employment in the unclassified service that the employee desires coverage under the general state employees retirement plan. For the purposes of this chapter, an employee who does not file notice with the executive director is deemed to have exercised the option to participate in the unclassified plan.

(b) Enumerated employees are:

(1) an employee in the office of the governor, lieutenant governor, secretary of state, state auditor, state treasurer, attorney general, or an employee of the state board of investment;

(2) the head of a department, division, or agency created by statute in the unclassified service, an acting department head subsequently appointed to the position, or an employee enumerated in section 15A.081, subdivision 1 or 15A.083, subdivision 4;

(3) a permanent, full-time unclassified employee of the legislature or a commission or agency of the legislature or a temporary legislative employee having shares in the supplemental retirement fund as a result of former employment covered by this chapter, whether or not eligible for coverage under the Minnesota state retirement system;

(4) a person ~~other than an employee of the state board of technical colleges~~ who is employed in a position established under section 43A.08, subdivision 1, clause (3), ~~or subdivision 1a~~, or in a position authorized under a statute creating or establishing a department or agency of the state, which is at the deputy or assistant head of department or agency or director level;

(5) the regional administrator, or executive director of the metropolitan council, general counsel, division directors, operations managers, and other positions as designated by the council, all of which may not exceed 27 positions at the council; and the chair, provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations may be made without approval of the board of directors of the Minnesota state retirement system;

(6) the executive director, associate executive director, and not to exceed nine positions of the higher education coordinating board in the unclassified service, as designated by the higher education coordinating board before January 1, 1992, or subsequently redesignated with the approval of the board of directors of the Minnesota state retirement system, unless the person has elected coverage by the individual retirement account plan under chapter 354B;

(7) the clerk of the appellate courts appointed under article VI, section 2, of the Constitution of the state of Minnesota;

(8) the chief executive officers of correctional facilities operated by the department of corrections and of hospitals and nursing homes operated by the department of human services;

(9) an employee whose principal employment is at the state ceremonial house;

(10) an employee of the Minnesota educational computing corporation;

(11) an employee of the world trade center board; and

(12) an employee of the state lottery board who is covered by the managerial plan established under section 43A.18, subdivision 3;

~~(13) an employee of the state board of technical colleges employed in a position established under section 43A.08, subdivision 1, clause (3), or 1a, unless the person has elected coverage by the individual retirement account plan under chapter 354B; and~~

~~(14) an employee of the higher education board in a position established under section 136E.04, subdivision 2, unless the person has elected coverage by the individual retirement account plan under chapter 354B.~~

Sec. 3. Minnesota Statutes 1994, section 354.05, subdivision 2a, is amended to read:

Subd. 2a. [EXCEPTIONS.] (a) Notwithstanding subdivision 2, a person specified in paragraph (b) is not a member of the fund except for purposes of social security coverage unless ~~(1) the person is covered by section 354B.02, subdivision 2, and remains a member of the fund for all purposes or, (2) the person is covered by section 354B.02, subdivision 1 or 5, or 354B.035 354B.21, and elects coverage by the teachers retirement association.~~

(b) A teacher is excluded from fund membership other than social security coverage under paragraph (a) if first employed as:

~~(1) a teacher in the state university system after June 30, 1989;~~

~~(2) a teacher in the state community college system after June 30, 1989; or~~

~~(3) a teacher in a technical college authorized under chapter 136C or 136D after June 30, 1995 the person is covered by the individual retirement account plan established under chapter 354B.~~

Sec. 4. Minnesota Statutes 1994, section 354A.011, subdivision 27, is amended to read:

Subd. 27. [TEACHER.] "Teacher" means any person who renders service in a public school district located in the corporate limits of one of the cities of the first class which was so classified on January 1, 1979, as any of the following:

(a) a full-time employee in a position for which a valid license from the state department of education is required;

(b) an employee of the teachers retirement fund association located in the city of the first class unless the employee has exercised the option pursuant to Laws 1955, chapter 10, section 1, to retain membership in the Minneapolis employees retirement fund established pursuant to chapter 422A;

(c) a part-time employee in a position for which a valid license from the state department of education is required; or

(d) a part-time employee in a position for which a valid license from the state department of education is required who also renders other nonteaching services for the school district unless the board of trustees of the teachers retirement fund association determines that the combined employment is on the whole so substantially dissimilar to teaching service that the service shall not be covered by the association.

The term shall not mean any person who renders service in the school district as any of the following:

- (1) an independent contractor or the employee of an independent contractor;
- (2) an employee who is a full-time teacher covered by another teachers retirement fund association established pursuant to this chapter or chapter 354;
- (3) an employee exempt from licensure pursuant to section 125.031; or
- (4) an employee who is a teacher in a technical college located in a city of the first class unless the person elects coverage by the applicable first class city teacher retirement fund association under section ~~354B.02~~ 354B.21, subdivision ~~1~~, or ~~354B.035~~ 2; or
- (5) an employee who is a part-time teacher in a technical college in a city of the first class and who has elected coverage by the applicable first class city teacher retirement fund association under section 354B.21, subdivision 2, but (1) the teaching service is incidental to the regular nonteaching occupation of the person; (2) the applicable technical college stipulates annually in advance that the part-time teaching service will not exceed 300 hours in a fiscal year; and (3) the part-time teaching actually does not exceed 300 hours in the fiscal year to which the certification applies.

Sec. 5. [354B.20] [DEFINITIONS.]

Subdivision 1. [IN GENERAL.] Unless the content or subject matter indicates otherwise, as used in this chapter, the terms in this section have the meanings given them.

Subd. 2. [BOARD.] "Board" means the higher education board.

Subd. 3. [CHANCELLOR.] "Chancellor" means the chancellor of the board.

Subd. 4. [COVERED EMPLOYMENT.] (a) "Covered employment" means employment by a person eligible for coverage by this retirement program under section 354B.21 in a faculty position or in an eligible unclassified administrative position.

(b) "Covered employment" does not mean employment specified in paragraph (a) by a faculty member employed in a state university or a community college if the person's initial appointment is specified as constituting less than 25 percent of a full academic year, exclusive of summer session, for the applicable institution.

Subd. 5. [COVERED SALARY.] (a) "Covered salary" means the periodic compensation paid to the participant before deductions for deferred compensation, supplemental retirement coverage, or other voluntary salary reduction program.

(b) "Covered salary" does not mean lump sum sick leave payments, severance payments, payments in lieu of employer-paid group insurance coverage, payments based on differences between single employer-paid group insurance coverage and insurance coverage including dependents, or workers' compensation payment.

Subd. 6. [ELIGIBLE UNCLASSIFIED ADMINISTRATIVE POSITION.] "Eligible unclassified administrative position" means the following:

- (1) the chancellor of the board;
- (2) a president of a state college or university; or
- (3) an excluded administrator employed in a state university or college by the board or by the higher education coordinating board.

Subd. 7. [EMPLOYING UNIT.] "Employing unit," if the agency employs any persons covered by the individual retirement account plan under section 354B.21, means:

- (1) the board;

(2) the higher education coordinating board; and

(3) the higher education facilities authority.

Subd. 8. [FACULTY.] "Faculty" means an employment position that meets the definition of either section 354.05, subdivision 2, or 354A.011, subdivision 27.

Subd. 9. [FIRST CLASS CITY TEACHER RETIREMENT FUND ASSOCIATION.] "First class city teacher retirement fund association" means a retirement plan, fund, and plan administration established under chapter 354A.

Subd. 10. [GENERAL STATE EMPLOYEES RETIREMENT PLAN.] "General state employees retirement plan" means the retirement plan administered by the Minnesota state retirement system and governed by sections 352.01 to 352.73.

Subd. 11. [HIGHER EDUCATION BOARD.] "Higher education board" means the governing board for the state universities, the community colleges, and the technical colleges established by section 136E.01.

Subd. 12. [PARTICIPANT.] "Participant" means a person who is employed in covered employment by the board and who elects coverage by the plan under section 354B.21.

Subd. 13. [PLAN.] "Plan" means the individual retirement account plan established by this chapter.

Subd. 14. [PLAN ADMINISTRATOR.] "Plan administrator" means the board employee or an independent contract agent designated by the board to perform the primary administrative functions relating to the plan.

Subd. 15. [SABBATICAL LEAVE.] "Sabbatical leave" means a sabbatical leave as specified in the applicable collective bargaining agreement or personnel policy of the board for its employees.

Subd. 16. [STATE UNCLASSIFIED EMPLOYEES RETIREMENT PROGRAM.] "State unclassified employees retirement program" means the retirement program established by chapter 352D.

Subd. 17. [SUPPLEMENTAL PLAN.] "Supplemental plan" means the retirement program established by chapter 354C.

Subd. 18. [TEACHERS RETIREMENT PLAN.] "Teachers retirement plan" means the retirement plan established by chapter 354.

Sec. 6. [354B.21] [COVERAGE.]

Subdivision 1. [ELIGIBILITY.] The following persons are eligible to have coverage by the individual retirement account plan and to be participants in the plan:

(1) employees of the board who are employed as faculty in an employment classification included in the state university instructional unit, the community college instructional unit, or the technical college instructional unit under section 179A.10, subdivision 2;

(2) the chancellor and employees of the board in eligible unclassified administrative positions;

(3) the employees in eligible unclassified administrative positions in the state universities;

(4) the employees in eligible unclassified administrative positions in the technical colleges; and

(5) the employees in eligible unclassified administrative positions of the higher education coordinating board or of the community colleges.

Subd. 2. [COVERAGE; ELECTION.] (a) An eligible person is entitled to elect coverage by the plan. If the eligible person does not make a timely election of coverage by the plan, the person has the coverage specified in subdivision 3.

(b) For eligible persons who were employed by the former state university system or the former community college system before May 1, 1995, the person has the retirement coverage that the person had for employment immediately before May 1, 1995.

(c) For all other eligible persons, the election of coverage must be made within 90 days of the date of enactment of this act or 90 days of the start of covered employment, whichever occurs later.

Subd 3. [DEFAULT COVERAGE.] If an eligible person fails to elect coverage by the plan under subdivision 2 or if the person fails to make a timely election, the following retirement coverage applies:

(1) for employees of the board who are employed in faculty positions in the state universities or in the community colleges, the retirement coverage is by the plan established by this chapter;

(2) for employees of the board who are employed in faculty positions in the technical colleges, the retirement coverage is by the teachers retirement association established under chapter 354, unless the employee was a member of a first class city teacher retirement fund established under chapter 354A on June 30, 1995, and then the retirement coverage is by the Duluth teachers retirement fund association if the person was a member of that plan on June 30, 1995, or the Minneapolis teachers retirement fund association if the person was a member of that plan on June 30, 1995, or the St. Paul teachers retirement fund association if the person was a member of that plan on June 30, 1995; and

(3) for employees of the board who are employed in eligible unclassified administrative positions, the retirement coverage is by the plan established by this chapter.

Subd. 3a. [CONTINUATION OF PLAN COVERAGE IN CERTAIN INSTANCES.] For a person with retirement coverage by a first class city teacher retirement fund association instead of the individual retirement account plan under subdivision 3, clause (2), coverage by the retirement fund association continues for the duration of the person's employment by the higher education board unless, within 90 days of a change in employment within the Minnesota state colleges and universities system, the person elects the individual retirement account plan for all future employment by the higher education board.

Subd. 3b. [COVERAGE OF CERTAIN FORMER TECHNICAL COLLEGE FACULTY MEMBERS.] A person who was employed as a teacher by a technical college before July 1, 1995, and who subsequently is reclassified into a different employment position while continuing to perform the same or essentially the same employment duties and consequently shifts from the technical college instructional collective bargaining unit to another state collective bargaining unit retains coverage by the teachers retirement association or the applicable first class city teachers retirement fund association, whichever applies.

Subd. 3c. [ELECTION OF TRA COVERAGE IN CERTAIN INSTANCES.] (a) A person who was employed as a teacher by a technical college before July 1, 1995, and who has retirement coverage for that technical college teacher employment by a first class city teacher retirement fund association under chapter 354A may elect to have future higher education system teacher employment retirement coverage by the teacher retirement association governed by chapter 354.

(b) The election to transfer prospective retirement coverage under paragraph (a) must be made by the technical college teacher by October 1, 1995, or within 90 days of initially being employed by the higher education system, whichever is later. The election must be made in writing on a form prescribed by the executive director of the teachers retirement association. The election, once filed with the executive director of the teachers retirement association, is irrevocable.

(c) An election to transfer prospective retirement coverage under paragraph (a) does not affect prior allowable service credit under section 354A.011, subdivision 4. The transfer of prospective retirement coverage does not make the person eligible for a refund of member contributions during the course of the person's employment by the higher education system.

Subd. 4. [COVERAGE IN THE EVENT OF ACTING, INTERIM, OR TEMPORARY APPOINTMENTS.] (a) A person previously employed by the board and subsequently appointed

by the board to an acting, interim, or temporary faculty or eligible unclassified administrative position by the board retains the retirement coverage that the person had in the prior board position. If the participant's status becomes permanent, the participant has the option to make an election of retirement coverage appropriate to the retirement plan in which the employment position should have retirement coverage consistent with subdivision 2.

(b) A person who is appointed to an acting, interim, or temporary faculty position by the board and who was not employed in a faculty position by the board immediately before that appointment must elect coverage as provided in subdivision 2.

Subd. 5. [PAYMENT FOR CERTAIN PRIOR UNCOVERED SERVICE.] (a) A person employed in a faculty position by the board who was initially excluded from participation in the individual retirement account plan coverage, who was not covered by any other Minnesota public pension plan for that service, and who is subsequently eligible to participate in the individual retirement account plan may make member contributions for that period of prior uncovered teaching employment or eligible unclassified administrative employment with the board.

(b) The member contributions for prior uncovered board service are the amount that the person would have paid if the prior service had been covered employment. The payment must be made to the individual retirement account plan administrator and may be made only by payroll deduction. The payment must be made by the later of:

- (1) 45 days of the start of covered employment; or
- (2) the end of the fiscal year in which covered employment began.

(c) The board must contribute an amount to match any contribution made by a plan participant under this subdivision.

(d) Payments of contributions for prior uncovered board service under this subdivision must be invested in the same manner as the regular contributions made by or on behalf of the plan participant.

Subd. 6. [CONTINUATION OF COVERAGE.] Once a person is employed in a position that qualifies for participation in the individual retirement account plan and elects to participate in the plan, all subsequent service by the person as a faculty member employed by the board or other employing unit is covered by the individual retirement account plan.

Sec. 7. [354B.22] [IRAP COVERAGE IN ADDITION TO SOCIAL SECURITY COVERAGE.]

Subdivision 1. [SOCIAL SECURITY COVERAGE.] (a) An employee of the board or other employing unit who elects coverage by this chapter is a member of the teachers retirement association solely for purposes of coverage by the federal old age, survivors, disability and health insurance program, and is covered by the agreement made under section 355.02.

(b) A person with federal social security coverage through teachers retirement association membership under paragraph (a) is not a member of the teachers retirement association for any other purpose while employed as a teacher by the board, and membership in the teachers retirement association for this limited purpose conveys no rights or benefit entitlement under chapter 354.

Subd. 2. [PUBLIC PENSION COVERAGE AS CONDITION OF EMPLOYMENT.] Coverage by a public pension plan under section 354B.21 is a condition of initial employment or continued employment as a faculty member or eligible unclassified administrative position by the board or other employing unit.

Sec. 8. [354B.23] [CONTRIBUTIONS.]

Subdivision 1. [MEMBER CONTRIBUTION RATE.] (a) Except as provided in paragraph (b), the member contribution rate for participants in the individual retirement account plan is 4.5 percent of salary.

(b) For participants in the individual retirement account plan who were otherwise eligible to elect retirement coverage in the state unclassified employees retirement program, the member contribution rate is the rate specified in section 352D.04, subdivision 2, paragraph (a).

Subd. 2. [MEMBER CONTRIBUTION METHOD.] Member contributions must be made by payroll deduction each pay period.

Subd. 3. [EMPLOYER CONTRIBUTION RATE.] The employer contribution rate on behalf of participants in the individual retirement account plan is six percent of salary.

Subd. 4. [EMPLOYER CONTRIBUTION METHOD.] The employer contribution must be made by the employing unit of a plan participant during each pay period. The employer contribution must be made from the available revenue sources of the employing unit.

Subd. 5. [OMITTED MEMBER DEDUCTIONS.] (a) If the employing unit that employs a plan participant fails to deduct the member contribution from the participant's salary and a period of less than 60 days from the date on which the deduction should have been made has elapsed, the employing unit must obtain the omitted member deduction by an additional payroll deduction during the pay period next following the discovery of the omission.

(b) If the employing unit of a plan participant fails to deduct the member contribution from the participant's salary and that omission continues for at least 60 days from the date on which the deduction should have been made, the employing unit must pay the amount representing the omitted member contribution and the full required employer contribution, plus compound interest at an annual rate of 8.5 percent. The contributions and any interest must be made within one year of the date on which the omission was discovered.

Subd. 6. [TRANSFER OF CERTAIN TRA MEMBER CONTRIBUTION AMOUNTS TO IRAP.] (a) Notwithstanding any provisions of chapter 354 to the contrary, a former member of the teachers retirement association who has less than three years of allowable service credit under section 354.05, subdivision 13, and who is a member of the individual retirement account plan may elect to transfer to the plan an amount equal to the refund that the person could have received under section 354.49, subdivision 2, if the person had been eligible to receive a refund.

(b) The transfer must be made from the teachers retirement association directly to the individual retirement account plan and credited to the appropriate account.

(c) No amount under this subdivision may be paid directly to the former teachers retirement association member.

(d) The election of this transfer must be made on a form prescribed by the executive director of the teachers retirement association, after consultation with the plan administrator.

Sec. 9. [354B.24] [SABBATICAL LEAVE.]

Subdivision 1. [CONTINUATION OF COVERAGE.] A person who is a participant in the individual retirement plan and who goes on an approved sabbatical leave remains a participant in the plan for any period during which the person receives a salary from the board or during which the person makes an optional contribution provided for in subdivision 3.

Subd. 2. [MANDATORY CONTRIBUTIONS.] (a) From the salary paid to the person during the course of an approved sabbatical leave, the employing unit must deduct a member contribution as required under section 354B.23, subdivision 1.

(b) The employing unit must make the employer contribution on behalf of the plan participant as provided in section 354B.23, subdivision 3.

Subd. 3. [OPTIONAL ADDITIONAL CONTRIBUTIONS.] (a) A plan participant on an approved sabbatical leave may make an optional additional member contribution. The optional additional member may not exceed the applicable member contribution rate specified in section 354B.23, subdivision 1, applied to the difference between the amount of salary actually received during the sabbatical leave and the amount of salary actually received for a comparable period of an identical length to the sabbatical leave that occurred during the fiscal year immediately preceding the sabbatical leave.

(b) Any optional additional member contribution must be made before the last day of the fiscal year following the fiscal year in which the sabbatical leave terminates. The optional additional member contribution may not include interest.

(c) When an optional additional member contribution is made, the employing unit must make the employer contribution at the rate specified in section 354B.23, subdivision 3, on the salary that was the basis for the optional additional member contribution under paragraph (a).

(d) An employer contribution required under this section must be made no later than 60 days after the date on which the optional additional member contribution was made.

Subd. 4. [REINSTATEMENT RIGHTS.] Notwithstanding the provisions of any sabbatical leave agreements, regular and optional additional member contributions and employer contributions under this section are permissible only if the plan participant retains the right to full reinstatement to an employment position with the applicable employing unit both during and at the conclusion of the sabbatical leave.

Sec. 10. [354B.25] [INDIVIDUAL RETIREMENT ACCOUNT PLAN ADMINISTRATION.]

Subdivision 1. [GENERAL GOVERNANCE.] The individual retirement account plan is the administrative responsibility of the higher education board. The higher education board may administer the plan directly or may contract out for administrative services with a qualified third-party plan administrative entity.

Subd. 2. [ANNUITY CONTRACTS AND CUSTODIAL ACCOUNTS.] (a) The plan administrator shall arrange for the purchase of fixed annuity contracts, variable annuity contracts, a combination of fixed and variable annuity contracts, or custodial accounts from financial institutions that have been selected by the state board of investment under subdivision 3 as the investment vehicle for the retirement coverage of plan participants and to provide retirement benefits to plan participants. Custodial accounts from financial institutions must include open-end investment companies registered under the federal Investment Company Act of 1940, as amended.

(b) The annuity contracts or accounts must be purchased with contributions under section 354B.23 or with money or assets otherwise provided by law by authority of the board and deemed acceptable by the applicable financial institution.

(c) In addition to contracts and accounts from financial institutions, the Minnesota supplemental investment fund established under section 11A.17 and administered by the state board of investment is one of the investment options for the individual retirement account plan.

Subd. 3. [SELECTION OF FINANCIAL INSTITUTIONS.] (a) The state board of investment shall select the financial institutions provided for under subdivision 2. Financial institutions include open-end investment companies registered under the federal Investment Company Act of 1940, as amended.

(b) The state board of investment may select up to five financial institutions to provide annuity contracts, custodial accounts, or a combination as investment options for the individual retirement account plan in addition to the Minnesota supplemental investment fund. In making its selection, at a minimum, the state board of investment shall consider at least the following:

(1) the experience and ability of the financial institution to provide retirement and death benefits that are suited to meet the needs of plan participants;

(2) the relationship of those retirement and death benefits provided by the financial institution to their cost; and

(3) the financial strength and stability of the financial institution.

(c) After selecting a financial institution, the state board of investment shall periodically review each financial institution selected under paragraph (b). The periodic review must occur at least every three years. The state board of investment may retain appropriate consulting services to assist it in its periodic review, may establish a budget for the cost of the periodic review process, and may charge a proportional share of these costs to the reviewed financial institution.

(d) Contracts with financial institutions under this section must be executed by the board and must be approved by the state board of investment before execution.

(e) The state board of investment shall also establish policies and procedures under section 11A.04, clause (2), to carry out the provisions of this subdivision.

Subd. 4. [BENEFIT OWNERSHIP.] The retirement benefits provided by the annuity contracts and custodial accounts of the individual retirement account plan are held for the benefit of plan participants and must be paid according to this chapter and of the plan document.

Subd. 5. [INDIVIDUAL RETIREMENT ACCOUNT PLAN ADMINISTRATIVE EXPENSES.] (a) The reasonable and necessary administrative expenses of the individual retirement account plan must be paid by plan participants in the following manner:

(1) from plan participants with amounts invested in the Minnesota supplemental investment fund, the plan administrator may charge an administrative expense assessment as provided in section 11A.17, subdivisions 10a and 14; and

(2) from plan participants with amounts through annuity contracts and custodial accounts purchased under subdivision 2, paragraph (a), the plan administrator may charge an administrative expense assessment of a designated amount, not to exceed two percent of member and employer contributions, as those contributions are made.

(b) Any administrative expense charge that is not actually needed for the administrative expenses of the individual retirement account plan must be refunded to member accounts.

Sec. 11. [354B.26] [DEFERRED ANNUITY ENTITLEMENT FOR CERTAIN FORMER TRA MEMBERS.]

Notwithstanding any provision of chapter 354 to the contrary, a person covered by this chapter who had less than three years of prior allowable service credit in the teachers retirement association is entitled to a deferred annuity and augmentation under section 354.55, subdivision 11.

Sec. 12. [354B.30] [PROHIBITION ON LOANS OR PRETERMINATION DISTRIBUTIONS.]

(a) No participant may obtain a loan from the plan or obtain any distribution from the plan before the participant terminates the employment that gave rise to plan coverage.

(b) No amounts to the credit of the plan are assignable either in law or in equity, are subject to state estate tax, or are subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 518.58, 518.581, or 518.611.

Sec. 13. [354C.10] [SUPPLEMENTAL PLAN.]

The supplemental retirement plan for certain employees of the higher education board is the continuation of the plan established by Laws 1967, chapter 808, sections 1 to 6, as amended.

Sec. 14. [354C.11] [COVERAGE.]

Personnel employed by the higher education board who are in the unclassified service of the state and who have completed at least two years of employment by the board or a predecessor board with a full-time contract are participants in the supplemental retirement plan, effective on the following July 1, if the person is employed in an eligible unclassified administrative position as defined in section 354B.20, subdivision 6, or is employed in an employment classification included in one of the following collective bargaining units under section 179A.10, subdivision 2:

- (1) the state university instructional unit;
- (2) the community college instructional unit;
- (3) the technical college instructional unit; or

(4) the state university administrative unit.

Sec. 15. [354C.12] [SALARY DEDUCTIONS AND MATCHING EMPLOYER CONTRIBUTIONS.]

Subdivision 1. [BASIC CONTRIBUTIONS AND DEDUCTIONS.] (a) The employer of personnel covered by the supplemental retirement plan as provided in section 354C.11 shall deduct a sum equal to five percent of the annual salary of the person between \$6,000 and \$15,000.

(b) The basic contribution deduction must be made in the same manner as other retirement deductions are made from the salary of the person under section 352.04, subdivision 4; 352D.04, subdivision 2; 354.42, subdivision 2; or 354A.12, whichever applies.

(c) The employer shall also make a contribution to the supplemental retirement plan on behalf of covered personnel equal to the salary deduction made under paragraph (a).

Subd. 2. [OMITTED DEDUCTIONS.] If the employer of personnel covered by the supplemental retirement plan as provided in section 354C.11 fails to deduct the member basic contribution from the covered employee's salary and a period of less than 60 days from the date on which the deduction should have been made has elapsed, the employer shall obtain the omitted member deduction by an additional payroll deduction during the pay period following the discovery of the omission. If the employer fails to deduct the member basic contribution from the covered employee's salary and that omission continues for at least 60 days from the date on which the member basic contribution deduction should have been made, the employer shall pay the amount representing the omitted member basic contribution and the full required omitted employer basic contribution, plus compound interest at an annual rate of 8.5 percent. The contributions must be made within one year of the date on which the omission was discovered.

Subd. 3. [ADDITIONAL DEDUCTIONS AND CONTRIBUTIONS.] If an agreement is made under section 356.24 for an additional employee deduction and an additional matching employer contribution, an amount equal to the additional employee contribution must be deducted from the employee's salary above \$15,000. The employer must match the additional employee contribution deduction.

Subd. 4. [ADMINISTRATIVE EXPENSES.] The higher education board is authorized to pay the necessary and reasonable administrative expenses of the supplemental retirement plan. The administrative fees or charges must be paid by participants in the following manner:

(1) from participants whose contributions are invested with the state board of investment, the plan administrator may recover administrative expenses in the manner provided by section 11A.17, subdivisions 10a and 14; or

(2) from participants where contributions are invested through contracts purchased from any other authorized source, the plan administrator may assess an amount of up to two percent of the employee and employer contributions.

Any recovered or assessed amounts that are not needed for the necessary and reasonable administrative expenses of the plan must be refunded to member accounts.

Sec. 16. [354C.13] [ADMINISTRATION.]

The higher education board shall administer the supplemental retirement plan.

Sec. 17. [354C.14] [INVESTMENT OF DEDUCTIONS AND CONTRIBUTIONS.]

(a) The higher education board shall invest the deductions and contributions under section 354C.12, after deduction of administrative expenses under section 354C.12, subdivision 4, in annuity contracts or custodial accounts from financial institutions selected by the state board of investment under section 354B.25, subdivision 3.

(b) The retirement contributions and death benefits provided by annuity contracts or custodial accounts purchased by the higher education board are owned by the supplemental retirement plan and must be paid in accordance with those annuity contracts or custodial account agreements.

Sec. 18. [354C.15] [REDEMPTION OF SUPPLEMENTAL INVESTMENT FUND SHARES.]

(a) The higher education board shall redeem all shares in the accounts of the Minnesota supplemental investment fund held on behalf of personnel covered by the supplemental retirement plan upon the election by the person of an investment option other than the supplemental investment fund, except as provided in paragraph (b).

(b) The redemption of shares in the fixed interest account attributable to a guaranteed investment contract as of July 1, 1994, may not occur until the expiration date of the applicable guaranteed investment contract.

(c) The higher education board shall transfer the cash realized from a redemption of Minnesota supplemental investment fund shares to the financial institution or institutions selected by the state board of investment under section 354B.25, subdivision 3.

Sec. 19. [354C.16] [PAYMENT OF BENEFITS.]

(a) The withdrawal of member contributions, employer contributions and accrued investment income, or a retirement benefit based on those amounts, is payable immediately upon the death or termination of employment of the employee.

(b) An application by the employee or made on behalf of the employee by an appropriate third party must be filed before any payment of benefits may occur.

Sec. 20. [354C.165] [PROHIBITION ON LOANS OR PRETERMINATION DISTRIBUTIONS.]

(a) No participant may obtain a loan from the plan or obtain any distribution from the plan before the participant terminates the employment that gave rise to plan coverage.

(b) No amounts to the credit of the plan are assignable either in law or in equity, are subject to state estate tax, or are subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 518.58, 518.581, or 518.611.

Sec. 21. [354C.17] [TAX SHELTER PROVISIONS.]

Subdivision 1. [AGREEMENTS; SALARY ADJUSTMENTS.] For the purpose of permitting participation in a tax shelter for employment income under the applicable pension provisions of the Internal Revenue Code, the higher education board may enter into agreements with its employees to reduce or to adjust downward the salaries for persons covered by the supplemental retirement plan under section 354C.11, and to pay as the employer an amount equivalent to the salary reduction or the salary downward adjustment in the same manner as deductions would have been paid by the employee under section 354C.12, subdivision 1.

Subd. 2. [RULES.] The higher education board may adopt rules and procedures consistent with this chapter to permit, if possible, participation in a tax shelter under the applicable provisions of the Internal Revenue Code.

Sec. 22. [354C.18] [RULES.]

(a) The higher education board may adopt rules to administer this chapter.

(b) The higher education board may deposit member contributions in a nontreasury account established under chapter 136, an account or accounts established under section 11A.17, or other appropriate accounts operated by the state board of investment for investment under procedures established by the state board of investment.

Sec. 23. Minnesota Statutes 1994, section 355.61, is amended to read:

355.61 [SOCIAL SECURITY COVERAGE FOR CERTAIN STATE UNIVERSITY OR COMMUNITY COLLEGE FACULTY MEMBERS EMPLOYED BY THE HIGHER EDUCATION BOARD.]

Plan participants under ~~section 354B.02, subdivision 1~~, and persons electing participation under ~~section 354B.02, subdivision 2 or 3, 354B.21~~ remain members of the teachers retirement association for purposes of social security coverage only, and remain covered by the applicable agreement entered into under section 355.02, but are not members of the teachers retirement association for any other purpose while employed in covered employment.

Sec. 24. Minnesota Statutes 1994, section 356.24, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTION; EXCEPTIONS.] (a) It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

(1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;

(2) to a plan that provides solely for group health, hospital, disability, or death benefits, to the individual retirement account plan established by ~~sections 354B.01 to 354B.05~~ chapter 354B;

(3) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;

(4) for employees other than personnel employed by the state university board or the community college board and covered by ~~section 354B.07, subdivision 1~~ the higher education board supplemental retirement plan under chapter 354C, to:

(i) the state of Minnesota deferred compensation plan under section 352.96; or

(ii) payment of the applicable portion of the premium on a tax sheltered annuity contract qualified under section 403(b) of the federal Internal Revenue Code, purchased from a qualified insurance company; if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of public employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per employee; or

(5) for personnel employed by the state university board or the community college board and not covered by sections 352D.02, subdivision 1a, and 354B.07, subdivision 1 clause (4), to the supplemental retirement plan under sections 354B.07 to 354B.09 chapter 354C, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year for each employee.

(b) A qualified insurance company is a company that:

(1) meets the definition in section 60A.02, subdivision 4;

(2) is licensed to engage in life insurance or annuity business in the state;

(3) is determined by the commissioner of commerce to have a rating within the top two rating categories by a recognized national rating agency or organization that regularly rates insurance companies; and

(4) is determined by the state board of investment to be among the ten applicant insurance companies with competitive options and investment returns on annuity products. The state board of investment determination must be made on or before January 1, 1993, and must be reviewed periodically. The state board of investment may retain actuarial services to assist it in this determination and in its periodic review. The state board of investment may annually establish a budget for its costs in any determination and periodic review processes. The state board of investment may charge a proportional share of all costs related to the periodic review to those companies currently under contract and may charge a proportional share of all costs related to soliciting and evaluating bids in a determination process to each company selected by the state

board of investment. All contracts must be approved before execution by the state board of investment. The state board of investment shall establish policies and procedures under section 11A.04, clause (2), to carry out this paragraph.

(c) A personnel policy for unrepresented employees or a collective bargaining agreement may establish limits on the number of vendors under paragraph (b), clause (4), that it will utilize and conditions under which the vendors may contact employees both during working hours and after working hours.

Sec. 25. [NO EFFECT ON CURRENT COVERAGE AND PRIOR SERVICE CREDIT AND CONTRIBUTIONS.]

(a) Nothing in sections 5 to 14 is intended to remove any current participant in the individual retirement account plan from future coverage by that plan for continued employment in the same employment position or to add any person to individual retirement account plan coverage or eligibility who was not eligible for that coverage under the laws in effect before July 1, 1995.

(b) Nothing in sections 5 to 14 may be construed to disqualify any period of employment covered by the individual retirement account plan or to disqualify any contributions to the credit of participants in the individual retirement account plan as reflected in plan records as of June 30, 1995.

Sec. 26. [NO EFFECT ON CURRENT COVERAGE AND PRIOR SERVICE CREDIT AND CONTRIBUTIONS.]

(a) Nothing in this recodification article is intended to affect the eligibility for coverage or the coverage by the supplemental retirement plan of any person covered by that plan on June 30, 1995.

(b) Nothing in this recodification article may be construed to disqualify any contributions to the credit of any person covered by the supplemental retirement plan as reflected in plan records as of June 30, 1995.

Sec. 27. [EFFECT OF UNCLASSIFIED PROGRAM COVERAGE CHANGE.]

The change in eligibility for retirement coverage by the unclassified employees retirement program of the Minnesota state retirement system provided for in sections 2; 6, subdivision 3; and 30, paragraph (d), may not be interpreted to disqualify from future retirement coverage by the unclassified employees retirement program any person who is a member of the unclassified employees retirement program on the date of enactment and may not be interpreted to disqualify from eligibility to elect future retirement coverage by the unclassified employees retirement program any person who was employed in state service any time before the date of enactment and who subsequently is employed in an eligible unclassified administrative position under section 5, subdivision 6.

Sec. 28. [INSTRUCTION TO REVISOR.]

In Minnesota Statutes 1995 Supplement and subsequent editions, the revisor of statutes shall correct any references to any provision of Minnesota Statutes, chapter 136E, in this article, replacing the incorrect reference with the appropriate reference.

Sec. 29. [INSTRUCTION TO REVISOR.]

In Minnesota Statutes 1995 Supplement and subsequent editions, the revisor of statutes shall renumber as chapter 354D the professional and supervisory employee individual retirement account law that is currently coded as chapter 354C and shall appropriately revise any statutory cross-references to conform with that recoding.

Sec. 30. [REPEALER.]

(a) Minnesota Statutes 1994, sections 354B.01; 354B.015; 354B.02; 354B.035; 354B.04; 354B.045; 354B.05; and 354B.15, are repealed.

(b) Laws 1990, chapter 570, article 3, sections 10 and 11, as amended by Laws 1992, chapter 420, section 1, and Laws 1993, chapter 239, article 2, section 7; Laws 1993, chapters 192, section 89; and 239, article 5, section 2; and Laws 1994, chapters 508, article 1, section 14; and 572, sections 11 and 12, are repealed.

(c) Minnesota Statutes 1994, sections 354B.06; 354B.07; 354B.08; 354B.085; and 354B.09, are repealed.

(d) Minnesota Statutes 1994, section 352D.02, subdivision 1a, is repealed.

Sec. 31. [EFFECTIVE DATE.]

Sections 1 to 30 are effective July 1, 1995."

Delete the title and insert:

"A bill for an act relating to retirement; various public pension plans; providing for the suspension or forfeiture of certain survivor benefits in the event of certain felonious deaths; making various individual and small group pension accommodations; making various pension plan administrative changes; recodifying the individual retirement account plan and making various other modifications; amending Minnesota Statutes 1994, sections 11A.23, subdivision 4; 352.12, subdivisions 1, 2, 2a, and 6; 352B.105; 352D.02, subdivision 1; 354.05, subdivisions 2a, 5, 35, and 40; 354.06, subdivision 4; 354.44, by adding a subdivision; 354.52, subdivision 4a; 354A.011, subdivision 27; 354A.12, subdivision 3d; 354A.31, by adding a subdivision; 355.61; 356.215, subdivisions 4d and 4g; 356.24, subdivision 1; 383B.48; and 383B.49; proposing coding for new law in Minnesota Statutes, chapters 354B; 354C; and 356; repealing Minnesota Statutes 1994, sections 352D.02, subdivision 1a; 354B.01; 354B.015; 354B.02; 354B.035; 354B.04; 354B.045; 354B.05; 354B.06; 354B.07; 354B.08; 354B.085; 354B.09; and 354B.15; Laws 1990, chapter 570, article 3, sections 10 and 11, as amended; Laws 1993, chapters 192, section 89; and 239, article 5, section 2; and Laws 1994, chapters 508, article 1, section 14; and 572, sections 11 and 12."

And when so amended the bill do pass. Mr. Merriam questioned the reference thereon and, under Rule 35, the bill was referred to the Committee on Rules and Administration.

Ms. Flynn from the Committee on Judiciary, to which was re-referred

S.F. No. 164: A bill for an act relating to insurance; health plans; prohibiting provisions that grant the health carrier a subrogation right, except where the covered person has been fully compensated from another source; proposing coding for new law in Minnesota Statutes, chapter 62A.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 18, delete everything after "that"

Page 1, delete lines 19 and 20

Page 1, line 21, delete "other sources" and insert "it applies only after the covered person has received a full recovery from another source"

Page 1, line 23, after "subtraction" insert "for actual monies paid"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Ms. Flynn from the Committee on Judiciary, to which was referred

S.F. No. 1407: A bill for an act relating to cooperatives; permitting certain optional voting systems for cooperatives that have other cooperatives as members; amending Minnesota Statutes 1994, sections 308A.131, subdivision 1; 308A.635, subdivision 1; and 308A.641.

Reports the same back with the recommendation that the bill be amended as follows:

Page 3, line 17, delete "authorize by the articles or the bylaws"

Page 3, line 18, delete "for" and insert ", by the articles or the bylaws, authorize the delegates elected by"

Page 3, line 22, delete "member" and insert "members in the voting units"

Page 3, line 24, delete "member" and insert "members of the voting units"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

H.F. No. 528: A bill for an act relating to telecommunications; restricting eligibility for communication device for communication-impaired person in a residential care facility when the facility already provides or is required to provide comparable telephone service; amending Minnesota Statutes 1994, section 237.53, subdivision 2.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 237.52, subdivision 3, is amended to read:

Subd. 3. [COLLECTION.] Every telephone company ~~providing local service or communications carrier that provides service capable of originating a telecommunications relay call, including cellular communications and other nonwire access services,~~ in this state shall collect the charges established by the commission under subdivision 2 and transfer amounts collected to the commissioner of administration in the same manner as provided in section 403.11, subdivision 1, paragraph (c). The commissioner of administration must deposit the receipts in the fund established in subdivision 1.

Sec. 2. Minnesota Statutes 1994, section 237.53, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] To be eligible to obtain a communication device under this section, a person must be:

(1) ~~at least five years of age~~ able to benefit from and use the equipment for its intended purpose;

(2) communication impaired;

(3) a resident of the state;

(4) a resident in a household that has a median income at or below the applicable median household income in the state, except a deaf and blind person applying for a telebraille unit may reside in a household that has a median income no more than 150 percent of the applicable median household income in the state; and

(5) a resident in a household that has telephone service or that has made application for service and has been assigned a telephone number; or a resident in a residential care facility, such as a nursing home or group home where telephone service is not included as part of overall service provision."

Delete the title and insert:

"A bill for an act relating to telecommunications; imposing TACIP fee on cellular telephone users; requiring that a person must be able to use a communication device to be eligible to get it; restricting eligibility for communication device for communication-impaired person in a residential care facility when the facility already provides or is required to provide comparable telephone service; amending Minnesota Statutes 1994, sections 237.52, subdivision 3; and 237.53, subdivision 2."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 1444: A bill for an act relating to state lands; providing for the sale of certain tax-forfeited lands in St. Louis county.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 9, delete "shall" and insert "may"

Page 1, line 14, delete everything after "(b)"

Page 1, delete lines 15 and 16

Page 1, line 17, delete everything before "The"

Page 2, line 4, delete "the Karakas" and insert "private" and delete everything after the period

Page 2, delete lines 5 to 7

Page 2, line 8, delete everything before "The"

Page 2, line 12, delete everything after "(c)"

Page 2, delete lines 13 and 14

Page 2, line 26, delete "the Ernsts" and insert "private" and delete everything after the period

Page 2, delete lines 27 to 29

Page 2, line 30, delete everything before "The"

Page 2, line 34, delete everything after "(d)"

Page 2, delete line 35

Page 2, line 36, delete everything before "The"

Page 3, line 9, delete "feet" and insert "minutes" and delete "inches" and insert "seconds"

Page 3, line 11, delete the first "feet" and insert "minutes" and delete "inches" and insert "seconds"

Page 3, line 12, delete "feet" and insert "minutes" and delete "inches" and insert "seconds"

Page 3, line 13, delete the second "feet" and insert "minutes" and delete "inches" and insert "seconds"

Page 3, line 15, delete the first "feet" and insert "minutes" and delete "inches" and insert "seconds"

Page 3, line 16, delete "feet" and insert "minutes" and delete "inches" and insert "seconds"

Page 3, line 17, delete the second "feet" and insert "minutes" and delete "inches" and insert "seconds"

Page 4, delete lines 7 to 36

Page 5, delete lines 1 to 14

Page 5, line 15, delete "(23)" and insert "(1)"

Page 5, line 17, delete "(24)" and insert "(2)"

Page 5, line 19, delete "(25)" and insert "(3)"

Pages 5 and 6, delete section 3

Page 6, line 6, delete "4" and insert "3"

Page 6, line 7, delete "to 3" and insert "and 2"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 243: A bill for an act relating to state lands; authorizing the sale of certain tax-forfeited lands bordering public waters in Dakota county to the city of Eagan.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [PRIVATE SALE OF TAX-FORFEITED LAND; DAKOTA COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 92.45, 103F.535, and 282.018, subdivision 1, paragraph (a), and the public sale provisions of Minnesota Statutes, chapter 282, Dakota county may convey to the city of Eagan, without consideration, the lands bordering public waters that are described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The conveyance must provide that, except as provided in section 2, the land reverts to the state if it is not used for public park or open space purposes.

(c) The lands that may be conveyed are located in Dakota county, are designated by the Dakota county parcel number contained within the parentheses, and are described as:

(1) (Parcel No. 10-01100-011-75) as:

That part of the East Half of the East Half of the Southeast Quarter of Section 11, Township 27 North, Range 23 West, described as follows:

Commencing at the southeast corner of said Section 11; thence North 0 degrees 04 minutes 54 seconds East assumed bearing, along the east line of the Southeast Quarter of said Section 11, 878.96 feet to the northeast corner of OUTLOT I, GOPHER INDUSTRIAL PARK 2ND ADDITION, record plat and the point of beginning of the tract to be described; thence North 89 degrees 37 minutes 34 seconds West along the north line of said OUTLOT I 660.45 feet to the easterly line of EAGANDALE CENTER INDUSTRIAL PARK NO. 4 record plat; thence North 0 degrees 07 minutes 28 seconds East along the easterly line of said EAGANDALE CENTER INDUSTRIAL PARK NO 4 1406.80 feet to the southerly line of BORCHERT-INGERSOLL, INC. 1ST ADDITION, record plat; thence North 76 degrees 29 minutes 44 seconds East along the southerly line of said BORCHERT-INGERSOLL, INC. 1ST ADDITION 678.38 feet to the east line of the Southeast Quarter of said Section 11; thence South 0 degrees 04 minutes 54 seconds West along the east line of said Southeast Quarter 1569.53 feet to the point of beginning.

Containing 22.54 acres, more or less, subject to a city drainage and utility easement.

(2) (Parcel No. 10-01200-011-50) as:

That part of the West Half of the Southwest Quarter of Section 12, Township 27 North, Range 23 West, described as follows:

Commencing at the southwest corner of said Section 12; thence North 0 degrees 04 minutes 54 seconds East assumed bearing, along the west line of the Southwest Quarter of said Section 12, 878.47 feet to the northwest corner of OUTLOT H, GOPHER EAGAN INDUSTRIAL PARK 2ND ADDITION, record plat and the point of beginning of the tract to be described; thence North

89 degrees 55 minutes 06 seconds East along the north line of OUTLOT H and OUTLOT G, of said GOPHER EAGAN INDUSTRIAL PARK 2ND ADDITION 1321.39 feet to the east line of the West Half of the Southwest Quarter of said Section 12; thence North 0 degrees 02 minutes 16 seconds West along the east line of the West half of said Southwest Quarter 1128.04 feet to the westerly right of way line of the Soo Line Railroad (formerly the Chicago Milwaukee, St. Paul and Pacific Railroad); thence North 37 degrees 55 minutes 59 seconds West along said westerly railroad right of way 804.77 feet to the north line of the West Half of the Southwest Quarter of said Section 12; thence South 89 degrees 56 minutes 35 seconds West along the north line of said West Half of the Southwest Quarter 13.20 feet to the southerly line of BORCHERT-INGERSOLL, INC. 1ST ADDITION, record plat; thence South 76 degrees 29 minutes 44 seconds West along the southerly line of said BORCHERT-INGERSOLL, INC. 1ST ADDITION 833.52 feet to the west line of the Southwest Quarter of said Section 12; thence South 0 degrees 04 minutes 54 seconds West along the west line of said Southwest Quarter 1570.02 feet to the point of beginning.

Containing 48.02 acres, more or less, subject to a city drainage and utility easement.

Sec. 2. [CITY OF EAGAN; AUTHORITY TO EXCHANGE LAND.]

The city of Eagan may exchange a portion of the parcel of land described in section 1, paragraph (c), that does not border public waters with any owner of property within a one-quarter mile radius of the land described in section 1, paragraph (c), for a parcel of land contiguous to the land described in section 1, paragraph (c), and bordering public water. The conveyance of any land acquired by the city of Eagan through the exchange must provide that the land reverts to the state if it is not used for public park or open space purposes.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 to 3 are effective the day following final enactment."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1457 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
		1457	1583		

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1457 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1457 and insert the language after the enacting clause of S.F. No. 1583, the first engrossment; further, delete the title of H.F. No. 1457 and insert the title of S.F. No. 1583, the first engrossment.

And when so amended H.F. No. 1457 will be identical to S.F. No. 1583, and further recommends that H.F. No. 1457 be given its second reading and substituted for S.F. No. 1583, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1048 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS**CONSENT CALENDAR****CALENDAR**H.F. No.
1048S.F. No.
846

H.F. No.

S.F. No.

H.F. No.

S.F. No.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1048 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1048 and insert the language after the enacting clause of S.F. No. 846, the first engrossment; further, delete the title of H.F. No. 1048 and insert the title of S.F. No. 846, the first engrossment.

And when so amended H.F. No. 1048 will be identical to S.F. No. 846, and further recommends that H.F. No. 1048 be given its second reading and substituted for S.F. No. 846, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 697 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS**CONSENT CALENDAR****CALENDAR**H.F. No.
697S.F. No.
1647

H.F. No.

S.F. No.

H.F. No.

S.F. No.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 697 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 697 and insert the language after the enacting clause of S.F. No. 1647; further, delete the title of H.F. No. 697 and insert the title of S.F. No. 1647.

And when so amended H.F. No. 697 will be identical to S.F. No. 1647, and further recommends that H.F. No. 697 be given its second reading and substituted for S.F. No. 1647, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 853 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS**CONSENT CALENDAR****CALENDAR**H.F. No.
853S.F. No.
663

H.F. No.

S.F. No.

H.F. No.

S.F. No.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 853 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 853 and insert the language after the enacting clause of S.F. No. 663, the first engrossment; further, delete the title of H.F. No. 853 and insert the title of S.F. No. 663, the first engrossment.

And when so amended H.F. No. 853 will be identical to S.F. No. 663, and further recommends that H.F. No. 853 be given its second reading and substituted for S.F. No. 663, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 377 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
377	390				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1641 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1641	1396				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1320 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1320	1073				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1602 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1602	1420				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1602 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1602 and insert the language after the enacting clause of S.F. No. 1420, the first engrossment; further, delete the title of H.F. No. 1602 and insert the title of S.F. No. 1420, the first engrossment.

And when so amended H.F. No. 1602 will be identical to S.F. No. 1420, and further recommends that H.F. No. 1602 be given its second reading and substituted for S.F. No. 1420, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1442 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1442	1417				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1442 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1442 and insert the language after the enacting clause of S.F. No. 1417, the second engrossment; further, delete the title of H.F. No. 1442 and insert the title of S.F. No. 1417, the second engrossment.

And when so amended H.F. No. 1442 will be identical to S.F. No. 1417, and further recommends that H.F. No. 1442 be given its second reading and substituted for S.F. No. 1417, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1460 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1460	1374				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1460 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1460 and insert the language after the enacting clause of S.F. No. 1374, the first engrossment; further, delete the title of H.F. No. 1460 and insert the title of S.F. No. 1374, the first engrossment.

And when so amended H.F. No. 1460 will be identical to S.F. No. 1374, and further recommends that H.F. No. 1460 be given its second reading and substituted for S.F. No. 1374, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1402 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS

CONSENT CALENDAR

CALENDAR

H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1402	1163				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1402 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1402 and insert the language after the enacting clause of S.F. No. 1163, the first engrossment; further, delete the title of H.F. No. 1402 and insert the title of S.F. No. 1163, the first engrossment.

And when so amended H.F. No. 1402 will be identical to S.F. No. 1163, and further recommends that H.F. No. 1402 be given its second reading and substituted for S.F. No. 1163, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Finance, to which was re-referred

S.F. No. 1536: A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 19, delete "\$ 51,990,000" and insert "\$ 50,234,000" and delete "\$ 50,592,000" and insert "\$ 50,190,000" and delete "\$102,582,000" and insert "\$100,424,000"

Page 1, line 25, delete "813,464,000" and insert "812,513,000" and delete "811,899,000" and insert "811,605,000" and delete "1,625,363,000" and insert "1,624,118,000"

Page 2, line 2, delete "(2,916,000)" and insert "(2,560,000)" and delete "(2,674,000)" and insert "(2,540,000)" and delete "(5,590,000)" and insert "(5,100,000)"

Page 2, line 3, delete "1,262,493,000" and insert "1,260,142,000" and delete "1,269,791,000" and insert "1,269,229,000" and delete "2,532,284,000" and insert "2,529,371,000"

Page 3, delete lines 31 and 32

Page 5, delete lines 2 and 3 and insert:

"These appropriations are for administrative costs as provided in Minnesota Statutes, sections 162.06, subdivision 2; and 162.12, subdivision 2."

Page 5, line 38, delete "department" and insert "commissioner of transportation"

Page 8, lines 31 and 32, delete "any laws to the contrary" and insert "Minnesota Statutes, sections 160.84 to 160.92"

Page 8, line 50, after the period, insert "The project must be completed by June 30, 1997."

Page 9, line 8, delete the paragraph coding

Page 10, line 20, before the period, insert ", except the proceeds of bonds sold to finance capital improvements"

Page 10, line 30, delete "80,555,000" and insert "79,329,000" and delete "80,062,000" and insert "79,493,000"

Page 10, line 32, delete "4,821,000" and insert "4,546,000" and delete "4,777,000" and insert "4,502,000"

Page 10, line 35, delete "64,624,000" and insert "63,673,000" and delete "64,144,000" and insert "63,850,000"

Page 10, line 37, delete "(2,916,000)" and insert "(2,560,000)" and delete "(2,674,000)" and insert "(2,540,000)"

Page 10, line 43, delete "6,286,000" and insert "5,060,000" and delete "5,647,000" and insert "5,078,000"

Page 10, line 45, delete "798,000" and insert "523,000" in both places

Page 11, line 2, delete "5,469,000" and insert "4,518,000" and delete "4,830,000" and insert "4,536,000"

Page 11, delete lines 11 to 41

Page 12, line 26, delete "\$1,761,000" and insert "\$1,405,000"

Page 12, line 27, delete "\$1,517,000" and insert "\$1,383,000"

Page 13, delete section 6

Renumber the sections in sequence

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was referred

S.F. No. 1123: A bill for an act relating to taxation; changing existing property tax exemptions for housing for technical college students; amending Laws 1992, chapter 511, article 2, sections 45, subdivision 7, and by adding a subdivision; and 46, subdivision 7, and by adding a subdivision.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1
FEDERAL UPDATE

Section 1. Minnesota Statutes 1994, section 290.01, subdivision 19, is amended to read:

Subd. 19. [NET INCOME.] The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(h) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply; and

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code.

The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

The net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal Revenue Code.

The Internal Revenue Code of 1986, as amended through December 31, 1986, shall be in effect for taxable years beginning after December 31, 1986. The provisions of sections 10104, 10202, 10203, 10204, 10206, 10212, 10221, 10222, 10223, 10226, 10227, 10228, 10611, 10631, 10632, and 10711 of the Omnibus Budget Reconciliation Act of 1987, Public Law Number 100-203, the provisions of sections 1001, 1002, 1003, 1004, 1005, 1006, 1008, 1009, 1010, 1011, 1011A, 1011B, 1012, 1013, 1014, 1015, 1018, 2004, 3041, 4009, 6007, 6026, 6032, 6137, 6277, and 6282 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, and the provisions of sections 7811, 7816, and 7831 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, shall be effective at the time they become effective for federal income tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1987, shall be in effect for taxable years beginning after December 31, 1987. The provisions of sections 4001, 4002, 4011, 5021, 5041, 5053, 5075, 6003, 6008, 6011, 6030, 6031, 6033, 6057, 6064, 6066, 6079, 6130, 6176, 6180, 6182, 6280, and 6281 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, the provisions of sections 7815 and 7821 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, and the provisions of section 11702 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1988, shall be in effect for taxable years beginning after December 31, 1988. The provisions of sections 7101, 7102, 7104, 7105, 7201, 7202, 7203, 7204, 7205, 7206, 7207, 7210, 7211, 7301, 7302, 7303, 7304, 7601, 7621, 7622, 7641, 7642, 7645, 7647, 7651, and 7652 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, the provision of section 1401 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Public Law Number 101-73, and the provisions of sections 11701 and 11703 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1989, shall be in effect for taxable years beginning after December 31, 1989. The provisions of sections 11321, 11322, 11324, 11325, 11403, 11404, 11410, and 11521 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, and the provisions of sections 13224 and 13261 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1990, shall be in effect for taxable years beginning after December 31, 1990.

The provisions of section 13431 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they became effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1991, shall be in effect for taxable years beginning after December 31, 1991.

The provisions of sections 1936 and 1937 of the Comprehensive National Energy Policy Act of 1992, Public Law Number 102-486, and the provisions of sections 13101, 13114, 13122, 13141, 13150, 13151, 13174, 13239, 13301, and 13442 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1992, shall be in effect for taxable years beginning after December 31, 1992.

The provisions of sections 13116, 13121, 13206, 13210, 13222, 13223, 13231, 13232, 13233, 13239, 13262, and 13321 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1993, shall be in effect for taxable years beginning after December 31, 1993.

The provision of section 741 of Legislation to Implement Uruguay Round of General Agreement on Tariffs and Trade, Public Law Number 103-465, and the provisions of sections 1, 2, and 3, of the Self-Employed Health Insurance Act of 1995, Public Law Number 104-... shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1994, shall be in effect for taxable years beginning after December 31, 1994.

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19a to 19g mean the code in effect for purposes of determining net income for the applicable year.

Sec. 2. [FEDERAL CHANGES.]

The changes made by sections 721, 722, 723, and 744 of Legislation to Implement Uruguay Round of General Agreement on Tariffs and Trade, Public Law Number 103-465 and section 4 of the Self-Employed Health Insurance Act of 1995, Public Law Number 104-..., which affect the computation of the Minnesota working family credit under Minnesota Statutes, section 290.0671, subdivision 1, and the computation of the substantial understatement of liability penalty of Minnesota Statutes, section 289A.60, subdivision 4, shall become effective at the same time the changes become effective for federal purposes.

Sec. 3. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "Internal Revenue Code of 1986, as amended through April 15, 1995," for the words "Internal Revenue Code of 1986, as amended through December 31, 1993," wherever the phrase occurs in chapters 289A, 290, 290A, 291, 297, 298, and 469, except section 290.01, subdivision 19.

ARTICLE 2

SALES AND EXCISE TAXES

Section 1. Minnesota Statutes 1994, section 216C.01, subdivision 1a, is amended to read:

Subd. 1a. [ALTERNATIVE FUEL.] "Alternative fuel" means natural gas; liquefied petroleum gas; hydrogen; coal-derived liquefied fuels; electricity; methanol, denatured ethanol, and other alcohols; mixtures containing 85 percent or more, or other percentage as may be set by regulation by the Secretary of the United States Department of Energy, by volume of methanol, denatured ethanol, and other alcohols with gasoline or other fuels; fuels other than alcohol that are derived from biological materials; and other fuel that the Secretary of the United States Department of Energy determines by regulation to be an alternative fuel within the meaning of section 301(2) of the National Energy Policy Act of 1992 and intended for use in motor vehicles.

Sec. 2. Minnesota Statutes 1994, section 216C.01, subdivision 1b, is amended to read:

Subd. 1b. [ALTERNATIVE FUEL VEHICLE.] "Alternative fuel vehicle" means a dedicated, flexible, or a dual-fuel vehicle operated primarily on an alternative fuel.

Sec. 3. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 5. [ALTERNATIVE FUEL VEHICLE.] "Alternative fuel vehicle" means a dedicated, flexible, or dual-fuel vehicle operated primarily on alternative transportation fuel.

Sec. 4. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 11a. [COMPRESSED NATURAL GAS.] "Compressed natural gas" or CNG means natural gas, primarily methane, condensed under high pressure and stored in specially designed

storage tanks at between 2,000 and 3,600 pounds per square inch. For purposes of this chapter, the energy content of CNG will be considered to be 1,000 BTUs per cubic foot.

Sec. 5. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 15c. [E85.] "E85" means a petroleum product that is a blend of agriculturally derived denatured ethanol and gasoline that typically contains 85 percent ethanol by volume, but at a minimum must contain at least 60 percent ethanol by volume. For the purposes of this chapter, the energy content of E85 will be considered to be 82,000 BTUs per gallon.

Sec. 6. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 23a. [LIQUEFIED NATURAL GAS.] "Liquefied natural gas" or LNG means natural gas, primarily methane, which has been condensed through a cryogenic cooling process and is stored in special pressurized and insulated storage tanks. For purposes of this chapter, the energy content of LNG will be considered to be 69,000 BTUs per gallon.

Sec. 7. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 23b. [LIQUEFIED PETROLEUM GAS.] "Liquefied petroleum gas" or LPG or propane means a product made of short hydrocarbon chains and containing primarily propane and butane that is stored in specialized tanks at moderate pressure. For purposes of this chapter, the energy content of LPG or propane will be considered to be 86,000 BTUs per gallon.

Sec. 8. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 24b. [M85.] "M85" means a petroleum product that is a liquid fuel blend of methanol and gasoline that contains at least 85 percent methanol by volume. For the purposes of this chapter, the energy content of M85 will be considered to be 65,000 BTUs per gallon.

Sec. 9. Minnesota Statutes 1994, section 296.01, subdivision 30, is amended to read:

Subd. 30. [PETROLEUM PRODUCTS.] "Petroleum products" means all of the products defined in subdivisions 2, 7, 8, 10, 13, 14, 15c, and 17 to 22, and 24b.

Sec. 10. Minnesota Statutes 1994, section 296.01, subdivision 34, is amended to read:

Subd. 34. [SPECIAL FUEL.] "Special fuel" means (1) all combustible gases and liquid petroleum products or substitutes therefor including clear diesel fuel, except gasoline, gasoline blended with ethanol, and agricultural alcohol gasoline which are delivered into the supply tank of a licensed motor vehicle or into storage tanks maintained by an owner or operator of a licensed motor vehicle as a source of supply for such vehicle; (2) all combustible gases and liquid petroleum products or substitutes therefor, except gasoline, gasoline blended with ethanol, and agricultural alcohol gasoline, when delivered to a licensed special fuel dealer or to the retail service station storage of a distributor who has elected to pay the special fuel excise tax as provided in section 296.12, subdivision 3; (3) all combustible gases and liquid petroleum products or substitutes therefor, except gasoline, which are used as aviation fuel; or (4) dyed fuel that is being used illegally in a licensed motor vehicle.

Sec. 11. Minnesota Statutes 1994, section 296.02, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED; EXCEPTION FOR QUALIFIED SERVICE STATION.] There is imposed an excise tax on gasoline, gasoline blended with ethanol, and agricultural alcohol gasoline, used in producing and generating power for propelling motor vehicles used on the public highways of this state. For purposes of this section, gasoline is defined in section 296.01, subdivisions 10, 15b, 18, 19, 20, and 24a. This tax is payable at the times, in the manner, and by persons specified in this chapter. The tax is payable at the rate specified in subdivision 1b, subject to the exceptions and reductions specified in this section.

(a) Notwithstanding any other provision of law to the contrary, the tax imposed on special fuel sold by a qualified service station may not exceed, or the tax on gasoline delivered to a qualified service station must be reduced to, a rate not more than three cents per gallon above the state tax rate imposed on such products sold by a service station in a contiguous state located within the distance indicated in clause (b).

(b) A "qualifying service station" means a service station located within 7.5 miles, measured by the shortest route by public road, from a service station selling like product in the contiguous state.

(c) A qualified service station shall be allowed a credit by the supplier or distributor, or both, for the amount of reduction computed in accordance with clause (a).

A qualified service station, before receiving the credit, shall be registered with the commissioner of revenue.

Sec. 12. Minnesota Statutes 1994, section 296.02, subdivision 1a, is amended to read:

Subd. 1a. [TRANSIT SYSTEMS AND ALTERNATIVE FUELS EXEMPT.] The provisions of subdivision 1 do not apply to ~~(1) gasoline purchased by a transit system or transit provider receiving financial assistance or reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384 or (2) sales of compressed natural gas or propane for use in vehicles displaying a valid annual alternate fuel permit.~~

Sec. 13. Minnesota Statutes 1994, section 296.02, subdivision 1b, is amended to read:

Subd. 1b. [RATES IMPOSED.] The gasoline excise tax is imposed at the following rate rates:

(1) E85 is taxed at the rate of 14.2 cents per gallon;

(2) M85 is taxed at the rate of 11.4 cents per gallon; and

(3) For the period on and after May 1, 1988, All other gasoline is taxed at the rate of 20 cents per gallon.

Sec. 14. Minnesota Statutes 1994, section 296.025, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] There is hereby imposed an excise tax ~~of the same rate per gallon as the gasoline excise tax~~ on all special fuel at the rates specified in subdivision 1b. For clear diesel fuel, the tax is imposed on the first distributor who received the product in Minnesota. For dyed fuel being used illegally in a licensed motor vehicle, the tax is imposed on the owner or operator of the motor vehicle, or in some instances, on the dealer who supplied the fuel. For dyed fuel used in a motor vehicle but subject to a federal exemption, although no federal tax may be imposed, the fuel is subject to the state tax. For other fuels, including jet fuel, propane, and compressed natural gas, the tax is imposed on the distributor, special fuel dealer, or bulk purchaser. This tax is payable at the time and in the manner specified in this chapter. For purposes of this section, "owner or operator" means the operation of licensed motor vehicles, whether loaded or empty, whether for compensation or not for compensation, and whether owned by or leased to the motor carrier who operates them or causes them to be operated.

Sec. 15. Minnesota Statutes 1994, section 296.025, subdivision 1a, is amended to read:

Subd. 1a. [TRANSIT SYSTEMS AND ALTERNATIVE FUELS EXEMPT.] The provisions of subdivision 1 do not apply to ~~(1) special fuel purchased by a transit system or transit provider receiving financial assistance or reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384 or (2) sales of compressed natural gas or propane for use in vehicles displaying a valid annual alternate fuel permit.~~

Sec. 16. Minnesota Statutes 1994, section 296.025, is amended by adding a subdivision to read:

Subd. 1b. [TAX RATES.] The special fuel excise tax is imposed at the following rates:

(1) Liquefied petroleum gas or propane is taxed at the rate of 15 cents per gallon.

(2) Liquefied natural gas is taxed at the rate of 12 cents per gallon.

(3) Compressed natural gas is taxed at the rate of \$1.739 per thousand cubic feet.

(4) All other special fuel is taxed at the same rate as the gasoline excise tax.

Sec. 17. Minnesota Statutes 1994, section 296.0261, is amended by adding a subdivision to read:

Subd. 10. [CREDIT; REFUNDS.] (a) A purchaser of an alternative fuel vehicle permit under subdivisions 1 to 9 prior to July 1, 1995, shall receive a credit for the unused portion of the permit fee. The amount of the credit shall be equal to the original permit fee and prorated to the number of months from July 1, 1995, until the expiration date of the permit. The credit shall reduce the amount of the vehicle's annual motor vehicle registration tax as calculated under section 168.013. The credit shall be applied to the first motor vehicle registration tax payable after July 1, 1995.

(b) If the amount of the credit calculated under paragraph (a) exceeds the amount of motor vehicle registration tax due, the registrar shall pay to the purchaser of the permit a cash refund equal to the difference between the motor vehicle registration tax and the credit due.

Sec. 18. Minnesota Statutes 1994, section 297A.01, subdivision 3, is amended to read:

Subd. 3. A "sale" and a "purchase" includes, but is not limited to, each of the following transactions:

(a) Any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, and the leasing of or the granting of a license to use or consume tangible personal property other than manufactured homes used for residential purposes for a continuous period of 30 days or more, for a consideration in money or by exchange or barter;

(b) The production, fabrication, printing, or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing, or processing;

(c) The furnishing, preparing, or serving for a consideration of food, meals, or drinks. "Sale" does not include:

(1) meals or drinks served to patients, inmates, or persons residing at hospitals, sanitariums, nursing homes, senior citizens homes, and correctional, detention, and detoxification facilities;

(2) meals or drinks purchased for and served exclusively to individuals who are 60 years of age or over and their spouses or to the handicapped and their spouses by governmental agencies, nonprofit organizations, agencies, or churches or pursuant to any program funded in whole or part through 42 USCA sections 3001 through 3045, wherever delivered, prepared or served; or

(3) meals and lunches served at public and private schools, universities, or colleges. Notwithstanding section 297A.25, subdivision 2, taxable food or meals include, but are not limited to, the following:

(i) heated food or drinks;

(ii) sandwiches prepared by the retailer;

(iii) single sales of prepackaged ice cream or ice milk novelties prepared by the retailer;

(iv) hand-prepared or dispensed ice cream or ice milk products including cones, sundaes, and snow cones;

(v) soft drinks and other beverages prepared or served by the retailer;

(vi) gum;

(vii) ice;

(viii) all food sold in vending machines;

(ix) party trays prepared by the retailers; and

(x) all meals and single servings of packaged snack food, single cans or bottles of pop, sold in restaurants and bars;

(d) The granting of the privilege of admission to places of amusement, recreational areas, or athletic events, except a world championship football game sponsored by the national football

league, and the privilege of having access to and the use of amusement devices, tanning facilities, reducing salons, steam baths, turkish baths, health clubs, and spas or athletic facilities;

(e) The furnishing for a consideration of lodging and related services by a hotel, rooming house, tourist court, motel or trailer camp and of the granting of any similar license to use real property other than the renting or leasing thereof for a continuous period of 30 days or more;

(f) The furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state, or local exchange telephone service, intrastate toll service, and interstate toll service, if that service originates from and is charged to a telephone located in this state. Telephone service includes paging services and private communication service, as defined in United States Code, title 26, section 4252(d), except for private communication service purchased by an agent acting on behalf of the state lottery. The furnishing for a consideration of access to telephone services by a hotel to its guests is a sale under this clause. Sales by municipal corporations in a proprietary capacity are included in the provisions of this clause. The furnishing of water and sewer services for residential use shall not be considered a sale. The sale of natural gas to be used as a fuel in vehicles propelled by natural gas shall not be considered a sale for the purposes of this section;

(g) The furnishing for a consideration of cable television services, including charges for basic service, charges for premium service, and any other charges for any other pay-per-view, monthly, or similar television services;

(h) Notwithstanding section 297A.25, subdivisions 9 and 12, the sales of racehorses including claiming sales and fees paid for breeding racehorses or horses previously used for racing shall be considered a "sale" and a "purchase." "Racehorse" means a horse that is or is intended to be used for racing and whose birth has been recorded by the Jockey Club or the United States Trotting Association or the American Quarter Horse Association. "Sale" does not include fees paid for breeding horses that are not racehorses;

(i) The furnishing for a consideration of parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;

(j) The furnishing for a consideration of services listed in this paragraph:

(i) laundry and dry cleaning services including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not include services provided by coin operated facilities operated by the customer;

(ii) motor vehicle washing, waxing, and cleaning services, including services provided by coin-operated facilities operated by the customer, and rustproofing, undercoating, and towing of motor vehicles;

(iii) building and residential cleaning, maintenance, and disinfecting and exterminating services;

(iv) services provided by detective agencies, security services, burglar, fire alarm, and armored car services not including services performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1;

(v) pet grooming services;

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; tree, bush, shrub and stump removal; and tree trimming for public utility lines. Services performed under a construction contract for the installation of shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

(vii) mixed municipal solid waste collection and disposal management services as described in section 297A.45;

(viii) massages, except when provided by a licensed health care facility or professional or upon

written referral from a licensed health care facility or professional for treatment of illness, injury, or disease; and

(ix) the furnishing for consideration of lodging, board and care services for animals in kennels and other similar arrangements, but excluding veterinary and horse boarding services.

The services listed in this paragraph are taxable under section 297A.02 if the service is performed wholly within Minnesota or if the service is performed partly within and partly without Minnesota and the greater proportion of the service is performed in Minnesota, based on the cost of performance. In applying the provisions of this chapter, the terms "tangible personal property" and "sales at retail" include taxable services and the provision of taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable under this paragraph. Services performed by a partnership or association for another partnership or association are not taxable under this paragraph if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between members of an affiliated group of corporations are not taxable. For purposes of this section, "affiliated group of corporations" includes those entities that would be classified as a member of an affiliated group under United States Code, title 26, section 1504, and who are eligible to file a consolidated tax return for federal income tax purposes;

(k) A "sale" and a "purchase" includes the transfer of computer software, meaning information and directions that dictate the function performed by data processing equipment. A "sale" and a "purchase" does not include the design, development, writing, translation, fabrication, lease, or transfer for a consideration of title or possession of a custom computer program; and

(l) The granting of membership in a club, association, or other organization if:

(1) the club, association, or other organization makes available for the use of its members sports and athletic facilities (without regard to whether a separate charge is assessed for use of the facilities); and

(2) use of the sports and athletic facilities is not made available to the general public on the same basis as it is made available to members.

Granting of membership includes both one-time initiation fees and periodic membership dues. Sports and athletic facilities include golf courses, tennis, racquetball, handball and squash courts, basketball and volleyball facilities, running tracks, exercise equipment, swimming pools, and other similar athletic or sports facilities. The provisions of this paragraph do not apply to camps or other recreation facilities owned and operated by an exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, for educational and social activities for young people primarily age 18 and under.

Sec. 19. Minnesota Statutes 1994, section 297A.01, is amended by adding a subdivision to read:

Subd. 21. [MIXED MUNICIPAL SOLID WASTE MANAGEMENT SERVICES.] "Mixed municipal solid waste management services" or "waste management services" means services relating to the management of mixed municipal solid waste from collection to disposal, including transportation and management at waste facilities. The definitions in section 115A.03 apply to this subdivision.

Sec. 20. Minnesota Statutes 1994, section 297A.135, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] A tax is imposed on the lease or rental in this state for not more than 28 days of a passenger automobile as defined in section 168.011, subdivision 7, a van as defined in section 168.011, subdivision 28, except for a van designed or adapted primarily for transporting property rather than passengers, or a pickup truck as defined in section 168.011, subdivision 29. The tax is imposed at the rate of 6.2 percent of the sales price as defined for the purpose of imposing the sales and use tax in this chapter. The tax does not apply to the lease or rental of a hearse or limousine used in connection with a burial or funeral service. It applies whether or not the vehicle is licensed in the state.

Sec. 21. Minnesota Statutes 1994, section 297A.15, is amended by adding a subdivision to read:

Subd. 7. [REFUND; APPROPRIATION; ADULT AND JUVENILE CORRECTIONAL FACILITIES.] (a) If construction materials and supplies described in paragraph (b) are purchased by a contractor, subcontractor, or builder as part of a lump-sum contract or similar type of contract with a price covering both labor and materials for use in the project, a refund equal to 20 percent of the taxes paid by the contractor, subcontractor, or builder must be paid to the governmental subdivision. An application must be submitted by the governmental subdivision and must include sufficient information to permit the commissioner to verify the sales taxes paid for the project. The contractor, subcontractor, or builder must furnish to the governmental subdivision a statement of the cost of the construction materials and supplies and the sales taxes paid on them. The amount required to make the refunds is annually appropriated to the commissioner. Interest must be paid on the refund at the rate in section 270.76 from 60 days after the date the refund claim is filed with the commissioner.

(b) Construction materials and supplies qualify for the refund under this section if: (1) the materials and supplies are for use in a project to construct or improve an adult or juvenile correctional facility in a county, home rule charter city, or statutory city, and (2) the project is mandated by state or federal law, rule, or regulation. The refund applies regardless of whether the materials and supplies are purchased by the city or county, or by a contractor, subcontractor, or builder under a contract with the city or county.

Sec. 22. Minnesota Statutes 1994, section 297A.25, subdivision 9, is amended to read:

Subd. 9. [MATERIALS CONSUMED IN PRODUCTION.] The gross receipts from the sale of and the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced are exempt. Seeds, trees, fertilizers, and herbicides purchased for use by farmers in the Conservation Reserve Program under United States Code, title 16, section 590h, the Integrated Farm Management Program under section 1627 of Public Law Number 101-624, the Wheat and Feed Grain Programs under sections 301 to 305 and 401 to 405 of Public Law Number 101-624, and the conservation reserve program under sections 103F.505 to 103F.531, are included in this exemption. Sales to a veterinarian of materials used or consumed in the care, medication, and treatment of agricultural production animals and horses used in agricultural production are exempt under this subdivision. Chemicals used for cleaning food processing machinery and equipment are included in this exemption. Materials, including chemicals, fuels, and electricity purchased by persons engaged in agricultural or industrial production to treat waste generated as a result of the production process are included in this exemption. Such production shall include, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing (other than by restaurants and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity and the production of road building materials. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures, used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption; however, accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months, are included within the exemption provided herein. Electricity used to make snow for outdoor use for ski hills, ski slopes, or ski trails is included in this exemption.

Sec. 23. Minnesota Statutes 1994, section 297A.25, subdivision 11, is amended to read:

Subd. 11. [SALES TO GOVERNMENT.] The gross receipts from all sales, including sales in which title is retained by a seller or a vendor or is assigned to a third party under an installment sale or lease purchase agreement under section 465.71, of tangible personal property to, and all

storage, use or consumption of such property by, the United States and its agencies and instrumentalities, the University of Minnesota, state universities, community colleges, technical colleges, state academies, the Minnesota center for arts education, and school districts are exempt.

As used in this subdivision, "school districts" means public school entities and districts of every kind and nature organized under the laws of the state of Minnesota, including, without limitation, school districts, intermediate school districts, education districts, educational cooperative service units, secondary vocational cooperative centers, special education cooperatives, joint purchasing cooperatives, telecommunication cooperatives, regional management information centers, technical colleges, joint vocational technical districts, and any instrumentality of a school district, as defined in section 471.59.

Sales exempted by this subdivision include sales under section 297A.01, subdivision 3, paragraph (f), but do not include sales under section 297A.01, subdivision 3, paragraph (j), clause (vii).

Sales to hospitals and nursing homes owned and operated by political subdivisions of the state are exempt under this subdivision.

The sales to and exclusively for the use of libraries of books, periodicals, audio-visual materials and equipment, photocopiers for use by the public, and all cataloging and circulation equipment, and cataloging and circulation software for library use are exempt under this subdivision. For purposes of this paragraph "libraries" means libraries as defined in section 134.001, county law libraries under chapter 134A, the state library under section 480.09, and the legislative reference library.

Sales of supplies and equipment used in the operation of an ambulance service owned and operated by a political subdivision of the state are exempt under this subdivision provided that the supplies and equipment are used in the course of providing medical care. Sales to a political subdivision of repair and replacement parts for emergency rescue vehicles and fire trucks and apparatus are exempt under this subdivision.

Sales to a political subdivision of machinery and equipment, except for motor vehicles, used directly for mixed municipal solid waste ~~collection and disposal~~ management services at a solid waste disposal facility as defined in section 115A.03, subdivision 10, are exempt under this subdivision.

Sales to political subdivisions of chore and homemaking services to be provided to elderly or disabled individuals are exempt.

This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities.

This exemption does not apply to the leasing of a motor vehicle as defined in section 297B.01, subdivision 5, except for leases entered into by the United States or its agencies or instrumentalities.

The tax imposed on sales to political subdivisions of the state under this section applies to all political subdivisions other than those explicitly exempted under this subdivision, notwithstanding section 115A.69, subdivision 6, 116A.25, 360.035, 458A.09, 458A.30, 458D.23, 469.101, subdivision 2, 469.127, 473.394, 473.448, 473.545, or 473.608 or any other law to the contrary enacted before 1992.

Sales exempted by this subdivision include sales made to other states or political subdivisions of other states, if the sale would be exempt from taxation if it occurred in that state, but do not include sales under section 297A.01, subdivision 3, paragraphs (c) and (e).

Sec. 24. Minnesota Statutes 1994, section 297A.25, subdivision 59, is amended to read:

Subd. 59. [FARM MACHINERY.] From July 1, 1994, until June 30, ~~1995~~ 1996, the gross receipts from the sale of used farm machinery are exempt.

Sec. 25. [297A.2574] [AGRICULTURE PROCESSING FACILITY MATERIALS; EXEMPTION.]

Subdivision 1. [EXEMPTION; DEFINITION.] Purchases of construction materials and supplies are exempt from the sales and use taxes imposed under this chapter, regardless of whether purchased by the owner or a contractor, subcontractor, or builder, if the materials and supplies are used or consumed in constructing an agriculture processing facility that meets the requirements of this section. For purposes of this section, "agricultural processing facility" means land, buildings, structures, fixtures, and improvements used or operated primarily for the processing or production of marketable products from agricultural crops, including waste and residues from agricultural crops, but not including livestock or livestock products, poultry or poultry products, or wood or wood products.

Subd. 2. [QUALIFICATIONS.] An agricultural processing facility qualifies for the exemption provided under this section if it meets each of the following requirements:

(a) The total investment in the facility must be at least \$8,500,000.

(b) The facility must be located in a municipality that has a median household income that does not exceed \$18,000 according to the 1990 federal census information on income and poverty status in 1989.

(c) The total investment in the facility must exceed an amount equal to \$12,000 per resident of the municipality in which the facility is located.

Subd. 3. [COLLECTION AND REFUND OF TAX.] The tax shall be imposed and collected as if the rates under sections 297A.02, subdivision 1, and 297A.021, applied, and then refunded in the manner provided in section 297A.15, subdivision 5.

Sec. 26. Minnesota Statutes 1994, section 297A.45, is amended to read:

297A.45 [MIXED MUNICIPAL SOLID WASTE COLLECTION AND DISPOSAL MANAGEMENT SERVICES.]

Subdivision 1. [DEFINITIONS.] The definitions in sections 115A.03 and 297A.01 apply to this section.

Subd. 2. [APPLICATION.] The taxes imposed by sections 297A.02 and 297A.021 apply to all public and private mixed municipal solid waste ~~collection and disposal~~ management services.

Notwithstanding section 297A.25, subdivision 11, a political subdivision that purchases ~~collection or disposal~~ waste management services on behalf of its citizens shall pay the taxes.

If a political subdivision provides ~~collection or disposal services~~ a waste management service to its residents at a cost in excess of the total direct charge to the residents for the service, the political subdivision shall pay the taxes based on its cost of providing the service in excess of the direct charges.

A person who transports mixed municipal solid waste generated by that person or by another person without compensation shall pay the taxes at the ~~disposal or resource recovery~~ waste facility based on the disposal charge or tipping fee.

Subd. 3. [EXEMPTIONS.] (a) The cost of a service or the portion of a service to collect and manage recyclable materials separated from mixed municipal solid waste by the waste generator is exempt from the taxes imposed in sections 297A.02 and 297A.021.

(b) The amount of a surcharge or fee imposed under section 115A.919, 115A.921, 115A.923, or 473.843 is exempt from the taxes imposed in sections 297A.02 and 297A.021.

(c) Waste from a recycling facility that separates or processes recyclable materials and that reduces the volume of the waste by at least 85 percent is exempt from the taxes imposed in

sections 297A.02 and 297A.021. To qualify for the exemption under this paragraph, the waste exempted must be ~~collected and disposed of~~ managed separately from other solid waste.

(d) The following costs are exempt from the taxes imposed in sections 297A.02 and 297A.021:

(1) costs of providing educational materials and other information to residents;

(2) costs of managing solid waste other than mixed municipal solid waste, including household hazardous waste; and

(3) costs of regulatory and enforcement activities.

(e) The cost of a waste management service is exempt from the taxes imposed in sections 297A.02 and 297A.021 to the extent that the cost was previously subject to the tax.

Subd. 4. [CITY SALES TAX MAY NOT BE IMPOSED.] Notwithstanding any other law or charter provision to the contrary, a home rule charter or statutory city that imposes a general sales tax may not impose the sales tax on solid waste ~~disposal and collection management~~ services that are subject to the tax under this section. This subdivision does not apply to a tax imposed under section 297A.021.

Subd. 5. [SEPARATE ACCOUNTING.] The commissioner shall account for revenue collected from public and private mixed municipal solid waste ~~collection and disposal management~~ services under this section separately from other tax revenue collected under this chapter.

Sec. 27. Laws 1986, chapter 400, section 44, is amended to read:

Sec. 44. [DOWNTOWN TAXING AREA.]

If a bill is enacted into law in the 1986 legislative session which authorizes the city of Minneapolis to issue bonds and expend certain funds including taxes to finance the acquisition and betterment of a convention center and related facilities, which authorizes certain taxes to be levied in a downtown taxing area, then, notwithstanding the provisions of that law "downtown taxing area" shall mean the geographic area bounded by the portion of the Mississippi River between I-35W and Washington Avenue, the portion of Washington Avenue between the river and I-35W, the portion of I-35W between Washington Avenue and 8th Street South, the portion of 8th Street South between I-35W and Portland Avenue South, the portion of Portland Avenue South between 8th Street South and I-94, the portion of I-94 from the intersection of Portland Avenue South to the intersection of I-94 and the Burlington Northern Railroad tracks, the portion of the Burlington Northern Railroad tracks from I-94 to Main Street and including Nicollet Island, and the portion of Main Street to Hennepin Avenue and the portion of Hennepin Avenue between Main Street and 2nd Street S.E., and the portion of 2nd Street S.E. between Main Street and Bank Street, and the portion of Bank Street between 2nd Street S.E. and University Avenue S.E., and the portion of University Avenue S.E. between Bank Street and I-35W, and by I-35W from University Avenue S.E., to the river. The downtown taxing area excludes the area bounded on the south and west by Oak Grove Street, on the east by Spruce Place, and on the north by West 15th Street.

Sec. 28. Laws 1991, chapter 291, article 8, section 28, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] Notwithstanding Minnesota Statutes, section 469.190, 477A.016, or other law, in addition to the tax authorized in Minnesota Statutes, section 469.190, the city of Winona may, by ordinance, impose a tax of up to one percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more. The city may, by ordinance, impose the tax authorized under this section on the camping site receipts of a municipal campground.

Fifty percent of The proceeds of this tax shall be used to retire the indebtedness of the Julius C. Wilke Steamboat Center ~~and~~. Upon retirement of the debt, 50 percent of the proceeds shall be used as directed in Minnesota Statutes, section 469.190, subdivision 3. The balance shall be used in the manner of the tax proceeds may be used to promote tourist activities, as determined by resolution of the council, for the following purposes:

(1) improvements to the levee, dockage areas, and the adjacent area, including provision of utilities and construction of facilities for ticket and souvenir sales and related office space; or

(2) as directed in Minnesota Statutes, section 469.190, subdivision 3. ~~Upon retirement of the debt, the council shall by ordinance reduce the tax by one half percent or dedicate the entire one percent in the manner directed in Minnesota Statutes, section 469.190, subdivision 3.~~

The tax shall be collected in the same manner as other taxes authorized under Minnesota Statutes, section 469.190.

Sec. 29. [REPEALER.]

(a) Minnesota Statutes 1994, section 296.0261, is repealed.

(b) Minnesota Statutes 1994, section 297A.136, is repealed.

Sec. 30. [EFFECTIVE DATE.]

Sections 1, 2, 3 to 17, and 29, paragraph (a), are effective July 1, 1995.

Section 20 is effective beginning with leases or rentals made after June 30, 1995.

Sections 18, 19, 23, and 26 are effective the day following final enactment.

Section 21 is effective retroactively for sales after May 31, 1992.

Section 22 is effective for sales made after July 1, 1995.

Section 25 is effective for sales made after March 31, 1995.

Section 28 is effective upon compliance by the governing body of the city of Winona with Minnesota Statutes, section 645.021, subdivision 3.

Section 27 is effective upon compliance by the Minneapolis city council with Minnesota Statutes, section 645.021, subdivision 3.

Section 29, paragraph (b), is effective for sales of 900 information services made after June 30, 1995.

ARTICLE 3

PROPERTY TAX FREEZE

Section 1. Minnesota Statutes 1994, section 6.745, subdivision 1, is amended to read:

Subdivision 1. [CITIES.] Annually, upon adoption of the city budget, the city council of each home rule charter or statutory city shall forward summary budget information to the office of the state auditor. The summary budget information shall be provided on forms prescribed by the state auditor. The office of the state auditor shall work with representatives of city government to develop a budget reporting form that conforms with city budgeting practices and provides the necessary summary budget information to the office of the state auditor. The summary budget data shall be provided to the office of the state auditor no later than ~~December~~ January 31 of the year ~~preceding~~ each budget year.

Sec. 2. Minnesota Statutes 1994, section 134.34, subdivision 4a, is amended to read:

Subd. 4a. [SUPPORT GRANTS.] In state fiscal years 1993, 1994, and 1995, and 1996, a regional library basic system support grant also may be made to a regional public library system for a participating city or county which meets the requirements under paragraph (a) ~~or~~, (b), or (c).

(a) The city or county decreases the dollar amount provided by it for operating purposes of public library service if the amount provided by the city or county is not less than the amount provided by the city or county for such purposes in the second preceding year.

(b)(1) The city or county provided for operating purposes of public library services an amount

exceeding 125 percent of the state average percentage of the adjusted net tax capacity or 125 percent of the state average local support per capita; and

(2) the local government aid distribution for the current calendar year under chapter 477A has been reduced below the originally certified amount for payment in the preceding calendar year, if the dollar amount of the reduction from the previous calendar year in support for operating purposes of public library services is not greater than the dollar amount by which support for operating purposes of public library service would be decreased if the reduction in support were in direct proportion to the local government aid reduction as a percentage of the previous calendar year's revenue base as defined in section 477A.011, subdivision 27. Determination of a grant under paragraph (b) shall be based on the most recent calendar year for which data are available.

(c) In 1996, the city or county maintains the dollar amount provided by it for operating purposes of public library service at least at the same dollar amount it provided in 1995.

The city or county shall file a report with the department of education indicating the dollar amount and percentage of reduction in public library operating funds.

Sec. 3. Minnesota Statutes 1994, section 254B.02, subdivision 3, is amended to read:

Subd. 3. [RESERVE ACCOUNT.] The commissioner shall allocate money from the reserve account to counties that, during the current fiscal year, have met or exceeded the base level of expenditures for eligible chemical dependency services from local money. ~~The commissioner shall establish the base level for fiscal year 1988 as the amount of local money used for eligible services in calendar year 1986. In later years, the base level must be increased in the same proportion as state appropriations to implement Laws 1986, chapter 394, sections 8 to 20, are increased. The base level must be decreased if the fund balance from which allocations are made under section 254B.02, subdivision 1, is decreased in later years.~~ The base level of expenditures for each county is defined as 15 percent of the funds allocated to the county under subdivisions 1 and 2. The local match rate for the reserve account is the same rate as applied to the initial allocation. Reserve account payments must not be included when calculating the county adjustments made according to subdivision 2.

Sec. 4. Minnesota Statutes 1994, section 256H.09, subdivision 3, is amended to read:

Subd. 3. [CHILD CARE FUND PLAN.] Effective January 1, 1992, the county will include the plan required under this subdivision in its biennial community social services plan required in this section, for the group described in section 256E.03, subdivision 2, paragraph (h). For the period July 1, 1989, to December 31, 1991, the county shall submit separate child care fund plans required under this subdivision for the periods July 1, 1989, to June 30, 1990; and July 1, 1990, to December 31, 1991. The commissioner shall establish the dates by which the county must submit these plans. The county and designated administering agency shall submit to the commissioner an annual child care fund allocation plan. The plan shall include:

(1) a narrative of the total program for child care services, including all policies and procedures that affect eligible families and are used to administer the child care funds;

(2) the number of families that requested a child care subsidy in the previous year, the number of families receiving child care assistance, the number of families on a waiting list, and the number of families projected to be served during the fiscal year;

(3) the methods used by the county to inform eligible groups of the availability of child care assistance and related services;

(4) the provider rates paid for all children by provider type;

(5) the county prioritization policy for all eligible groups under the basic sliding fee program and AFDC child care program;

~~(6) a report of all funds available to be used for child care assistance, including demonstration of compliance with the maintenance of funding effort required under section 256H.12; and~~

(7) other information as requested by the department to ensure compliance with the child care fund statutes and rules promulgated by the commissioner.

The commissioner shall notify counties within 60 days of the date the plan is submitted whether the plan is approved or the corrections or information needed to approve the plan. The commissioner shall withhold a county's allocation until it has an approved plan. Plans not approved by the end of the second quarter after the plan is due may result in a 25 percent reduction in allocation. Plans not approved by the end of the third quarter after the plan is due may result in a 100 percent reduction in the allocation to the county. Counties are to maintain services despite any reduction in their allocation due to plans not being approved.

Sec. 5. Minnesota Statutes 1994, section 279.09, is amended to read:

279.09 [PUBLICATION OF NOTICE AND LIST.]

The county auditor shall cause the notice and list of delinquent real property to be published ~~once in each of two consecutive weeks~~ in the newspaper designated, the first publication of which shall be made on or before March 20 immediately following the filing of such list with the court administrator of the district court. The auditor shall deliver such list to the publisher of the newspaper designated, at least 20 days before the date upon which the list shall be published ~~for the first time~~.

Sec. 6. Minnesota Statutes 1994, section 279.10, is amended to read:

279.10 [PUBLICATION CORRECTED.]

Immediately after preparing forms for printing such notice and list, and at least five days before the first day for the publication thereof, every such publisher shall furnish proof of the proposed publication to the county auditor for correction. When such copy has been corrected, the auditor shall return the same to the printer, who shall publish it as corrected. On the first day on which such notice and list are published, the publisher shall mail a copy of the newspaper containing the same to the auditor. If during the publication of the notice and list, or within ten days after the last publication thereof, the auditor shall discover that such publication is invalid, the auditor shall forthwith direct the publisher to republish the same as corrected ~~for an additional period of two weeks~~. The publisher, if not neglectful, shall be entitled to the same compensation as allowed by law for the original publication, but shall receive no further compensation therefor if such republication is necessary by reason of the neglect of the publisher.

Sec. 7. Minnesota Statutes 1994, section 281.23, subdivision 3, is amended to read:

Subd. 3. [PUBLICATION.] As soon as practicable after the posting of the notice prescribed in subdivision 2, the county auditor shall cause to be published ~~for two successive weeks~~, in the official newspaper of the county, the notice prescribed by subdivision 2.

Sec. 8. Minnesota Statutes 1994, section 375.169, is amended to read:

375.169 [PUBLICATION OF SUMMARY BUDGET STATEMENT.]

Annually, upon adoption of the county budget, the county board shall cause a summary budget statement to be published in one of the following:

(1) the official newspaper of the county, or if there is none, in a qualified newspaper of general circulation in the county; or

(2) for a county in the metropolitan area as defined in section 473.121, subdivision 2, a county newsletter or other county mailing sent to all households in the city, or as an insert with the truth-in-taxation notice under section 275.065.

If the summary budget statement is published in a county newsletter, it must be the lead story. If the summary budget statement is published through a county newsletter or other county mailing, a copy of the newsletter or mailing shall be sent on request to any nonresident. If the summary budget statement is published by a mailing to households other than a newsletter, the color of the paper on which the summary budget statement is printed must be distinctively different than the paper containing other printed material included in the mailing. The statement shall contain information relating to anticipated revenues and expenditures in a form prescribed by the state auditor. The form prescribed shall be designed so that comparisons can be made between the

current year and the budget year. A note shall be included that the complete budget is available for public inspection at a designated location within the county.

Sec. 9. Minnesota Statutes 1994, section 471.6965, is amended to read:

471.6965 [PUBLICATION OF SUMMARY BUDGET STATEMENT.]

Annually, upon adoption of the city budget, the city council shall publish a summary budget statement in either of the following:

(1) the official newspaper of the city, or if there is none, in a qualified newspaper of general circulation in the city; or

(2) for a city in the metropolitan area as defined in section 473.121, subdivision 2, a city newsletter or other city mailing sent to all taxpayers in the city, or as an insert with the truth-in-taxation notice under section 275.065.

If the summary budget statement is published in a city newsletter, it must be the lead cover story. If the summary budget statement is published by a mailing to taxpayers other than a newsletter, the color of the paper on which the summary budget statement is printed must be distinctively different than the paper containing other printed material included in the mailing.

The statement shall contain information relating to anticipated revenues and expenditures, in a form prescribed by the state auditor. The form prescribed shall be designed so that comparisons can be made between the current year and the budget year. A note shall be included that the complete budget is available for public inspection at a designated location within the city. If the summary budget statement is published through a city newsletter or other city mailing, a copy of the statement must be posted, in a common area, by the property owner of all residential nonhomestead property as defined in section 273.13, subdivision 25, paragraphs (a) and (b), clause (1).

Sec. 10. [EDUCATION FINANCE FOR THE 1996-1997 SCHOOL YEAR.]

Subdivision 1. [ADJUSTED TAX CAPACITY FOR SCHOOL YEAR 1996-1997.] Notwithstanding any other law to the contrary, for purposes of any levy authorized under Minnesota Statutes, chapter 124, 124A, 124B, 136C, or 136D, the adjusted net tax capacity of a school district, education district, intermediate school district, or technical college under Minnesota Statutes, section 124.2131, for the 1996-1997 school year shall equal the adjusted net tax capacity used for computation of its levy limits for the 1995-1996 school year.

Subd. 2. [LOCAL EFFORT TAX RATE AND EQUALIZING FACTOR.] Notwithstanding any other law to the contrary, the local effort tax rates computed under Minnesota Statutes, sections 124.226, subdivision 1, and 124A.23, for the 1996-1997 school year shall equal the local effort tax rates established at the time of levy limit certification for the 1995-1996 school year. Notwithstanding any other law to the contrary, the equalizing factor under Minnesota Statutes, section 124A.02, for the 1996-1997 school year shall equal the equalizing factor for the 1995-1996 school year.

Subd. 3. [COMPUTATION OF PUPIL UNITS FOR LEVY LIMITS.] Notwithstanding Minnesota Statutes, section 124.17, or any other law to the contrary, the number of pupil units and AFDC pupil units for a school district, education district, intermediate school district, or technical college for use in computing the levy limits of the district or technical college for the 1996-1997 school year shall be the pupil units and AFDC pupil units used for the levy limit computation of the school district, education district, intermediate school district, or technical college for the 1995-1996 school year. For purposes of computing the revenue entitlement of a school district under Minnesota Statutes, chapter 124, 124A, 124B, 136C, or 136D, for the 1996-1997 school year, the pupil units or AFDC pupil units shall be as otherwise provided under Minnesota Statutes, section 124.17. If any section of Minnesota Statutes, chapters 124, 124A, and 124B, provides that an aid entitlement is equal to the difference between the revenue entitlement and the authorized levy, then the aid entitlement for the 1996-1997 school year shall equal the difference between the revenue entitlement and authorized levies computed under this section and sections 11 to 71. If any section of Minnesota Statutes, chapters 124, 124A, and 124B, other than sections 124.321 and

124.912, subdivision 2, provide that the aid entitlement will be reduced if a district fails to exercise its full levy authority and the district failed to levy its full authority for the 1995-1996 school year, the commissioner shall assume that, absent the provisions of this act, the district would have elected to exercise the same portion of its levy authority for the 1996-1997 school year as it did in the prior year and determine the district's aid under the applicable section and the prior sentence.

Sec. 11. [TRANSITIONAL LEVIES.]

Notwithstanding Minnesota Statutes, sections 122.247, subdivision 3, and 122.533, a school district's levy under those sections for taxes payable in 1996 shall be no greater than it was for the prior year.

Sec. 12. [TRANSPORTATION AID.]

For purposes of computing transportation aid under Minnesota Statutes, section 124.225, subdivision 8a, for the 1996-1997 school year, levies shall be those computed under the provisions of sections 10 and 13 to 21.

Sec. 13. [TRANSPORTATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 2, a school district's levy for additional transportation costs as the result of leasing a school in another district shall be no greater for the 1996-1997 school year than it was for the prior year.

Sec. 14. [OFF-FORMULA ADJUSTMENT.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 3, a school district's off-formula adjustment for taxes payable in 1996 shall be no less than that computed for taxes payable in the prior year. If the resulting levy reduction is greater than that which would have otherwise occurred under Minnesota Statutes, section 124.226, subdivision 3, the district will receive additional aid equal to the difference.

Sec. 15. [TRANSPORTATION LEVY EQUITY.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 3a, a school district's aid reduction for transportation levy equity for the 1996-1997 school year shall be based on levies computed under sections 10 and 13 to 21.

Sec. 16. [NONREGULAR TRANSPORTATION COSTS LEVY.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 4, a school district's levy for nonregular transportation costs for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 17. [EXCESS TRANSPORTATION COSTS LEVY.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 5, a school district's levy for excess transportation costs for the 1996-1997 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have been authorized to levy under Minnesota Statutes, section 124.226, subdivision 5, the district shall receive additional aid equal to the difference.

Sec. 18. [BUS PURCHASES; LEVY.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 6, a school district's levy to eliminate a projected deficit in its reserved fund balance for bus purchases in its transportation fund as of June 30 of the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 19. [CONTRACTED SERVICES LEVY.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 7, a school district's levy for taxes payable in 1996 under that subdivision shall be no greater than it was in the prior year. If the resulting levy is less than the school district would have been authorized to levy under that subdivision, the district will receive additional aid equal to the difference.

Sec. 20. [LEVY FOR POST-SECONDARY TRANSPORTATION.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 8, a school district levy for transportation of secondary students enrolled in courses provided in an agreement authorized by Minnesota Statutes, section 123.33, subdivision 7, for school year 1996-1997 shall be no greater than it was for the prior year.

Sec. 21. [LATE ACTIVITY BUSES LEVY.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 9, a school district's levy for late activity buses for the 1995-1996 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have been authorized to levy under Minnesota Statutes, section 124.226, subdivision 9, the school district shall receive additional aid equal to the difference.

Sec. 22. [BONDS.]

(a) Notwithstanding Minnesota Statutes, section 124.239, after March 30, 1995, no school district can sell bonds under that section the debt service payments of which would require a levy first becoming payable in 1996 or authorize a levy under Minnesota Statutes, section 124.239, subdivision 5, clause (b), that is not pursuant to a plan adopted prior to March 30, 1995. This restriction shall not apply to (1) refunding bonds sold to refund bonds originally sold before March 30, 1995, or (2) bonds for which the amount of the levy first becoming due in 1996 would not exceed the amount by which the school district's total levy for debt service on bonds for taxes payable in 1996 prior to issuance of those bonds is less than the municipality's total levy for debt service for bonds for taxes payable in 1995.

(b) For purposes of this section, bonds will be deemed to have been sold before March 30, 1995, if:

(1) an agreement has been entered into between the school district and a purchaser or underwriter for the sale of the bonds by that date;

(2) the issuing school district is a party to a contract or letter of understanding entered into before March 30, 1995, with the federal government that requires the school district to pay for a project, and the project will be funded with the proceeds of the bonds; or

(3) the proceeds of the bonds will be used to fund a project or acquisition with respect to which the school district has entered into a contract with a builder or supplier before March 30. Debt service payments due on bonds described in this paragraph during calendar year 1996 will be paid by the state. The amount of those payments must be repaid by the school district to the state in three equal annual installments beginning in 1997. No interest will be due on those payments if timely paid by June 15 of the year due.

Sec. 23. [CAPITAL EXPENDITURE FACILITY LEVY.]

Notwithstanding Minnesota Statutes, sections 124.243 and 124.2442, subdivision 3, a school district's capital expenditures facilities levy for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 24. [CAPITAL EXPENDITURE EQUIPMENT LEVY.]

Notwithstanding Minnesota Statutes, sections 124.244, subdivision 2, and 124.2442, a school district's capital expenditures equipment levy for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 25. [LEVY FOR ADULT BASIC EDUCATION AID.]

Notwithstanding Minnesota Statutes, section 124.2601, school districts which did not levy for adult basic education for taxes payable in 1995, may not levy for that purpose for taxes payable in 1996.

Sec. 26. [EARLY CHILDHOOD FAMILY EDUCATION AND HOME VISITATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.2711, subdivisions 2a and 5, a school district's levy for early childhood family education and home visitation under Minnesota Statutes, section 124.2711, subdivision 5, for school year 1996-1997 shall be no greater than it was for the prior year.

Sec. 27. [COMMUNITY EDUCATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.2713, subdivision 6, 6a, or 6b, the community education levy of a school district for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 28. [LEVY FOR ADDITIONAL COMMUNITY EDUCATION REVENUE.]

Notwithstanding Minnesota Statutes, section 124.2714, a school district's levy under that section for school year 1996-1997 shall be no greater than it was for the prior year.

Sec. 29. [PROGRAMS FOR ADULTS WITH DISABILITIES; LEVY.]

Notwithstanding Minnesota Statutes, section 124.2715, subdivision 3, a school district's levy for community education programs for adults with disabilities for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 30. [EXTENDED DAY LEVY.]

Notwithstanding Minnesota Statutes, section 124.2716, a school district's levy under that section for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 31. [COOPERATION AND COMBINATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.2725, subdivisions 3 and 4, a school district's levy for cooperation and combination for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 32. [EARLY RETIREMENT AND SEVERANCE LEVY.]

Notwithstanding Minnesota Statutes, section 124.2725, subdivision 15, a school district's levy for the 1996-1997 school year for severance pay or early retirement incentives for licensed and nonlicensed staff who retire early as the result of combination or cooperation shall be no greater than it was for the prior year.

Sec. 33. [CONSOLIDATION; RETIREMENT LEVY.]

Notwithstanding Minnesota Statutes, section 124.2726, subdivision 3, a school district's levy for retirement incentives under Minnesota Statutes, section 122.23, subdivision 20, for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 34. [DISTRICT COOPERATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.2727, subdivisions 6b and 9, a school district's levy for district cooperation for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 35. [SPECIAL EDUCATION EQUALIZATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.321, subdivisions 3 and 5, a school district's special education equalization levy for the 1996-1997 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have levied under Minnesota Statutes, section 124.321, subdivisions 3 and 5, the district shall receive additional aid equal to the difference.

Sec. 36. [ALTERNATIVE DELIVERY LEVY.]

Notwithstanding Minnesota Statutes, section 124.322, subdivision 4, a school district's levy for alternative delivery of specialized instructional services for the 1996-1997 school year shall be no

greater than it was for the prior year. If the resulting levy is less than the school district would have levied under Minnesota Statutes, section 124.322, subdivision 4, the district shall receive additional aid equal to the difference.

Sec. 37. [JOINT POWERS BOARD; EARLY RETIREMENT AND SEVERANCE LEVY.]

Notwithstanding Minnesota Statutes, section 124.4945, a school district's levy for the 1996-1997 school year for severance pay and early retirement incentives to a teacher as defined in Minnesota Statutes, section 125.12, subdivision 1, who is placed on unrequested leave as the result of a cooperative secondary facility agreement shall be no greater than it was for the prior year.

Sec. 38. [FACILITIES DOWN PAYMENT LEVY REFERENDUM.]

Notwithstanding Minnesota Statutes, section 124.82, subdivision 3, no facilities down payment levy referendum held after March 27, 1995, may authorize a levy first becoming payable in 1996.

Sec. 39. [HEALTH AND SAFETY LEVY.]

Notwithstanding Minnesota Statutes, section 124.83, subdivisions 4 and 7, a school district's levy for a health and safety program under Minnesota Statutes, section 124.83, for the 1996-1997 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have levied under Minnesota Statutes, section 124.83, subdivisions 4 and 7, the district shall receive additional aid equal to the difference.

Sec. 40. [HANDICAPPED ACCESS AND FIRE SAFETY LEVY.]

Notwithstanding Minnesota Statutes, section 124.84, subdivisions 3 and 4, a school district's levy for purposes of Minnesota Statutes, section 124.84, subdivisions 1 and 2, for the 1996-1997 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have levied under Minnesota Statutes, section 124.84, subdivision 3, the district may levy the difference in the subsequent year notwithstanding the five-year limitation in section 124.84, subdivision 3.

Sec. 41. [LEVY TO RENT OR LEASE BUILDING OR LAND.]

Notwithstanding Minnesota Statutes, section 124.91, subdivision 1, after March 30, 1995, the commissioner of education shall not authorize any school district to make any additional capital expenditure levy to rent or lease a building or land for instructional purposes if the levy for that purpose first becomes due and payable in 1996 unless the district's capital expenditure levy for taxes payable in 1996, including the levy for the new obligation, would not exceed its levy for that purpose for taxes payable in 1995.

Sec. 42. [LEVY FOR LEASE PURCHASE OR INSTALLMENT BUYS.]

(a) Except as provided in paragraphs (b) and (c), notwithstanding Minnesota Statutes, section 124.91, subdivision 3, after March 30, 1995, no school district may enter into an installment contract or a lease purchase agreement the levy for which would first become payable in 1996 unless the district's total levy for installment contracts and lease purchase agreements for taxes payable in 1996, including the levy for the new obligation, would not exceed its levy for that purpose for taxes payable in 1995.

(b) The limitation in paragraph (a) does not apply to an installment contract entered into before July 1, 1995, if it:

(1) relates to a high school construction project that was approved by the commissioner of education under Minnesota Statutes, section 121.15, before July 1, 1994; and

(2) relates at least in part to bids awarded between September 8, 1994, and February 21, 1995.

Payments due on installment contracts described in this paragraph during calendar year 1996 will be paid by the state. The amount of those payments will be repaid by the school district to the state in three equal annual installments beginning in 1997. No interest will be due on those payments if timely paid by June 15 of the year due.

(c) For purposes of this section, installment contracts or lease purchase agreements will be deemed to have been entered into before March 30, 1995, if:

(1) an agreement has been entered into between the school district and a lessor or seller by that date;

(2) the school district is a party to contract or letter of understanding entered into before March 30, 1995, with the federal government that requires the school district to pay for a project, and the project will be funded with the proceeds of the installment contracts or lease purchase agreements; or

(3) the installment contracts or lease purchase agreements will be used to fund a project or acquisition with respect to which the school district has entered into a contract with a builder or supplier before March 30. Payments due on installment contracts or lease purchase agreements described in this paragraph during calendar year 1996 will be paid by the state. The amount of those payments must be repaid by the school district to the state in three equal annual installments beginning in 1997. No interest will be due on those payments if timely paid by June 15 of the year due.

Sec. 43. [COOPERATING DISTRICTS; CAPITAL LEVY.]

Notwithstanding Minnesota Statutes, section 124.91, subdivision 4, a school district's levy under that subdivision for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 44. [LEVY FOR INTERACTIVE TELEVISION.]

Notwithstanding Minnesota Statutes, section 124.91, subdivision 5, a school district's levy for interactive television for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 45. [ENERGY CONSERVATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.91, subdivision 6, a school district may not enter into a loan under Minnesota Statutes, sections 216C.37 or 298.292 to 298.298 after March 27, 1995, if the levy for repayment of the loan would first become payable in 1996.

Sec. 46. [LEVY FOR STATUTORY OBLIGATIONS.]

Notwithstanding Minnesota Statutes, section 124.912, subdivision 1, a school district's levy as otherwise authorized under that subdivision for the 1996-1997 school year shall be no greater than it was for the prior year. To the extent that the portion of the resulting levy for the school district's obligation under Minnesota Statutes, section 268.06, subdivision 25, and section 268.08, is less than the school district would have been otherwise authorized to levy under Minnesota Statutes, section 124.912, subdivision 1, the school district shall receive additional aid equal to the difference. To the extent that the portion of the resulting levy for judgments under Minnesota Statutes, section 127.05, is less than the school district would have been authorized to levy under Minnesota Statutes, section 124.912, subdivision 1, for this purpose, the school district may levy the difference in the subsequent year.

Sec. 47. [DESEGREGATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.912, subdivision 2, a school district's levy as otherwise authorized under that subdivision for the 1995-1996 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have levied under that subdivision, the school district shall receive additional aid equal to the difference.

Sec. 48. [RULE COMPLIANCE LEVY.]

Notwithstanding Minnesota Statutes, section 124.912, subdivision 3, a school district's levy as otherwise authorized under that subdivision for the 1995-1996 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have levied under that subdivision, the school district shall receive additional aid equal to the difference.

Sec. 49. [LEVY FOR CRIME RELATED COSTS.]

Notwithstanding Minnesota Statutes, section 124.912, subdivision 6, a school district's levy as otherwise authorized under that subdivision for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 50. [ICE ARENA LEVY.]

Notwithstanding Minnesota Statutes, section 124.912, subdivision 7, a school district's levy as otherwise authorized under that subdivision for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 51. [OUTPLACEMENT LEVY.]

Notwithstanding Minnesota Statutes, section 124.912, subdivision 8, the levy as otherwise authorized under that subdivision for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 52. [ABATEMENT LEVY.]

Notwithstanding Minnesota Statutes, section 124.912, subdivision 9, a school district's levy as otherwise authorized under that subdivision for the 1996-1997 school year shall be no greater than it was for the prior year. To the extent the portion of the resulting levy otherwise authorized under Minnesota Statutes, section 124.912, subdivision 9, paragraph (a), clause (1), is less than the school district would have been authorized to levy under that clause, the district shall receive additional aid equal to the difference. The remaining portion of the resulting levy that is less than the school district would have been authorized to levy under the remainder of Minnesota Statutes, section 124.912, subdivision 9, may be levied over a four-year period notwithstanding the three-year limitation of Minnesota Statutes, section 124.912, subdivision 9, paragraph (b).

Sec. 53. [OPERATING DEBT LEVIES.]

Notwithstanding Minnesota Statutes, section 122.531, subdivision 4a; 124.914; or Laws 1992, chapter 499, article 7, sections 25 and 26, a school district's levy as otherwise authorized under those sections for the 1996-1997 school year shall be no greater than it was for the prior year. To the extent this prevents a district from amortizing its reorganization operating debt as defined in Minnesota Statutes, section 121.915, clause (1), in five years, the district shall be permitted to levy the remainder in a subsequent year.

Sec. 54. [HEALTH INSURANCE BENEFITS LEVY.]

Notwithstanding Minnesota Statutes, section 124.916, subdivision 1, or Laws 1993, chapter 224, article 8, section 18, a school district's levy for retired employees health insurance as otherwise authorized under those provisions of law for the taxes payable in 1996 shall be no greater than it was for the prior year.

Sec. 55. [RETIREMENT LEVY.]

Notwithstanding Minnesota Statutes, section 124.916, subdivision 3, a school district's levy as otherwise authorized under that subdivision for taxes payable in 1996 shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have been authorized to levy under that subdivision, the school district shall receive additional aid equal to the difference.

Sec. 56. [MINNEAPOLIS HEALTH INSURANCE SUBSIDY.]

Notwithstanding Minnesota Statutes, section 124.916, subdivision 4, a school district's levy as otherwise authorized under that section for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 57. [LEVY FOR TACONITE PAYMENT.]

Notwithstanding Minnesota Statutes, section 124.918, subdivision 8, a school district's levy reduction as otherwise authorized under that subdivision for the 1996-1997 school year shall be no

less than it was for the prior year. General education aid reduction for the 1996-1997 school year shall be governed by Minnesota Statutes, section 124A.035, subdivision 5, and the levy reduction as dictated by this section.

Sec. 58. [EQUALIZED DEBT SERVICE LEVY.]

Notwithstanding Minnesota Statutes, section 124.95, subdivision 4, a school district's levy as otherwise authorized under that subdivision for the 1996-1997 school year taxes payable in 1996 shall be based on the actual pupil units in the district for the 1992-1993 school year and the 1993 adjusted net tax of the district.

Sec. 59. [UNEQUALIZED REFERENDUM LEVY.]

Notwithstanding Minnesota Statutes, section 124A.03, subdivision 1i, a school district's unequalized referendum levy for the 1996-1997 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have levied under that subdivision, the school district shall receive additional aid equal to the difference.

Sec. 60. [REFERENDUM LEVY.]

(a) Except as provided in paragraph (b) or (c), notwithstanding Minnesota Statutes, section 124A.03, subdivision 2 or 2b, or 124B.03, subdivision 2, no referendum conducted after March 30, 1995, under those sections may authorize a levy first becoming payable in 1996.

(b) A referendum may authorize such a levy if the referendum provides for continuation of a referendum levy that terminates beginning with taxes payable in 1996. If the terminated levy had been based on net tax capacity, the referendum relating to taxes payable in 1996 must be based on net tax capacity and the ballot shall state the estimated referendum tax rate based on net tax capacity for taxes levied in 1996, notwithstanding Minnesota Statutes, section 124A.03, subdivisions 2 and 2a. To the extent the referendum relates to taxes payable in 1997 and subsequent years, the levies for those years are subject to Minnesota Statutes, sections 124A.03, subdivision 2a, and 124A.0311, subdivision 3, and the ballot shall also state the estimated referendum tax rate as a percentage of market value for taxes levied in 1997.

(c) A referendum may authorize such a levy if the levy required under the referendum would not result in an increase for taxes payable in 1996 in the total levy for all purposes imposed by the school district over the total levy imposed by the district for taxes payable in 1995.

Sec. 61. [REFERENDUM AUTHORITY; CONVERSION.]

Notwithstanding Minnesota Statutes, section 124A.0311, subdivisions 2 and 3, no school district may convert its referendum authority currently authorized to be levied against net tax capacity to referendum authority authorized to be levied against referendum market value effective for taxes payable in 1996.

Sec. 62. [TRAINING AND EXPERIENCE LEVY.]

Notwithstanding Minnesota Statutes, section 124A.22, subdivision 4a, a school district's training and experience levy for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 63. [SUPPLEMENTAL LEVY.]

Notwithstanding Minnesota Statutes, section 124A.22, subdivision 8a, a school district's supplemental levy for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 64. [GENERAL EDUCATION LEVY; OFF-FORMULA DISTRICTS.]

Notwithstanding Minnesota Statutes, section 124A.23, subdivision 3, an off-formula school district's levy for general education for the 1996-1997 school year shall be no greater than it was for the prior year. An off-formula school district's aid reduction for general education levy equity under Minnesota Statutes, section 124A.24, shall be computed using the levy computed under this section. If an off-formula district payments pursuant to Minnesota Statutes, section 124A.035,

subdivision 4, are reduced from that received in the prior school year, the district shall receive additional aid equal to the difference.

Sec. 65. [LEVY REDUCTION.]

Notwithstanding Minnesota Statutes, section 124A.26, subdivision 2, a district's levy reduction for the 1996-1997 school year under that subdivision shall be no less than it was in the prior year. To the extent that the resulting reduction is greater than the school district would have otherwise received under that subdivision, the school district shall receive additional aid equal to the difference.

Sec. 66. [STAFF DEVELOPMENT LEVY.]

Notwithstanding Minnesota Statutes, section 124A.292, subdivision 3, a school district's levy for staff development for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 67. [SCHOOL RESTRUCTURING LEVIES.]

Notwithstanding Minnesota Statutes, section 126.019, a school district's levy under that section for taxes payable in 1996 shall be no greater than it was in the prior year. To the extent the resulting levy is less than the district would have otherwise been authorized to levy under that section, the district shall receive additional aid equal to the difference.

Sec. 68. [LEVY FOR LOCAL SHARE OF TECHNICAL COLLEGE CONSTRUCTION.]

Notwithstanding Minnesota Statutes, section 136C.411, the levy as otherwise authorized under that section for the 1996-1997 school year shall be no greater than it was for the prior year. If the resulting levy is less than is necessary for the district to pay its local share of the costs of construction in that year, the joint vocational technical district shall receive additional aid equal to the difference.

Sec. 69. [JOINT VOCATIONAL TECHNICAL DISTRICT TAX LEVY.]

Notwithstanding Minnesota Statutes, section 136C.67, a joint vocational technical district's levy under that subdivision for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 70. [LEVY ADJUSTMENT.]

Notwithstanding any other law to the contrary, any adjustment of a school district's levy authority other than for debt redemption fund excesses under Minnesota Statutes, section 475.61, for taxes payable in 1996 shall not result in a levy that is greater than it was in 1995. If the resulting levy adjustments reduce the district's revenues below that which the district would have otherwise received in the absence of this section, the district will receive additional aid equal to the difference.

Sec. 71. [OTHER LEVY AUTHORITY.]

A school district's levy under any special law or any authority other than that contained in Minnesota Statutes, chapters 124, 124A, and 136C, shall not be greater for taxes payable in 1996 than it was for taxes payable in 1995 except for any debt service on obligations, certificates of indebtedness, capital notes, or other debt instruments issued prior to March 30, 1995, or to make payments on installment purchase contracts or lease purchase agreements entered into prior to March 30, 1995.

Sec. 72. [BENEFIT RATIO FOR RURAL SERVICE DISTRICTS.]

Notwithstanding Minnesota Statutes, section 272.67, subdivision 6, the benefit ratio used for apportioning levies to a rural service district for taxes payable in 1996 shall not be greater than that in effect for taxes payable in 1995.

Sec. 73. [PROHIBITION AGAINST INCURRING NEW DEBT.]

Subdivision 1. [GENERALLY.] (a) After March 30, 1995, no municipality as defined in Minnesota Statutes, section 475.51, or any special taxing district as defined under Minnesota Statutes, section 275.066, may sell obligations, certificates of indebtedness, or capital notes under Minnesota Statutes, chapter 475, section 412.301, or any other law authorizing obligations, certificates of indebtedness, capital notes, or other debt instruments or enter into installment purchase contracts or lease purchase agreements under Minnesota Statutes, section 465.71, or any other law authorizing installment purchase contracts or lease purchase agreements if issuing those debt instruments or entering into those contracts would require a levy first becoming due in 1996. This restriction does not apply to (1) refunding bonds sold to refund bonds originally sold before March 30, 1995, or (2) obligations for which the amount of the levy first becoming due in 1996 would not exceed the amount by which the municipality's total debt service levy for taxes payable in 1996 prior to issuance of those obligations is less than the municipality's total debt service levy for taxes payable in 1995. As used in clause (2), "obligations" includes certificates of indebtedness, capital notes, or other debt instruments or installment purchase contracts or lease purchase agreements.

(b) For purposes of this section, bonds will be deemed to have been sold before March 30, 1995, if:

(1) an agreement has been entered into between the municipality and a purchaser or underwriter for the sale of the bonds by that date;

(2) the issuing municipality is a party to contract or letter of understanding entered into before March 30, 1995, with the federal government or the state government that requires the municipality to pay for a project, and the project will be funded with the proceeds of the bonds; or

(3) the proceeds of the bonds will be used to fund a project or acquisition with respect to which the municipality has entered into a contract with a builder or supplier before March 30. Debt service payments due on bonds described in this paragraph during calendar year 1996 will be paid by the state. The amount of those payments must be repaid by the municipality to the state in three equal annual installments beginning in 1997. No interest will be due on those payments if timely paid by June 15 of the year due.

Subd. 2. [EXCEPTION.] Notwithstanding subdivision 1, certificates of indebtedness, capital notes, installment purchase contracts, lease purchase agreements or any other debt instruments, and the debt service levies for the obligations shall, for purposes of this act, be treated as if sold prior to March 30, 1995, if:

(a) The municipality or other governmental authority has satisfied any one of the following conditions prior to March 30, 1995:

(1) it has adopted a resolution or ordinance authorizing the issuance of the obligations;

(2) it has declared official intent to issue the obligations under federal tax laws and regulations;
or

(3) it has entered into a binding agreement to design or construct a project or acquire property to be financed with the obligations; and

(b) The municipality makes a finding at the time of the sale of the bonds that no levy will be required for taxes payable in 1996 to pay the debt service on the obligations because sufficient funds are available from nonproperty tax sources to pay the debt service.

Sec. 74. [ASSESSMENT LIMITATIONS.]

Subdivision 1. [1995 ASSESSMENT.] Notwithstanding Minnesota Statutes, section 273.11, or any other law to the contrary, the value of property for the 1995 assessment shall not exceed the lesser of its limited market value determined for the 1994 assessment pursuant to Minnesota Statutes, section 273.11, subdivision 1a, or its market value as otherwise determined for the 1994 assessment provided that any value attributable to new construction or improvements to the extent it does not qualify for deferral under Minnesota Statutes, section 273.11, subdivision 16, shall be added to the prior year's value used to determine its tax capacity. It is further provided that previously tax exempt property that loses its tax exempt status pursuant to Minnesota Statutes,

section 272.02, subdivision 4, shall not have its assessment limited in any way under this subdivision.

Subd. 2. [1996 ASSESSMENT.] The provisions of Minnesota Statutes, section 273.11, subdivision 1a, shall govern in determining the value of property classified as agricultural homestead or nonhomestead, residential homestead or nonhomestead, or noncommercial seasonal residential for the 1996 assessment provided that "five percent" shall be substituted for "ten percent" in that section.

Sec. 75. [LEVY LIMITATION TAXES PAYABLE IN 1996.]

Subdivision 1. [TAXES PAYABLE IN 1996 PROPOSED LEVY.] Notwithstanding any other law to the contrary, for purposes of the certification required by Minnesota Statutes, section 275.065, subdivision 1, in 1995, no taxing authority other than a school district shall certify to the county auditor a proposed property tax levy or in the case of a township, a final property tax levy, greater than the amount certified to the county auditor pursuant to Minnesota Statutes, section 275.07, subdivision 1, in the prior year except as provided in subdivisions 3, 4, and 5.

Subd. 2. [TAXES PAYABLE IN 1996 FINAL LEVY.] Notwithstanding any other law to the contrary, for purposes of the certification required by Minnesota Statutes, section 275.07, subdivision 1, in 1995, no taxing authority other than a school district shall certify to the county auditor a property tax levy greater than the amount certified to the county auditor pursuant to Minnesota Statutes, section 275.07, subdivision 1, in the prior year except as provided in subdivisions 3 and 4.

Subd. 3. [SCHOOL DISTRICTS.] School district levies shall be governed by sections 10 to 71.

Subd. 4. [DEBT SERVICE EXCEPTION.] If a payable 1996 levy for debt service on obligations, certificates of indebtedness, capital notes, or other debt instruments sold prior to March 30, 1995, or to make payments on installment purchase contracts or lease purchase agreements entered into prior to March 30, 1995, exceeds the levy a taxing authority certified pursuant to Minnesota Statutes, section 275.07, subdivision 1, for taxes payable in 1995 for the same purpose, the excess may be levied notwithstanding the limitations of subdivisions 1 and 2.

Subd. 5. [ANNEXATION EXCEPTION.] The city tax rate for taxes payable in 1996 on any property annexed under chapter 414 may not be increased over the city or township tax rate in effect on the property in 1995, notwithstanding any law, municipal board order, or ordinance to the contrary. The limit on the annexing city's levy under subdivisions 1 and 2 may be increased in excess of that limit by an amount equal to the net tax capacity of the property annexed times the city or township tax rate in effect on that property for taxes payable in 1995. The levy limit of the city or township from which the property was annexed shall be reduced by the same amount.

Sec. 76. [FREEZE ON LOCAL MATCH REQUIREMENTS.]

Notwithstanding any other law to the contrary, the local funding or local match required from any city, town, or county for any state grant or program shall not be increased for calendar year 1996 above the dollar amount of the local funding or local match required for the same grant or program in 1995, regardless of the level of state funding provided; and any new local match or local funding requirements for new or amended state grants or programs shall not be effective until calendar year 1997. Nothing in this section shall affect the eligibility of a city, town, or county, for the receipt of state grants or program funds in 1996 or reduce the amount of state funding a city, town, or county would otherwise receive in 1996 if the local match requirements of the state grant or program were met in 1996.

Sec. 77. [SUSPENSION OF SALARY AND BUDGET APPEAL AUTHORIZATION.]

After April 11, 1995, no county sheriff may exercise the authority granted under Minnesota Statutes, section 387.20, subdivision 7, and no county attorney may exercise the authority granted under Minnesota Statutes, section 388.18, subdivision 6, to the extent that the salary or budget increase sought in the appeal would result in an increase in county expenditures in calendar year 1996.

Sec. 78. [SUSPENSION OF PUBLICATION AND HEARING REQUIREMENTS.]

A local taxing authority is not required to comply with the public advertisement notice of Minnesota Statutes, section 275.065, subdivision 5a, or the public hearing requirement of Minnesota Statutes, section 275.065, subdivision 6, with respect to taxes levied in 1995, payable in 1996, only.

Sec. 79. [LEVY LIMITATION TAXES PAYABLE IN 1997.]

Subdivision 1. [DEFINITION.] The "percentage increase in the implicit price deflator" means the percentage change in the implicit price deflator for state and local governments purchases of goods and services as calculated in Minnesota Statutes, section 477A.03, subdivision 3, provided that the 2.5 percent and five percent limits do not apply and that the increase can not be less than zero percent.

Subd. 2. [TAXES PAYABLE IN 1997 PROPOSED LEVY.] Notwithstanding any other law to the contrary, for purposes of the certification required by Minnesota Statutes, section 275.065, subdivision 1, in 1996, no taxing authority other than a school district or a joint vocational technical district shall certify to the county auditor a proposed property tax levy or in the case of a township, a final property tax levy, that is greater than the product of:

(1) the sum of one plus the lesser of (i) three percent, or (ii) the percentage increase in the implicit price deflator; and

(2) the amount certified to the county auditor pursuant to Minnesota Statutes, section 275.07, subdivision 1, in the prior year, except as provided in subdivisions 4 and 5.

Subd. 3. [TAXES PAYABLE IN 1997 FINAL LEVY.] Notwithstanding any other law to the contrary, for purposes of the certification required by Minnesota Statutes, section 275.07, subdivision 1, in 1996, no taxing authority other than a school district or a joint vocational technical district shall certify to the county auditor a property tax levy that is greater than the product of:

(1) the sum of one plus the lesser of (i) three percent, or (ii) the percentage increase in the implicit price deflator; and

(2) the amount certified to the county auditor pursuant to Minnesota Statutes, section 275.07, subdivision 1, in the prior year, except as provided in subdivisions 4, 5, and 6.

Subd. 4. [REFERENDA.] (a) A taxing authority other than a school district or an education district may increase its levy above the limits provided in subdivisions 2 and 3, by the amount approved by the voters residing in the jurisdiction of the authority at a referendum called for the purpose. The referendum may be called by the governing body or shall be called by the governing body upon written petition of qualified voters of the jurisdiction. The referendum shall be conducted during the calendar year before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. The referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased levy and the estimated referendum tax rate as a percentage of taxable net tax capacity in the year it is to be levied. The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the levy proposed by (petition to) the governing body of, be approved?"

(b) The governing body shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the referendum to each taxpayer a notice of the referendum and the proposed levy increase. The governing body need not mail more than once notice to any taxpayer. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars and

annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the jurisdiction of the taxing authority.

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes."

(c) A petition authorized by paragraph (a) shall be effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the jurisdiction of the taxing authority on the day the petition is filed with the governing body. A referendum invoked by petition shall be held on the date specified in paragraph (a).

(d) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(e) A bond authorization under Minnesota Statutes, section 475.59, shall be deemed to meet the requirements of this subdivision provided the ballot includes the information required in paragraph (a) and the notice required in paragraph (b) is distributed.

Subd. 5. [DEBT SERVICE EXCEPTION.] If a payable 1997 levy for debt service on obligations, certificates of indebtedness, capital notes, or other debt instruments sold prior to March 30, 1995, or to make payments on installment purchase contracts or lease purchase agreements entered into prior to March 30, 1995, exceeds the levy a taxing authority certified pursuant to Minnesota Statutes, section 275.07, subdivision 1, for taxes payable in 1996 for the same purpose, or a payable 1997 levy for general obligations exceeds any payable 1997 levy required as a condition for the issuance of such general obligations, the excess may be levied notwithstanding the limitations of subdivisions 2 and 3.

Subd. 6. [LEVY OF TOWN BEING MERGED INTO CITY.] If a town has entered into an agreement to merge with a home rule charter or statutory city, and the merger has been approved by a referendum conducted under Minnesota Statutes, section 465.84, the town's levy for taxes payable in 1997 shall not exceed the greater of (1) the amount determined under subdivisions 1 to 5, or (2) the amount established as a term of the merger agreement with the city.

Sec. 80. [FISCAL DISPARITIES FREEZE.]

Notwithstanding Minnesota Statutes, section 473F.08, subdivision 2, clause (a), the amount to be deducted from a governmental unit's net tax capacity for taxes payable in 1996 under that clause shall equal the amount deducted for taxes payable in 1995. Notwithstanding Minnesota Statutes, section 473F.08, subdivision 2, clause (b), the amount to be added to a governmental unit's net tax capacity for taxes payable in 1996 under that clause shall equal the same amount added for taxes payable in 1995. Notwithstanding Minnesota Statutes, section 473F.08, subdivision 3, the areawide portion of the levy for each governmental unit shall be determined using the local tax rate for the 1993 levy year. Notwithstanding Minnesota Statutes, section 473F.08, subdivision 6, the portion of commercial-industrial property within a municipality subject to the areawide tax rate shall be computed using the amount determined under Minnesota Statutes, sections 473F.06 and 473F.07, for taxes payable in 1995.

Sec. 81. [TAX RATE FREEZE.]

Subdivision 1. [REDUCTION OF LEVY; PAYMENT.] If in the course of determining local tax rates for taxes payable in 1996 after reductions for disparity reduction aid under Minnesota Statutes, section 275.08, subdivisions 1c and 1d, the county auditor finds the local tax rate exceeds that in effect for taxes payable in 1995, the county auditor shall reduce the local government's levy so the local tax rate does not exceed that in effect for taxes payable in 1995. The difference between the levy as originally certified by the local government and the reduced levy shall be certified to the commissioner of revenue at the time the abstracts are submitted under Minnesota Statutes, section 275.29. That amount shall be paid to the local government on or before August 31.

Subd. 2. [APPROPRIATION.] An amount sufficient to pay the aid provided for under this section is appropriated from the general fund to the commissioner of revenue for payment to counties, cities, townships, and special taxing districts. An amount sufficient to pay the aid

provided for under this section is appropriated from the general fund to the commissioner of education for payment to school districts.

Sec. 82. [PENSION LIABILITIES.]

Notwithstanding any other law or charter provision to the contrary, no levy for taxes payable in 1996 for a local police and fire relief association for the purpose of amortizing an unfunded pension liability may exceed the levy for that purpose for taxes payable in 1995.

Sec. 83. [DUTIES OF TOWNSHIP BOARD OF SUPERVISORS.]

Notwithstanding Minnesota Statutes, section 365.10, in 1995 the township board of supervisors shall adjust the levy and in 1996 the township board of supervisors may adjust the expenditures of a township below the level authorized by the electors to adjust for any reduction in the previously authorized levy of the township pursuant to section 75.

Sec. 84. [PROPERTY TAX AND EDUCATION AIDS REFORM.]

Subdivision 1. [RECOMMENDED PROGRAM.] The legislative commission on planning and fiscal policy shall prepare and recommend to the legislature a property tax reform and education aids reform program that includes:

- (1) a property tax classification and class rate system;
- (2) elementary and secondary education aids and levies; and
- (3) aids to local government.

Subd. 2. [STANDARDS.] (a) The recommended program must provide for accountability, equity, revenue adequacy, and efficiency as provided in paragraphs (b) to (e).

(b) The recommended program must provide accountability by being understandable to the taxpayer, by linking the costs of services to the taxes paid for those services, and by correlating the responsibility for raising revenues with the ability to make spending decisions.

(c) The recommended program must provide equity by minimizing large, short-term shifts in tax burdens, and by ensuring that tax burdens and aids are progressive and related to the ability to pay or raise revenue.

(d) The recommended program must provide for adequate revenue by controlling costs and the need for increased revenue, minimizing reductions or shifts in revenues available to local governments to provide needed services, and directing aids to meet needs and fund services based on established funding priorities.

(e) The program must promote efficiency by providing stable predictable property taxes and local government revenues that are competitive with those of other states and areas so that property taxes and aids have minimal impact on the economic decisions of taxpayers.

Subd. 3. [TASK FORCE.] The commission may designate a task force to advise the commission in carrying out its duties under this section. The task force may include legislators, agency and legislative staff, state and local governmental officials, educators, and taxpayers and members of the public. The task force expires on January 1, 1997.

Subd. 4. [SERVICES.] The commission may enter into contracts for the professional and other services necessary to carry out its duties under this section.

Subd. 5. [REPORT.] The commission shall report its recommendations to the legislature on or before January 1, 1997. The report shall include proposed legislation to implement the recommendations of the commission.

Sec. 85. [UNFUNDED MANDATE PROHIBITION.]

Subdivision 1. [DEFINITION.] As used in this section, "state mandates" has the meaning given in Minnesota Statutes, section 3.881.

Subd. 2. [FUNDING OF THE COST OF MANDATES.] If the fiscal note prepared by the commissioner of finance under Minnesota Statutes, section 3.982, indicates that a new or expanded mandate on a political subdivision in a bill introduced in the legislature will impose a statewide cost on counties in excess of \$500,000 or a statewide cost on cities or townships in excess of \$250,000, the political subdivisions are not required to implement the mandate unless the legislature, by appropriation enacted before the mandate is required to be implemented, provides reimbursement to the political subdivisions for the costs incurred.

Sec. 86. [SAVINGS CLAUSE.]

Notwithstanding the repealers in section 88 or any other provision in this act to the contrary, nothing in this act constitutes an impairment of any obligations, certificates of indebtedness, capital notes, or other debt instruments, including installment purchase contracts or lease purchase agreements, issued before the date of final enactment of this act, by a municipality as defined in Minnesota Statutes, section 469.174, subdivision 6, or a special taxing district as defined in Minnesota Statutes, section 275.066.

Sec. 87. [PIPESTONE COUNTY.]

Subdivision 1. [BOND AUTHORIZATION.] The county of Pipestone may issue its general obligation bonds in a principal amount of not to exceed \$598,000 to defray the expense of repair and renovation of the county courthouse and courthouse annex. The bonds shall be issued in accordance with Minnesota Statutes, chapter 475. No further election proceedings are required and Minnesota Statutes, section 275.61, shall not apply.

Subd. 2. [EFFECTIVE DATE.] This section takes effect the day after the county board of Pipestone county complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 88. [REPEALER.]

Subdivision 1. Minnesota Statutes 1994, sections 124.01; 124.05; 124.06; 124.07; 124.76; 124.82; 124.829; 124.83; 124.84; 124.85; 124.86; 124.90; 124.91; 124.912; 124.914; 124.916; 124.918; 124.95; 124.961; 124.962; 124.97; 124A.02, subdivisions 16, 23, and 24; 124A.03, subdivisions 1b, 1c, 1d, 1e, 1f, 1g, 1h, and 1i; 124A.0311; 124A.032; 124A.04; 124A.22, subdivisions 1, 2, 3, 4, 4a, 4b, 6, 6a, 8, and 9; 124A.23; 124A.24; 124A.26, subdivisions 1, 2, and 3; 124A.27; 124A.28; and 124A.29, subdivision 2, are repealed. Laws 1991, chapter 265, article 7, section 35, is repealed.

Subd. 2. Minnesota Statutes 1994, sections 273.13; 273.135; 273.136; 273.1391; 473F.001; 473F.01; 473F.02; 473F.03; 473F.05; 473F.06; 473F.07; 473F.08; 473F.09; 473F.10; 473F.11; 473F.13; 477A.011; 477A.012; 477A.0121; 477A.0122; 477A.013; 477A.0132; 477A.014; 477A.015; 477A.016; 477A.017; 477A.03; 477A.11; 477A.12; 477A.13; 477A.14; and 477A.15, are repealed.

Subd. 3. [REPEALER.] Minnesota Statutes 1994, sections 245.48; and 256H.12, subdivision 3, are repealed.

Sec. 89. [EFFECTIVE DATE.]

Sections 2 to 5 and 85, subdivision 3, are effective July 1, 1995. Section 88, subdivision 2, is effective for taxes payable in 1998, and section 88, subdivision 1, is effective for the 1998-1999 school year, provided that if the legislature does not pass and the governor does not approve legislation by the conclusion of the 1997 session that states in its body that it is replacing the provisions of the repealed chapters and sections in section 88, the repealed chapters and sections are reenacted.

Sections 10 to 71, and section 75, subdivision 3, will not become effective if a bill styled as S.F. No. 944 is enacted during the 1995 session of the legislature and that bill provides for the imposition of levies by school districts for taxes payable in 1996.

Section 1. Minnesota Statutes 1994, section 216B.16, is amended by adding a subdivision to read:

Subd. 6d. [WIND ENERGY; PROPERTY TAX.] Contracts for the purchase of electric energy produced by a wind energy conversion system installed after June 1, 1995, and before January 1, 1997, between a public utility and the owner or developer of the system must provide for the public utility to be liable for property taxes imposed on the system. The commission shall permit a public utility that is purchasing electricity produced by a wind energy conversion system installed after June 1, 1995, and before January 1, 1997, to recover in its rates payments made by the public utility for property taxes paid on the system.

Sec. 2. Minnesota Statutes 1994, section 272.02, subdivision 1, is amended to read:

Subdivision 1. All property described in this section to the extent herein limited shall be exempt from taxation:

- (1) All public burying grounds.
- (2) All public schoolhouses.
- (3) All public hospitals.
- (4) All academies, colleges, and universities, and all seminaries of learning.
- (5) All churches, church property, and houses of worship.
- (6) Institutions of purely public charity except parcels of property containing structures and the structures described in section 273.13, subdivision 25, paragraph (c), clauses (1), (2), and (3), or paragraph (d), other than those that qualify for exemption under clause (25).
- (7) All public property exclusively used for any public purpose.
- (8) Except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, paragraphs (c) and (d), shall be exempt.

The following personal property shall be taxable:

- (a) personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures;
- (b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;
- (c) personal property defined in section 272.03, subdivision 2, clause (3);
- (d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;
- (e) manufactured homes and sectional structures, including storage sheds, decks, and similar removable improvements constructed on the site of a manufactured home, sectional structure, park trailer or travel trailer as provided in section 273.125, subdivision 8, paragraph (f); and
- (f) flight property as defined in section 270.071.
- (9) Personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, and real property which is used primarily for abatement and control of air, water, or land pollution as part of an agricultural operation, as a part of a centralized treatment and recovery facility operating under a permit issued by the Minnesota pollution control agency pursuant to chapters 115 and 116 and Minnesota Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater treatment facility and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges, or inorganic

materials from hazardous industrial wastes, or as part of an electric generation system. For purposes of this clause, personal property includes ponderous machinery and equipment used in a business or production activity that at common law is considered real property.

Any taxpayer requesting exemption of all or a portion of any real property or any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. The equipment or device shall meet standards, rules, or criteria prescribed by the Minnesota pollution control agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota pollution control agency shall upon request of the commissioner furnish information or advice to the commissioner. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation. The equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota pollution control agency remains in effect.

(10) Wetlands. For purposes of this subdivision, "wetlands" means: (i) land described in section 103G.005, subdivision 18; (ii) land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice; or (iii) land in a wetland preservation area under sections 103F.612 to 103F.616. "Wetlands" under items (i) and (ii) include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands, but do not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(11) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause. Upon receipt of an application for the exemption provided in this clause for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of the decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

(12) Property used in a continuous program to provide emergency shelter for victims of domestic abuse, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, notwithstanding the fact that the sponsoring organization receives funding under section 8 of the United States Housing Act of 1937, as amended.

(13) If approved by the governing body of the municipality in which the property is located, property not exceeding one acre which is owned and operated by any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders; provided the property is used primarily as a clubhouse, meeting facility, or recreational facility by the group or association and the property is not used for residential purposes on either a temporary or permanent basis.

(14) To the extent provided by section 295.44, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the state or a local governmental unit which is developed and operated pursuant to the provisions of section 103G.535.

(15) If approved by the governing body of the municipality in which the property is located, and if construction is commenced after June 30, 1983:

(a) a "direct satellite broadcasting facility" operated by a corporation licensed by the federal communications commission to provide direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band; and

(b) a "fixed satellite regional or national program service facility" operated by a corporation licensed by the federal communications commission to provide fixed satellite-transmitted regularly scheduled broadcasting services using satellites operating in the 6-ghz. band.

An exemption provided by clause (15) shall apply for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. Before approving a tax exemption pursuant to this paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body or 30 days have passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

(16) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used in the generation and distribution of hot water for heating buildings and structures.

(17) Notwithstanding section 273.19, state lands that are leased from the department of natural resources under section 92.46.

(18) Electric power distribution lines and their attachments and appurtenances, that are used primarily for supplying electricity to farmers at retail.

(19) Transitional housing facilities. "Transitional housing facility" means a facility that meets the following requirements. (i) It provides temporary housing to individuals, couples, or families. (ii) It has the purpose of reuniting families and enabling parents or individuals to obtain self-sufficiency, advance their education, get job training, or become employed in jobs that provide a living wage. (iii) It provides support services such as child care, work readiness training, and career development counseling; and a self-sufficiency program with periodic monitoring of each resident's progress in completing the program's goals. (iv) It provides services to a resident of the facility for at least three months but no longer than three years, except residents enrolled in an educational or vocational institution or job training program. These residents may receive services during the time they are enrolled but in no event longer than four years. (v) It is owned and operated or under lease from a unit of government or governmental agency under a property disposition program and operated by one or more organizations exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992. This exemption applies notwithstanding the fact that the sponsoring organization receives financing by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency under the provisions of either Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant to it, and notwithstanding the fact that the sponsoring organization receives funding under Section 8 of the United States Housing Act of 1937, as amended.

(20) Real and personal property, including leasehold or other personal property interests, owned and operated by a corporation if more than 50 percent of the total voting power of the stock of the corporation is owned collectively by: (i) the board of regents of the University of Minnesota, (ii) the University of Minnesota Foundation, an organization exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, and (iii) a corporation organized under chapter 317A, which by its articles of incorporation is prohibited from providing pecuniary gain to any person or entity other than the regents of the University of Minnesota; which property is used primarily to manage or provide goods, services, or facilities utilizing or relating to large-scale advanced scientific computing resources to the regents of the University of Minnesota and others.

(21) Wind energy conversion systems, as defined in section 216C.06, subdivision 12, installed after January 1, 1991, and used as an electric power source, are exempt to the extent provided in items (i) to (iii):

(i) systems installed after January 1, 1991, and before January 1, 1995, are exempt;

(ii) systems installed on or after January 1, 1995, located within the same county and owned by the same owner that produce in aggregate two or less megawatts of electricity, as measured by the nameplate rating, are exempt;

(iii) systems installed on or after January 1, 1995, located within the same county and owned by the same owner that produce in aggregate more than two megawatts of electricity, as measured by the nameplate rating, are taxable to the following extent:

(A) the foundation or pads are taxable upon installation; and

(B) the devices in such a system that convert wind energy to a form of usable energy and any supporting or protective structures are exempt.

(22) Containment tanks, cache basins, and that portion of the structure needed for the containment facility used to confine agricultural chemicals as defined in section 18D.01, subdivision 3, as required by the commissioner of agriculture under chapter 18B or 18C.

(23) Photovoltaic devices, as defined in section 216C.06, subdivision 13, installed after January 1, 1992, and used to produce or store electric power.

(24) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used for an ice arena or ice rink, and used primarily for youth and high school programs.

(25) A structure that is situated on real property that is used for:

(i) housing for the elderly or for low- and moderate-income families as defined in Title II of the National Housing Act, as amended through December 31, 1990, and funded by a direct federal loan or federally insured loan made pursuant to Title II of the act; or

(ii) housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended.

In order for a structure to be exempt under (i) or (ii), it must also meet each of the following criteria:

(A) is owned by an entity which is operated as a nonprofit corporation organized under chapter 317A;

(B) is owned by an entity which has not entered into a housing assistance payments contract under section 8 of the United States Housing Act of 1937, or, if the entity which owns the structure has entered into a housing assistance payments contract under section 8 of the United States Housing Act of 1937, the contract provides assistance for less than 90 percent of the dwelling units in the structure, excluding dwelling units intended for management or maintenance personnel;

(C) operates an on-site congregate dining program in which participation by residents is mandatory, and provides assisted living or similar social and physical support services for residents; and

(D) was not assessed and did not pay tax under chapter 273 prior to the 1991 levy, while meeting the other conditions of this clause.

An exemption under this clause remains in effect for taxes levied in each year or partial year of the term of its permanent financing.

(26) Real and personal property that is located in the Superior National Forest, and owned or leased and operated by a nonprofit organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, and primarily used to provide recreational opportunities for disabled veterans and their families.

(27) Manure pits and appurtenances, which may include slatted floors and pipes, installed or

operated in accordance with a permit, order, or certificate of compliance issued by the Minnesota pollution control agency. The exemption shall continue for as long as the permit, order, or certificate issued by the Minnesota pollution control agency remains in effect.

(28) Notwithstanding clause (8), item (a), attached machinery and other personal property which is part of a facility containing a cogeneration system as described in section 216B.166, subdivision 2, paragraph (a), if the cogeneration system has met the following criteria: (i) the system utilizes natural gas as a primary fuel and the cogenerated steam initially replaces steam generated from existing thermal boilers utilizing coal; (ii) the facility developer is selected as a result of a procurement process ordered by the public utilities commission; and (iii) construction of the facility is commenced after July 1, 1994, and before July 1, 1997.

(29) Real property acquired by a home rule charter city, statutory city, county, town, or school district under a lease purchase agreement or an installment purchase contract during the term of the lease purchase agreement as long as and to the extent that the property is used by the city, county, town, or school district and devoted to a public use and to the extent it is not subleased to any private individual, entity, association, or corporation in connection with a business or enterprise operated for profit.

Sec. 3. Minnesota Statutes 1994, section 273.11, subdivision 16, is amended to read:

Subd. 16. [VALUATION EXCLUSION FOR CERTAIN IMPROVEMENTS.] Improvements to homestead property made before January 2, 2003, shall be fully or partially excluded from the value of the property for assessment purposes provided that:

(1) the house is at least 35 years old at the time of the improvement; and

(2) either:

(a) the assessor's estimated market value of the house on January 2 of the current year is equal to or less than \$150,000; or

(b) if the estimated market value of the house is over \$150,000 market value but is less than \$300,000 on January 2 of the current year, the property qualifies if:

(i) it is located in a city or town in which 50 percent or more of the homes were constructed before 1960 based upon the 1990 federal census, and

(ii) the city or town's median family income based upon the 1990 federal census is less than the statewide median family income based upon the 1990 federal census; or

(c) if the estimated market value of the house is over \$300,000 on January 2 of the current year, the property qualifies if:

(i) it meets the qualifications of paragraph (b), items (i) and (ii); and

(ii) it is located in a city of the first class within the metropolitan area defined in section 473.121, subdivision 2.

~~Any house which has an estimated market value of \$300,000 or more on January 2 of the current year is not eligible to receive any property valuation exclusion under this section. For purposes of determining this eligibility, "house" means land and buildings.~~

The age of a residence is the number of years that the residence has existed at its present site. In the case of an owner-occupied duplex or triplex, the improvement is eligible regardless of which portion of the property was improved.

If the property lies in a jurisdiction which is subject to a building permit process, a building permit must have been issued prior to commencement of the improvement. Any improvement must add at least \$1,000 to the value of the property to be eligible for exclusion under this subdivision. Only improvements to the structure which is the residence of the qualifying homesteader or construction of or improvements to no more than one two-car garage per residence qualify for the provisions of this subdivision. If an improvement was begun between January 2,

1992, and January 2, 1993, any value added from that improvement for the January 1994 and subsequent assessments shall qualify for exclusion under this subdivision provided that a building permit was obtained for the improvement between January 2, 1992, and January 2, 1993. Whenever a building permit is issued for property currently classified as homestead, the issuing jurisdiction shall notify the property owner of the possibility of valuation exclusion under this subdivision. The assessor shall require an application, including documentation of the age of the house from the owner, if unknown by the assessor. The application may be filed subsequent to the date of the building permit provided that the application is filed prior to the next assessment date.

After the adjournment of the 1994 county board of equalization meetings, no exclusion may be granted for an improvement by a local board of review or county board of equalization unless (1) a building permit was issued prior to the commencement of the improvement if the jurisdiction requires a building permit, and (2) an application was completed on a timely basis. No abatement of the taxes for qualifying improvements may be granted by a county board unless (1) a building permit was issued prior to commencement of the improvement if the jurisdiction requires a building permit, and (2) an application was completed on a timely basis.

The assessor shall note the qualifying value of each improvement on the property's record, and the sum of those amounts shall be subtracted from the value of the property in each year for ten years after the improvement has been made, at which time an amount equal to 20 percent of the qualifying value shall be added back in each of the five subsequent assessment years. The valuation exclusion shall terminate whenever (1) the property is sold, or (2) the property is reclassified to a class which does not qualify for treatment under this subdivision. Improvements made by an occupant who is the purchaser of the property under a conditional purchase contract do not qualify under this subdivision unless the seller of the property is a governmental entity. The qualifying value of the property shall be computed based upon the increase from that structure's market value as of January 2 preceding the acquisition of the property by the governmental entity.

The total qualifying value for a homestead may not exceed \$50,000. The total qualifying value for a homestead with a house that is less than 70 years old may not exceed \$25,000. The term "qualifying value" means the increase in estimated market value resulting from the improvement if the improvement occurs when the house is at least 70 years old, or one-half of the increase in estimated market value resulting from the improvement otherwise. The \$25,000 and \$50,000 maximum qualifying value under this subdivision may result from up to three separate improvements to the homestead. The application shall state, in clear language, that if more than three improvements are made to the qualifying property, a taxpayer may choose which three improvements are eligible, provided that after the taxpayer has made the choice and any valuation attributable to those improvements has been excluded from taxation, no further changes can be made by the taxpayer.

If 50 percent or more of the square footage of a structure is voluntarily razed or removed, the valuation increase attributable to any subsequent improvements to the remaining structure does not qualify for the exclusion under this subdivision. If a structure is unintentionally or accidentally destroyed by a natural disaster, the property is eligible for an exclusion under this subdivision provided that the structure was not completely destroyed. The qualifying value on property destroyed by a natural disaster shall be computed based upon the increase from that structure's market value as determined on January 2 of the year in which the disaster occurred. A property receiving benefits under the homestead disaster provisions under section 273.123 is not disqualified from receiving an exclusion under this subdivision. If any combination of improvements made to a structure after January 1, 1993, increases the size of the structure by 100 percent or more, the valuation increase attributable to the portion of the improvement that causes the structure's size to exceed 100 percent does not qualify for exclusion under this subdivision.

Sec. 4. Minnesota Statutes 1994, section 273.124, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] (a) Residential real estate that is occupied and used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential homestead.

Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

Dates for establishment of a homestead and homestead treatment provided to particular types of property are as provided in this section.

Property of a trustee, beneficiary, or grantor of a trust is not disqualified from receiving homestead benefits if the homestead requirements under this chapter are satisfied.

The assessor shall require proof, as provided in subdivision 13, of the facts upon which classification as a homestead may be determined. Notwithstanding any other law, the assessor may at any time require a homestead application to be filed in order to verify that any property classified as a homestead continues to be eligible for homestead status.

When there is a name change or a transfer of homestead property, the assessor may reclassify the property in the next assessment unless a homestead application is filed to verify that the property continues to qualify for homestead classification.

(b) For purposes of this section, homestead property shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner shall apply for it to the assessor by July 1 of the year when the treatment is initially sought. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

(c) Residential real estate that is occupied and used for purposes of a homestead by a relative of the owner is a homestead but only to the extent of the homestead treatment that would be provided if the related owner occupied the property. For purposes of this paragraph and paragraph (f), "relative" means a parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, or aunt. This relationship may be by blood or marriage. Property ~~that was classified as seasonal recreational residential property at the time when treatment under this paragraph would first apply shall continue to be classified as seasonal recreational residential property for the first four assessment years beginning after the date when the relative of the owner occupies the property as a homestead~~ will not be reclassified as a homestead unless it is occupied as a homestead by the owner; this delay prohibition also applies to property that, in the absence of this paragraph, would have been classified as seasonal recreational residential property at the time when the residence was constructed. Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative. In the case of a residence located on agricultural land, only the house, garage, and immediately surrounding one acre of land shall be classified as a homestead under this paragraph, except as provided in paragraph (d).

(d) Agricultural property that is occupied and used for purposes of a homestead by a relative of the owner, is a homestead, only to the extent of the homestead treatment that would be provided if the related owner occupied the property, and only if all of the following criteria are met:

(1) the relative who is occupying the agricultural property is a son, daughter, father, or mother of the owner of the agricultural property or a son or daughter of the spouse of the owner of the agricultural property,

(2) the owner of the agricultural property must be a Minnesota resident,

(3) the owner of the agricultural property must not receive homestead treatment on any other agricultural property in Minnesota, and

(4) the owner of the agricultural property is limited to only one agricultural homestead per family under this paragraph.

Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative qualifying under this paragraph. For purposes of this paragraph, "agricultural property" means the house, garage, other farm buildings and structures, and agricultural land.

Application must be made to the assessor by the owner of the agricultural property to receive

homestead benefits under this paragraph. The assessor may require the necessary proof that the requirements under this paragraph have been met.

(e) In the case of property owned by a property owner who is married, the assessor must not deny homestead treatment in whole or in part if only one of the spouses occupies the property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2) legal separation, (3) employment or self-employment in another location as provided under subdivision 13, or (4) residence in a nursing home or boarding care facility. Homestead treatment, in whole or in part, shall not be denied to the spouse of an owner if he or she previously occupied the residence with the owner and the absence of the owner is due to one of the prior four exceptions.

(f) If an individual is purchasing property with the intent of claiming it as a homestead and is required by the terms of the financing agreement to have a relative shown on the deed as a coowner, the assessor shall allow a full homestead classification and extend full homestead credit. This provision only applies to first-time purchasers, whether married or single, or to a person who had previously been married and is purchasing as a single individual for the first time. The application for homestead benefits must be on a form prescribed by the commissioner and must contain the data necessary for the assessor to determine if full homestead benefits are warranted.

Sec. 5. Minnesota Statutes 1994, section 273.124, subdivision 13, is amended to read:

Subd. 13. [HOMESTEAD APPLICATION.] (a) A person who meets the homestead requirements under subdivision 1 must file a homestead application with the county assessor to initially obtain homestead classification.

(b) On or before January 2, 1993, each county assessor shall mail a homestead application to the owner of each parcel of property within the county which was classified as homestead for the 1992 assessment year. The format and contents of a uniform homestead application shall be prescribed by the commissioner of revenue. The commissioner shall consult with the chairs of the house and senate tax committees on the contents of the homestead application form. The application must clearly inform the taxpayer that this application must be signed by all owners who occupy the property or by the qualifying relative and returned to the county assessor in order for the property to continue receiving homestead treatment. The envelope containing the homestead application shall clearly identify its contents and alert the taxpayer of its necessary immediate response.

(c) Every property owner applying for homestead classification must furnish to the county assessor the social security number of each occupant who is listed as an owner of the property on the deed of record, the name and address of each owner who does not occupy the property, and the name and social security number of each owner's spouse who occupies the property. The application must be signed by each owner who occupies the property and by each owner's spouse who occupies the property, or, in the case of property that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

If a property owner occupies a homestead, the property owner's spouse may not claim another property as a homestead unless the property owner and the property owner's spouse file with the assessor an affidavit or other proof required by the assessor stating that the property owner's spouse does not occupy the homestead because marriage dissolution proceedings are pending, the spouses are legally separated, or the spouse's employment or self-employment at a location distant from the other spouse's place of employment requires the spouse to have a separate homestead. The assessor may require proof of employment or self-employment and employment or self-employment location, or proof of dissolution proceedings or legal separation.

If the social security number or affidavit or other proof is not provided, the county assessor shall classify the property as nonhomestead. Owners or spouses occupying residences owned by their spouses and previously occupied with the other spouse, either of whom fail to include the other spouse's name and social security number of the homestead application or provide the affidavits or other proof requested, will be deemed to have elected to receive only partial homestead treatment of their residence. The remainder of the residence will be classified as nonhomestead residential. When an owner or spouse's name and social security number appear on homestead applications for two separate residences and only one application is signed, the owner or spouse will be deemed to have elected to homestead the residence for which the application was signed.

The social security numbers or affidavits or other proofs of the property owners and spouses are private data on individuals as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data may be disclosed to the commissioner of revenue, or, for purposes of proceeding under the revenue recapture act to recover personal property taxes owing, to the county treasurer.

(d) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The social security number of each relative occupying the property and the social security number of each owner who is related to an occupant of the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The social security number of a relative occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue.

(e) The homestead application shall also notify the property owners that the application filed under this section will not be mailed annually and that if the property is granted homestead status for the 1993 assessment, or any assessment year thereafter, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners, the spouse of the owner, or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner, the spouse of the owner, or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(f) If the homestead application is not returned within 30 days, the county will send a second application to the present owners of record. The notice of proposed property taxes prepared under section 275.065, subdivision 3, shall reflect the property's classification. Beginning with assessment year 1993 for all properties, if a homestead application has not been filed with the county by December 15, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

(g) At the request of the commissioner, each county must give the commissioner a list that includes the name and social security number of each property owner and the property owner's spouse occupying the property, or relative of a property owner, applying for homestead classification under this subdivision. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

(h) If, in comparing the lists supplied by the counties, the commissioner finds that a property owner is claiming more than one homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that had been improperly allowed. For the purpose of this section, "homestead benefits" means the tax reduction resulting from the classification as a homestead under section 273.13, the taconite homestead credit under section 273.135, and the supplemental homestead credit under section 273.1391.

The county auditor shall send a notice to the owners of the affected property, demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. The property owners may appeal the county's determination by filing a notice of appeal with the Minnesota tax court within 60 days of the date of the notice from the county. If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of taxes and penalty to the succeeding year's tax list to be collected as part of the property taxes. In the case of a manufactured home, the amount shall be certified to the current year's tax list for collection.

(i) Any amount of homestead benefits recovered by the county from the property owner shall be distributed to the county, city or town, and school district where the property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis county auditor to be deposited in the taconite property tax relief account. The total amount of penalty collected must be deposited in the county general fund.

(j) If a property owner has applied for more than one homestead and the county assessors cannot determine which property should be classified as homestead, the county assessors will refer the information to the commissioner. The commissioner shall make the determination and notify the counties within 60 days.

(k) In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners.

Sec. 6. Minnesota Statutes 1994, section 273.13, subdivision 24, is amended to read:

Subd. 24. [CLASS 3.] (a) Commercial and industrial property and utility real and personal property, except class 5 property as identified in subdivision 31, clause (1), is class 3a. It has a class rate of three percent of the first \$100,000 of market value for taxes payable in 1993 and thereafter, and 5.06 percent of the market value over \$100,000. In the case of state-assessed commercial, industrial, and utility property owned by one person or entity, only one parcel has a reduced class rate on the first \$100,000 of market value. In the case of other commercial, industrial, and utility property owned by one person or entity, only one parcel in each county has a reduced class rate on the first \$100,000 of market value, except that:

(1) if the market value of the parcel is less than \$100,000, and additional parcels are owned by the same person or entity in the same city or town within that county, the reduced class rate shall be applied up to a combined total market value of \$100,000 for all parcels owned by the same person or entity in the same city or town within the county;

(2) in the case of grain, fertilizer, and feed elevator facilities, as defined in section 18C.305, subdivision 1, or 232.21, subdivision 8, the limitation to one parcel per owner per county for the reduced class rate shall not apply, but there shall be a limit of \$100,000 of preferential value per site of contiguous parcels owned by the same person or entity. Only the value of the elevator portion of each parcel shall qualify for treatment under this clause. For purposes of this subdivision, contiguous parcels include parcels separated only by a railroad or public road right-of-way; and

(3) in the case of property owned by a nonprofit charitable organization that qualifies for tax exemption under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1993, if the property is used as a business incubator, the limitation to one parcel per owner per county for the reduced class rate shall not apply, provided that the reduced rate applies only to the first \$100,000 of value per parcel owned by the organization. As used in this clause, a "business incubator" is a facility used for the development of nonretail businesses, offering access to equipment, space, services, and advice to the tenant businesses, for the purpose of encouraging economic development, diversification, and job creation in the area served by the organization.

To receive the reduced class rate on additional parcels under clause (1), (2), or (3), the taxpayer must notify the county assessor that the taxpayer owns more than one parcel that qualifies under clause (1), (2), or (3).

(b) Employment property defined in section 469.166, during the period provided in section 469.170, shall constitute class-3b and has a class rate of 2.3 percent of the first \$50,000 of market value and 3.6 percent of the remainder, except that for employment property located in a border city enterprise zone designated pursuant to section 469.168, subdivision 4, paragraph (c), the class rate of the first \$100,000 of market value and the class rate of the remainder is determined under paragraph (a), unless the governing body of the city designated as an enterprise zone determines that a specific parcel shall be assessed pursuant to the first clause of this sentence. The governing body may provide for assessment under the first clause of the preceding sentence only for property which is located in an area which has been designated by the governing body for the receipt of tax reductions authorized by section 469.171, subdivision 1.

(c) Structures which are (i) located on property classified as class 3a, (ii) constructed after January 2, 1995, and (iii) located in a transit zone as defined under section 473.3915, shall have a class rate of four percent on that portion of the market value in excess of \$100,000. The four percent rate shall also apply to that portion of any class 3a structure located in a transit zone constructed after January 2, 1995, even if the remainder of the structure was constructed prior to January 2, 1995. For the purposes of this paragraph, a structure shall be considered to be located in a transit zone if any portion of the structure lies within the zone.

Sec. 7. Minnesota Statutes 1994, section 273.13, subdivision 25, is amended to read:

Subd. 25. [CLASS 4.] (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. Class 4a property has a class rate of 3.5 percent of market value for taxes payable in 1992, and 3.4 percent of market value for taxes payable in 1993 and thereafter.

(b) Class 4b includes:

(1) residential real estate containing less than four units, other than seasonal residential, and recreational;

(2) manufactured homes not classified under any other provision;

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4b property has a class rate of 2.8 percent of market value for taxes payable in 1992, 2.5 percent of market value for taxes payable in 1993, and 2.3 percent of market value for taxes payable in 1994 and thereafter.

(c) Class 4c property includes:

(1) a structure that is:

(i) situated on real property that is used for housing for the elderly or for low- and moderate-income families as defined in Title II, as amended through December 31, 1990, of the National Housing Act or the Minnesota housing finance agency law of 1971, as amended, or rules promulgated by the agency and financed by a direct federal loan or federally insured loan made pursuant to Title II of the Act; or

(ii) situated on real property that is used for housing the elderly or for low- and moderate-income families as defined by the Minnesota housing finance agency law of 1971, as amended, or rules adopted by the agency pursuant thereto and financed by a loan made by the Minnesota housing finance agency pursuant to the provisions of the act.

This clause applies only to property of a nonprofit or limited dividend entity. Property is classified as class 4c under this clause for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan.

(2) a structure that is:

(i) situated upon real property that is used for housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended; and

(ii) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel. Property is classified as class 4c under this clause for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter; and

(3) a qualified low-income building as defined in section 42(c)(2) of the Internal Revenue Code of 1986, as amended through December 31, 1990, that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1990; or (ii) meets the requirements of that section and receives public financing, except financing provided under sections 469.174 to 469.179, which contains terms restricting the rents; or (iii) meets the requirements of section 273.1317. Classification pursuant to this clause is limited to a term of 15 years. The public financing received must be from at least one of the following sources: government issued bonds exempt from taxes under section 103 of the Internal Revenue Code of 1986, as amended through December 31, 1993, the proceeds of which are used for the acquisition or rehabilitation of the building; programs under section 221(d)(3), 202, or 236, of Title II of the National Housing Act; rental housing program funds under Section 8 of the United States Housing Act of 1937 or the market rate family graduated payment mortgage program funds administered by the Minnesota housing finance agency that are used for the acquisition or rehabilitation of the building; public financing provided by a local government used for the acquisition or rehabilitation of the building, including grants or loans from federal community development block grants, HOME block grants, or residential rental bonds issued under chapter 474A; or other rental housing program funds provided by the Minnesota housing finance agency for the acquisition or rehabilitation of the building.

For all properties described in clauses (1), (2), and (3) and in paragraph (d), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents unless the owner of the property elects to have the property assessed under Laws 1991, chapter 291, article 1, section 55. If the owner of the property elects to have the market value determined on the basis of the actual restricted rents, as provided in Laws 1991, chapter 291, article 1, section 55, the property will be assessed at the rate provided for class 4a or class 4b property, as appropriate. Properties described in clauses (1)(ii), (3), and (4) may apply to the assessor for valuation under Laws 1991, chapter 291, article 1, section 55. The land on which these structures are situated has the class rate given in paragraph (b) if the structure contains fewer than four units, and the class rate given in paragraph (a) if the structure contains four or more units. This clause applies only to the property of a nonprofit or limited dividend entity.

(4) a parcel of land, not to exceed one acre, and its improvements or a parcel of unimproved land, not to exceed one acre, if it is owned by a neighborhood real estate trust and at least 60 percent of the dwelling units, if any, on all land owned by the trust are leased to or occupied by lower income families or individuals. This clause does not apply to any portion of the land or improvements used for nonresidential purposes. For purposes of this clause, a lower income family is a family with an income that does not exceed 65 percent of the median family income for the area, and a lower income individual is an individual whose income does not exceed 65 percent of the median individual income for the area, as determined by the United States Secretary of Housing and Urban Development. For purposes of this clause, "neighborhood real estate trust" means an entity which is certified by the governing body of the municipality in which it is located to have the following characteristics:

- (a) it is a nonprofit corporation organized under chapter 317A;
- (b) it has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws;
- (c) it limits membership with voting rights to residents of the designated community; and
- (d) it has a board of directors consisting of at least seven directors, 60 percent of whom are members with voting rights and, to the extent feasible, 25 percent of whom are elected by resident members of buildings owned by the trust; and

(5) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c also includes commercial use real property used exclusively for recreational

purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property classified in this clause also includes the remainder of class 1c resorts. Owners of real property devoted to temporary and seasonal residential occupancy for recreation purposes and all or a portion of which was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c or 4c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located will be designated class 1c or 4c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The first \$100,000 of the market value of the remainder of the cabins or units and a proportionate share of the land on which they are located shall have a class rate of three percent. The owner of property desiring designation as class 1c or 4c property must provide guest registers or other records demonstrating that the units for which class 1c or 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, and (4) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes shall not qualify for class 1c or 4c;

(6) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this clause, a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1990. For purposes of this clause, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity;

(7) post-secondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus; and

(8) manufactured home parks as defined in section 327.14, subdivision 3.

Class 4c property has a class rate of 2.3 percent of market value, except that (i) for each parcel of seasonal residential recreational property not used for commercial purposes under clause (5) ~~has a class rate of 2.2 percent of market value for taxes payable in 1992, and for taxes payable in 1993 and thereafter,~~ the first \$72,000 of market value on each parcel has a class rate of two percent and the market value of each parcel that exceeds \$72,000 has a class rate of 2.5 percent, and (ii) manufactured home parks assessed under clause (8) have a class rate of two percent ~~for taxes payable in 1993, 1994, and 1995 only.~~

(d) Class 4d property includes:

(1) a structure that is:

- (i) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the Farmers Home Administration;
- (ii) located in a municipality of less than 10,000 population; and
- (iii) financed by a direct loan or insured loan from the Farmers Home Administration. Property is classified under this clause for 15 years from the date of the completion of the original construction or for the original term of the loan.

The class rates in paragraph (c), clauses (1), (2), and (3) and this clause apply to the properties described in them, only in proportion to occupancy of the structure by elderly or handicapped persons or low and moderate income families as defined in the applicable laws unless construction of the structure had been commenced prior to January 1, 1984; or the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983. For those properties, 4c or 4d classification is available only for those units meeting the requirements of section 273.1318.

Classification under this clause is only available to property of a nonprofit or limited dividend entity.

In the case of a structure financed or refinanced under any federal or state mortgage insurance or direct loan program exclusively for housing for the elderly or for housing for the handicapped, a unit shall be considered occupied so long as it is actually occupied by an elderly or handicapped person or, if vacant, is held for rental to an elderly or handicapped person.

(2) For taxes payable in 1992, 1993, and 1994, only, buildings and appurtenances, together with the land upon which they are located, leased by the occupant under the community lending model lease-purchase mortgage loan program administered by the Federal National Mortgage Association, provided the occupant's income is no greater than 60 percent of the county or area median income, adjusted for family size and the building consists of existing single family or duplex housing. The lease agreement must provide for a portion of the lease payment to be escrowed as a nonrefundable down payment on the housing. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. The application must be accompanied by an affidavit or other proof required by the assessor to determine qualification under this clause.

(3) Qualifying buildings and appurtenances, together with the land upon which they are located, leased for a period of up to five years by the occupant under a lease-purchase program administered by the Minnesota housing finance agency or a housing and redevelopment authority authorized under sections 469.001 to 469.047, provided the occupant's income is no greater than 80 percent of the county or area median income, adjusted for family size, and the building consists of two or less dwelling units. The lease agreement must provide for a portion of the lease payment to be escrowed as a nonrefundable down payment on the housing. The administering agency shall verify the occupants income eligibility and certify to the county assessor that the occupant meets the income criteria under this paragraph. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. For purposes of this section, "qualifying buildings and appurtenances" shall be defined as one or two unit residential buildings which are unoccupied and have been abandoned and boarded for at least six months.

Class 4d property has a class rate of two percent of market value except that property classified under clause (3), shall have the same class rate as class 1a property.

(e) Residential rental property that would otherwise be assessed as class 4 property under paragraph (a); paragraph (b), clauses (1) and (3); paragraph (c), clause (1), (2), (3), or (4), is assessed at the class rate applicable to it under Minnesota Statutes 1988, section 273.13, if it is found to be a substandard building under section 273.1316. Residential rental property that would otherwise be assessed as class 4 property under paragraph (d) is assessed at 2.3 percent of market value if it is found to be a substandard building under section 273.1316.

Sec. 8. Minnesota Statutes 1994, section 273.37, is amended by adding a subdivision to read:

Subd. 3. [WIND ENERGY CONVERSION SYSTEMS.] Taxable wind energy conversion systems, situated upon land owned by another person, which are not in good faith owned, operated, and exclusively controlled by such other person, shall be listed and assessed as personal property in the town or district where situated, in the name of the owner.

Sec. 9. Minnesota Statutes 1994, section 274.01, subdivision 1, is amended to read:

Subdivision 1. [ORDINARY BOARD; MEETINGS, DEADLINES, GRIEVANCES.] (a) The town board of a town, or the council or other governing body of a city, is the board of review except in cities whose charters provide for a board of equalization. The county assessor shall fix a day and time when the board or the board of equalization shall meet in the assessment districts of the county. On or before February 15 of each year the assessor shall give written notice of the time to the city or town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings must be held between April 1 and May 31 each year. The clerk shall give published and posted notice of the meeting at least ten days before the date of the meeting. If at least 25 percent of the net tax capacity of the city or town is noncommercial seasonal recreational residential property classified under section 273.13, subdivision 25, the meeting or, if more than one meeting is scheduled, at least one of the meetings must be held on a Saturday. The Saturday meeting date must be contained on the notice of valuation of real property under section 273.121. The board shall meet at the office of the clerk to review the assessment and classification of property in the town or city. No changes in valuation or classification which are intended to correct errors in judgment by the county assessor may be made by the county assessor after the board of review or the county board of equalization has adjourned; however, corrections of errors that are merely clerical in nature or changes that extend homestead treatment to property are permitted after adjournment until the tax extension date for that assessment year. The changes must be fully documented and maintained in the assessor's office and must be available for review by any person. A copy of the changes made during this period must be sent to the county board no later than December 31 of the assessment year.

(b) The board shall determine whether the taxable property in the town or city has been properly placed on the list and properly valued by the assessor. If real or personal property has been omitted, the board shall place it on the list with its market value, and correct the assessment so that each tract or lot of real property, and each article, parcel, or class of personal property, is entered on the assessment list at its market value. No assessment of the property of any person may be raised unless the person has been duly notified of the intent of the board to do so. On application of any person feeling aggrieved, the board shall review the assessment or classification, or both, and correct it as appears just.

(c) A local board of review may reduce assessments upon petition of the taxpayer but the total reductions must not reduce the aggregate assessment made by the county assessor by more than one percent. If the total reductions would lower the aggregate assessments made by the county assessor by more than one percent, none of the adjustments may be made. The assessor shall correct any clerical errors or double assessments discovered by the board of review without regard to the one percent limitation.

(d) A majority of the members may act at the meeting, and adjourn from day to day until they finish hearing the cases presented. The assessor shall attend, with the assessment books and papers, and take part in the proceedings, but must not vote. The county assessor, or an assistant delegated by the county assessor shall attend the meetings. The board shall list separately, on a form appended to the assessment book, all omitted property added to the list by the board and all items of property increased or decreased, with the market value of each item of property, added or changed by the board, placed opposite the item. The county assessor shall enter all changes made by the board in the assessment book.

(e) If a person fails to appear in person, by counsel, or by written communication before the board after being duly notified of the board's intent to raise the assessment of the property, or if a person feeling aggrieved by an assessment or classification fails to apply for a review of the assessment or classification, the person may not appear before the county board of equalization for a review of the assessment or classification. This paragraph does not apply if an assessment was made after the board meeting, as provided in section 273.01, or if the person can establish not having received notice of market value at least five days before the local board of review meeting.

(f) The board of review or the board of equalization must complete its work and adjourn within 20 days from the time of convening stated in the notice of the clerk, unless a longer period is approved by the commissioner of revenue. No action taken after that date is valid. All complaints about an assessment or classification made after the meeting of the board must be heard and determined by the county board of equalization. A nonresident may, at any time, before the meeting of the board of review file written objections to an assessment or classification with the county assessor. The objections must be presented to the board of review at its meeting by the county assessor for its consideration.

Sec. 10. Minnesota Statutes 1994, section 276.131, is amended to read:

276.131 [DISTRIBUTION OF PENALTIES, INTEREST, AND COSTS.]

The penalties, interest, and costs collected on special assessments and real and personal property taxes must be distributed as follows:

(1) all penalties and interest collected on special assessments against real or personal property must be distributed to the taxing jurisdiction that levied the assessment;

(2) 50 percent of all penalties and interest collected on real and personal property taxes must be distributed to the county in which the property is located, and the other 50 percent must be distributed to the school ~~district in which the property is located~~ districts within the county. The distribution to the school district must be in accordance with the provisions of section 124.10; and

(3) all costs collected by the county on special assessments and on delinquent real and personal property taxes must be distributed to the county in which the property is located.

Sec. 11. Minnesota Statutes 1994, section 279.01, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3 or 4, on May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, a penalty shall accrue and thereafter be charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer. The penalty shall be at a rate of two percent on homestead property until May 31 and four percent on June 1. The penalty on nonhomestead property shall be at a rate of four percent until May 31 and eight percent on June 1. This penalty shall not accrue until June 1 of each year, or 21 days after the postmark date on the envelope containing the property tax statements, whichever is later, on commercial use real property used for seasonal residential recreational purposes and classified as class 1c or 4c, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. Any property owner of such class 3a property who pays the first half of the tax due on the property after May 15 and before June 1, or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, shall attach an affidavit to the payment attesting to compliance with the income provision of this subdivision. Thereafter, for both homestead and nonhomestead property, on the first day of each month beginning July 1, up to and including October 1 following, an additional penalty of one percent for each month shall accrue and be charged on all such unpaid taxes provided that if the due date was extended beyond May 15 as the result of any delay in mailing property tax statements no additional penalty shall accrue if the tax is paid by the extended due date. If the tax is not paid by the extended due date, then all penalties that would have accrued if the due date had been May 15 shall be charged. When the taxes against any tract or lot exceed \$50, one-half thereof may be paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later; and, if so paid, no penalty shall attach; the remaining one-half shall be paid at any time prior to October 16 following, without penalty; but, if not so paid, then a penalty of two percent shall accrue thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the first day of November an additional penalty of four percent shall accrue and on the first day of December following, an additional penalty of two percent shall accrue and be charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the first day of November and December following, an additional penalty of four percent for each month shall accrue and be charged on all such unpaid taxes. If one-half of such taxes shall not be paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, the same may be paid at any time prior to October 16, with

accrued penalties to the date of payment added, and thereupon no penalty shall attach to the remaining one-half until October 16 following.

This section applies to payment of personal property taxes assessed against improvements to leased property, except as provided by section 277.01, subdivision 3.

A county may provide by resolution that in the case of a property owner that has multiple tracts or parcels with aggregate taxes exceeding \$50, payments may be made in installments as provided in this subdivision.

The county treasurer may accept payments of more or less than the exact amount of a tax installment due. If the accepted payment is less than the amount due, payments must be applied first to the penalty accrued for the year the payment is made. Acceptance of partial payment of tax does not constitute a waiver of the minimum payment required as a condition for filing an appeal under section 278.03 or any other law, nor does it affect the order of payment of delinquent taxes under section 280.39.

Sec. 12. Minnesota Statutes 1994, section 279.01, is amended by adding a subdivision to read:

Subd. 4. In the case of class 4c seasonal residential recreational property not used for commercial purposes, penalties shall accrue and be charged on unpaid taxes at the times and at the rates provided in subdivision 1 for homestead property.

Sec. 13. [473.3915] [TRANSIT ZONES.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the terms defined in subdivisions 2 and 3 have the meaning given them.

Subd. 2. [TRANSIT ROUTE.] "Transit route" means a route along which transportation of passengers is provided by a motor vehicle or other means of conveyance, including light rail transit, by any person operating on a regular and continuing basis as a common carrier on fixed routes and schedules. "Transit route" does not include (1) a route along which transportation is provided for children to or from school or for passengers between a common carrier terminal station and a hotel or motel, (2) transportation by common carrier railroad or by taxi, (3) transportation furnished by a person solely for that person's employees or customers, or (4) paratransit.

Subd. 3. [TRANSIT ZONE.] "Transit zone" means the area within one-quarter of a mile of a transit route that is also within the metropolitan urban service area, as determined by the council. "Transit zone" includes any light rail transit route for which funds for construction have been committed.

Subd. 4. [TRANSIT ZONES; MAP AND PLAN.] For the purposes of section 273.13, subdivision 24, the council shall designate transit zones and identify them on a detailed map and in a plan. The council shall review the map and plan once a year and revise them as necessary to indicate the current transit zones. The council shall provide each county and city assessor in the metropolitan area a copy of the current map and plan.

Sec. 14. Minnesota Statutes 1994, section 477A.011, subdivision 36, is amended to read:

Subd. 36. [CITY AID BASE.] (a) Except as provided in paragraph (b), "city aid base" means, for each city, the sum of the local government aid and equalization aid it was originally certified to receive in calendar year 1993 under Minnesota Statutes 1992, section 477A.013, subdivisions 3 and 5, and the amount of disparity reduction aid it received in calendar year 1993 under Minnesota Statutes 1992, section 273.1398, subdivision 3.

(b) A city that in 1992 or 1993 transferred an amount from governmental funds to its sewer and water fund, which amount exceeded its net levy for taxes payable in the year in which the transfer occurred, has a "city aid base" equal to the amount the city was certified to receive in calendar year 1995 under section 477A.013.

Sec. 15. Laws 1992, chapter 511, article 2, section 45, is amended by adding a subdivision to read:

Subd. 6a. [HOUSING REDEVELOPMENT AUTHORITY; EXCEPTIONS.] The requirements of subdivisions 2, 3, 4, and 5 do not apply in order to qualify for the exemption if the student housing is owned by the local housing and redevelopment authority, the reduced cost of development due to the exemption is reflected in lower rents, and a reasonable system is used to provide priority to students in renting the dwelling units.

Sec. 16. Laws 1992, chapter 511, article 2, section 45, subdivision 7, is amended to read:

Subd. 7. [EXPIRATION.] ~~This section applies to student housing approved by the state board before January 1, 1997.~~ The property tax exemption for a student housing development is limited to 20 years from the date of first occupancy. This section expires January 1, 2018.

Sec. 17. Laws 1992, chapter 511, article 2, section 46, is amended by adding a subdivision to read:

Subd. 6a. [HOUSING REDEVELOPMENT AUTHORITY; EXCEPTIONS.] The requirements of subdivisions 2, 3, 4, and 5 do not apply in order to qualify for the exemption if the student housing is owned by the local housing and redevelopment authority or by a multicounty housing and redevelopment authority on land leased from a city or school district, the reduced cost of development due to the exemption is reflected in lower rents, and a reasonable system is used to provide priority to students in renting the dwelling units.

Sec. 18. Laws 1992, chapter 511, article 2, section 46, subdivision 7, is amended to read:

Subd. 7. [EXPIRATION.] ~~This section applies to student housing approved by the state board before January 1, 1997.~~ The property tax exemption for a student housing development is limited to 20 years from the date of first occupancy. This section expires January 1, 2018.

Sec. 19. [HACA REDUCTION; HENNEPIN COUNTY COURT EMPLOYEES.]

There shall be deducted from the homestead and agricultural credit aid payments to Hennepin county under Minnesota Statutes, section 273.1398, an amount equal to \$180,000 which represents the cost to the state for the assumption of two Hennepin county staff attorneys whose job function is that of court referees and whose positions should have been transferred to the state as part of the court takeover in Laws 1989, First Special Session chapter 1, article 4. One-half of the total amount shall be deducted from each of the aid payments made in 1995 to Hennepin county under Minnesota Statutes, section 273.1398. The amount of reduction made under this section shall be a permanent aid reduction.

Sec. 20. [TRANSIT ZONE MAP; DATE FIRST PRODUCED.]

The metropolitan council shall produce an initial version of the transit zone map required under section 473.3915, subdivision 4, by January 1, 1996.

Sec. 21. [APPLICATION.]

Sections 13 and 20 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 22. [EFFECTIVE DATES.]

Section 1 is effective the day following final enactment.

Sections 2, 4, 5, and 8 are effective for taxes levied in 1995, payable in 1996, and thereafter, provided that the provisions of section 4 restricting homestead classification for seasonal recreational residential property applies to taxes payable in 1996 and thereafter regardless of the date of occupancy of the property or the date of filing of an application for homestead classification by the relative of the owner.

Section 3 is effective for improvements made in 1995 and subsequent years.

Sections 6 and 9 are effective for 1996 assessments for taxes payable in 1997 and subsequent years.

Sections 11 and 12 are effective for taxes levied in 1995, payable in 1996, and thereafter.

Section 14 is effective for aids paid in 1996 and thereafter.

Sections 15 and 16 are effective the day after the governing body of Duluth complies with Minnesota Statutes, section 645.021, subdivision 3.

Sections 17 and 18 are effective the day after the governing body of Thief River Falls complies with Minnesota Statutes, section 645.021, subdivision 3.

Section 19 is effective for aid payments made to Hennepin county in 1995 provided, however, that the aid reduction is contingent upon enactment of a law in 1995 which (i) transfers the Hennepin county positions, and (ii) provides from the general fund a funding to the state supreme court for the positions.

ARTICLE 5 PROPERTY TAX REFUND

Section 1. [13.515] [PROPERTY TAX DATA.]

The following data calculated or maintained by political subdivisions and shown on property tax statements under section 276.09 are classified as private data on individuals, pursuant to section 13.02, subdivision 12: (1) property tax refund amounts under section 276.04, subdivision 2, paragraph (c), clause (8); and (2) the property tax after deduction of the property tax refunds under section 276.04, subdivision 2, paragraph (c), clause (9).

Sec. 2. Minnesota Statutes 1994, section 270A.03, subdivision 7, is amended to read:

Subd. 7. [REFUND.] "Refund" means an individual income tax refund or political contribution refund, pursuant to chapter 290; or a property tax credit or refund, pursuant to chapter 290A, other than a refund which has been certified to or calculated by the county auditor under section 276.012.

For purposes of this chapter, lottery prizes, as set forth in section 349A.08, subdivision 8, shall be treated as refunds.

In the case of a joint property tax refund payable to spouses under chapter 290A, the refund shall be considered as belonging to each spouse in the proportion of the total refund that equals each spouse's proportion of the total income determined under section 290A.03, subdivision 3. The commissioner shall remit the entire refund to the claimant agency, which shall, upon the request of the spouse who does not owe the debt, determine the amount of the refund belonging to that spouse and refund the amount to that spouse.

Sec. 3. Minnesota Statutes 1994, section 270B.12, is amended by adding a subdivision to read:

Subd. 10. [PROPERTY TAX REFUNDS.] The commissioner may disclose to a county auditor and treasurer, and to their designated agents or employees, the property tax refund amounts for each parcel of homestead property in the county as determined by the commissioner under chapter 290A.

Sec. 4. Minnesota Statutes 1994, section 270B.12, is amended by adding a subdivision to read:

Subd. 11. [SOCIAL SECURITY NUMBERS.] For purposes of determining and administering homestead status and property tax refunds, the commissioner may disclose to a county auditor, county treasurer, county assessor, the county recorder or registrar of deeds, and their designated agents or employees, and those officials may disclose to each other and to the commissioner, the parcel identification number and the names and social security numbers of the owners of homestead property and their spouses.

Sec. 5. Minnesota Statutes 1994, section 273.124, subdivision 13, is amended to read:

Subd. 13. [HOMESTEAD APPLICATION.] (a) A person who meets the homestead requirements under subdivision 1 must file a homestead application with the county assessor to initially obtain homestead classification.

(b) On or before January 2, 1993, each county assessor shall mail a homestead application to the owner of each parcel of property within the county which was classified as homestead for the 1992 assessment year. The format and contents of a uniform homestead application shall be prescribed by the commissioner of revenue. The commissioner shall consult with the chairs of the house and senate tax committees on the contents of the homestead application form. The application must clearly inform the taxpayer that this application must be signed by all owners who occupy the property or by the qualifying relative and returned to the county assessor in order for the property to continue receiving homestead treatment. The envelope containing the homestead application shall clearly identify its contents and alert the taxpayer of its necessary immediate response.

(c) Every property owner applying for homestead classification must furnish to the county assessor the social security number of each occupant who is listed as an owner of the property on the deed of record, the name and address of each owner who does not occupy the property, and the name and social security number of each owner's spouse who occupies the property. The application must be signed by each owner who occupies the property and by each owner's spouse who occupies the property, or, in the case of property that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

If a property owner occupies a homestead, the property owner's spouse may not claim another property as a homestead unless the property owner and the property owner's spouse file with the assessor an affidavit or other proof required by the assessor stating that the property owner's spouse does not occupy the homestead because marriage dissolution proceedings are pending, the spouses are legally separated, or the spouse's employment or self-employment location requires the spouse to have a separate homestead. The assessor may require proof of employment or self-employment and employment or self-employment location, or proof of dissolution proceedings or legal separation.

If the social security number or affidavit or other proof is not provided, the county assessor shall classify the property as nonhomestead.

The social security numbers or affidavits or other proofs of the property owners and spouses are private data on individuals as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data may be disclosed to the commissioner of revenue, or, for purposes of proceeding under the revenue recapture act to recover personal property taxes owing, to the county treasurer.

(d) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The social security number of each relative occupying the property and the social security number of each owner who is related to an occupant of the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The social security number of a relative occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue.

(e) The homestead application shall also notify the property owners that the application filed under this section will not be mailed annually and that if the property is granted homestead status for the 1993 assessment, or any assessment year thereafter, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(f) If the homestead application is not returned within 30 days, the county will send a second application to the present owners of record. The notice of proposed property taxes prepared under

section 275.065, subdivision 3, shall reflect the property's classification. Beginning with assessment year 1993 for all properties, if a homestead application has not been filed with the county by December 15, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

(g) At the request of the commissioner, each county must give the commissioner a list that includes the name and social security number of each property owner and the property owner's spouse occupying the property, or relative of a property owner, applying for homestead classification under this subdivision. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

(h) If, in comparing the lists supplied by the counties, the commissioner finds that a property owner is claiming more than one homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that had been improperly allowed. For the purpose of this section, "homestead benefits" means the tax reduction resulting from the classification as a homestead under section 273.13, the taconite homestead credit under section 273.135, and the supplemental homestead credit under section 273.1391, and the property tax refunds under chapter 290A deducted on the property tax statement.

The county auditor shall send a notice to the owners of the affected property, demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. The property owners may appeal the county's determination by filing a notice of appeal with the Minnesota tax court within 60 days of the date of the notice from the county. If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of taxes and penalty to the succeeding year's tax list to be collected as part of the property taxes. In the case of a manufactured home, the amount shall be certified to the current year's tax list for collection.

(i) Any amount of homestead benefits recovered by the county from the property owner shall be distributed to the county, city or town, and school district where the property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. Any amount recovered attributable to property tax refunds reimbursed to the county by the state shall be paid to the commissioner of revenue for deposit in the fund from which it was paid. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis county auditor to be deposited in the taconite property tax relief account. The total amount of penalty collected must be deposited in the county general fund.

(j) If a property owner has applied for more than one homestead and the county assessors cannot determine which property should be classified as homestead, the county assessors will refer the information to the commissioner. The commissioner shall make the determination and notify the counties within 60 days.

(k) In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners.

Sec. 6. Minnesota Statutes 1994, section 275.065, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The county auditor shall prepare and the county treasurer shall deliver after November 10 and on or before November 24 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes and, in the case of a town, final property taxes.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority other than a town proposes to collect for taxes payable the following year and, for a

town, the amount of its final levy. It must clearly state that each taxing authority, including regional library districts established under section 134.201, and including the metropolitan taxing districts as defined in paragraph (i), but excluding all other special taxing districts and towns, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the current budget and proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting and an address where comments will be received by mail. The notice must include the estimated percentage increase in Minnesota personal income, provided by the commissioner of revenue under section 275.064, in a way to facilitate comparison of the proposed budget and levy increases with the increase in personal income. For 1993, the notice must clearly state that each taxing authority holding a public meeting will describe the increases or decreases of the total budget, including employee and independent contractor compensation in the prior year, current year, and the proposed budget year.

(d) The notice must state for each parcel:

(1) the market value of the property as determined under section 273.11, and used for computing property taxes payable in the following year and for taxes payable in the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) by county, city or town, school district excess referenda levy, remaining school district levy, regional library district, if in existence, the total of the metropolitan special taxing districts as defined in paragraph (i) and the sum of the remaining special taxing districts, and as a total of the taxing authorities, including all special taxing districts, the proposed or, for a town, final net tax on the property for taxes payable the following year, including separate deductions for the property tax refunds under section 290A.04, subdivisions 2 and 2h, and the actual tax for taxes payable the current year, including separate deductions for the property tax refunds under section 290A.04, subdivisions 2 and 2h. For the purposes of this subdivision, "school district excess referenda levy" means school district taxes for operating purposes approved at referendums, including those taxes based on net tax capacity as well as those based on market value. "School district excess referenda levy" does not include school district taxes for capital expenditures approved at referendums or school district taxes to pay for the debt service on bonds approved at referenda. In the case of the city of Minneapolis, the levy for the Minneapolis library board and the levy for Minneapolis park and recreation shall be listed separately from the remaining amount of the city's levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

(3) the increase or decrease in the amounts in clause (2) from taxes payable in the current year to proposed or, for a town, final taxes payable the following year, expressed as a dollar amount and as a percentage.

(e) The notice must clearly state that the proposed or final taxes do not include the following and that these items may increase the proposed tax shown on the notice:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda, school district levy referenda, and levy limit increase referenda;

(3) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;

(4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(5) the contamination tax imposed on properties which received market value reductions for contamination.

The notice must state that the deduction for a property tax refund under section 290A.04, subdivision 2h, is contingent upon continuity in ownership of the property.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead and the homeowner provides satisfactory documentation to the county assessor that the property is owned and has been used as the owner's homestead prior to June 1 of that year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

(i) For purposes of this subdivision, subdivisions 5a and 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

(1) metropolitan council under section 473.132, 473.167, 473.249, 473.325, 473.446, 473.521, 473.547, or 473.834;

(2) metropolitan airports commission under section 473.667, 473.671, or 473.672; and

(3) metropolitan mosquito control commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy and shall be discussed at that county's public hearing.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

Sec. 7. [276.012] [COMPUTATION AND ADMINISTRATION OF PROPERTY TAX REFUNDS.]

(a) On or before October 1 each year, the commissioner of revenue shall certify to the county auditor the property tax refund amount under section 290A.04, subdivision 2, for each parcel of homestead property as defined in section 290A.04, subdivision 6, other than a manufactured home assessed under section 273.125, subdivision 8, paragraph (c), that qualifies for a refund relating to taxes payable in the current year.

(b) The county auditor shall compute the refund for purposes of the proposed property tax notice for each parcel of homestead property as defined in section 290A.03, subdivision 6, other than a manufactured home assessed under section 273.125, subdivision 8, paragraph (c), that may qualify for a refund under section 290A.04, subdivision 2h, for taxes payable in the subsequent year.

(c) After certification of the levies by taxing districts under section 275.07, the county auditor shall compute the refund for each parcel of homestead property as defined in section 290A.03, subdivision 6, other than a manufactured home assessed under section 273.125, subdivision 8, paragraph (c), that qualifies for a refund under section 290A.04, subdivision 2h, for taxes payable in the current year.

(d) The county auditor shall separately certify the amounts in paragraphs (a) and (c) to the county treasurer who shall reflect the amounts as property tax deductions on the property tax statement under section 276.04 for taxes payable in the current year, provided that to receive the refunds, the property must be classified as homestead property under section 273.13 for taxes payable in the year the refund is payable.

(e) The county auditor shall annually separately certify the costs of the property tax refunds under section 290A.04, subdivisions 2 and 2h, to the department of revenue with the abstract of tax lists under section 275.29.

Sec. 8. Minnesota Statutes 1994, section 276.04, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF TAX STATEMENTS.] (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The statement must contain the parcel identification number and a county identification number in the upper right corner of the statement. The statement must contain the qualifying tax amount to be used by the taxpayer in claiming a property tax refund under section 290A.04, subdivision 2, in the form and location determined by the commissioner of revenue. The statement must contain a tabulated statement of the dollar amount due to each taxing authority from the parcel of real property for which a particular tax statement is prepared. The dollar amounts due the county, township or municipality, the total of the metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph (i), school district excess referenda levy, remaining school district levy, and the total of other voter approved referenda levies based on market value under section 275.61 must be separately stated. The amounts due all other special taxing districts, if any, may be aggregated. For the purposes of this subdivision, "school district excess referenda levy" means school district taxes for operating purposes approved at referenda, including those taxes based on market value. "School district excess referenda levy" does not include school district taxes for capital expenditures approved at referendums or school district taxes to pay for the debt service on bonds approved at referenda. The amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The amount of market value excluded under section 273.11, subdivision 16, if any, must also be listed on the tax statement. The statement shall include the following sentence, printed in upper case letters in boldface print: "THE STATE OF MINNESOTA DOES NOT RECEIVE ANY PROPERTY TAX REVENUES. THE STATE OF MINNESOTA REDUCES YOUR PROPERTY TAX BY PAYING CREDITS AND REIMBURSEMENTS TO LOCAL UNITS OF GOVERNMENT."

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

(1) the property's estimated market value under section 273.11, subdivision 1;

(2) the property's taxable market value after reductions under section 273.11, subdivisions 1a and 16;

(3) the property's gross tax, calculated by multiplying the property's gross tax capacity times the total local tax rate and adding to the result the sum of the aids enumerated in clause (3);

(4) a total of the following aids:

(i) education aids payable under chapters 124 and 124A;

(ii) local government aids for cities, towns, and counties under chapter 477A; and

(iii) disparity reduction aid under section 273.1398;

(5) for homestead residential and agricultural properties, the homestead and agricultural credit aid apportioned to the property. This amount is obtained by multiplying the total local tax rate by the difference between the property's gross and net tax capacities under section 273.13. This amount must be separately stated and identified as "homestead and agricultural credit." For purposes of comparison with the previous year's amount for the statement for taxes payable in 1990, the statement must show the homestead credit for taxes payable in 1989 under section 273.13, and the agricultural credit under section 273.132 for taxes payable in 1989;

(6) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; and

(7) the net tax payable in the manner required in paragraph (a);

(8) for eligible homestead properties, the property tax refunds under section 290A.04, subdivisions 2 and 2h, if any, shown separately as deductions on the statement; and

(9) the tax after deduction of the property tax refunds under clause (8).

(d) The commissioner of revenue shall certify to the county auditor the actual or estimated aids enumerated in clauses (3) and (4) that local governments will receive in the following year. ~~In the case of a county containing a city of the first class, for taxes levied in 1991, and for all counties for taxes levied in 1992 and thereafter,~~ The commissioner must certify this amount by September 1.

Sec. 9. Minnesota Statutes 1994, section 276.09, is amended to read:

276.09 [SETTLEMENT BETWEEN AUDITOR AND TREASURER.]

On the later of May 20 of each year or 26 calendar days after the postmark date on the envelopes containing real or personal property tax statements, the county treasurer shall make full settlement with the county auditor of all receipts collected for all purposes, from the date of the last settlement up to and including each day mentioned. The county auditor shall, within 30 days after the settlement, send an abstract of it to the state auditor in the form prescribed by the state auditor. At the settlement the treasurer shall make complete returns of the receipts on the current tax list, showing the amount collected on account of the several funds included in the list.

Settlement of receipts from the later of May 20 or the actual settlement date to December 31 of each year must be made as provided in section 276.111.

For purposes of this section, "receipts" includes all tax payments received by the county treasurer on or before the settlement date and all property tax refunds paid to the county treasurer under section 290A.07.

Sec. 10. Minnesota Statutes 1994, section 276.111, is amended to read:

276.111 [DISTRIBUTIONS AND FINAL YEAR-END SETTLEMENT.]

Within 14 business days after July 20, the county treasurer shall pay to each taxing district 100 percent of the estimated collections arising from taxes levied by and belonging to the taxing district from the settlement day determined in section 276.09 to July 25.

Within seven business days after October 15, the county treasurer shall pay to the school districts 50 percent of the estimated collections arising from taxes levied by and belonging to the school district from ~~the settlement day determined in section 276.09~~ July 25 to October 20. The remaining 50 percent of the estimated tax collections must be paid to the school district within the next seven business days. Within ten business days after November 15, the county treasurer shall pay to the school district 100 percent of the estimated collections arising from taxes levied by and belonging to the school districts from October 20 to November 20.

Within ten business days after November 15, the county treasurer shall pay to each taxing district, except any school district, 100 percent of the estimated collections arising from taxes levied by and belonging to each taxing district from ~~the settlement day determined in section 276.09~~ July 25 to November 20.

On or before January 5, the county treasurer shall make full settlement with the county auditor of all receipts collected from the settlement day determined in section 276.09 to December 31. After subtracting any tax distributions that have been made to the taxing districts in July, October, and November, the treasurer shall pay to each of the taxing districts on or before January 25, the balance of the tax amounts collected on behalf of each taxing district. Interest accrues at an annual rate of eight percent and must be paid to the taxing district if this final settlement amount is not paid by January 25. Interest must be paid upon appropriation from the general revenue fund of the county. If not paid, it may be recovered by the taxing district in a civil action.

Sec. 11. Minnesota Statutes 1994, section 289A.60, subdivision 12, is amended to read:

Subd. 12. [PENALTIES RELATING TO PROPERTY TAX REFUNDS.] (a) If the commissioner determines that a property tax refund claim is or was excessive and was filed with fraudulent intent, the claim must be disallowed in full. If the claim has been paid, the amount disallowed may be recovered by assessment and collection.

(b) If it is determined that a property tax refund claim is excessive and was negligently prepared, ten percent of the corrected claim must be disallowed. If the claim has been paid, the amount disallowed must be recovered by assessment and collection.

(c) An owner or managing agent who knowingly fails to give a certificate of rent constituting property tax to a renter, as required by section 290A.19, paragraph (a), is liable to the commissioner for a penalty of \$100 for each failure.

(d) If the owner or managing agent knowingly gives rent certificates that report total rent constituting property taxes in excess of the amount of actual rent constituting property taxes paid on the rented part of a property, the owner or managing agent is liable for a penalty equal to the greater of (1) \$100 or (2) 50 percent of the excess that is reported. An overstatement of rent constituting property taxes is presumed to be knowingly made if it exceeds by ten percent or more the actual rent constituting property taxes.

(e) No property tax refund claim based on rent paid, or on property taxes payable in the case of a manufactured home assessed under section 273.125, subdivision 8, paragraph (c), is allowed if the initial claim is filed more than one year after the original due date for filing the claim.

(f) Except as provided in paragraph (e), no property tax refund claim based on property taxes payable filed after the original due date for filing the claim may be paid. No extensions of time for filing may be granted.

Sec. 12. Minnesota Statutes 1994, section 290A.03, subdivision 13, is amended to read:

Subd. 13. [PROPERTY TAXES PAYABLE.] "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead ~~before reductions made under section 273.13~~ but after deductions made under sections 273.135, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year other than property tax refunds determined under chapter 290A. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes as ~~defined in section 274.19, subdivision 8~~ assessed under section 273.125, subdivision 8, paragraph (c), "property taxes payable" shall also include the amount of the gross rent paid in the preceding year for the site on which the homestead is located, which is attributable to the net tax paid on the site. The amount attributable to property taxes shall be determined by multiplying the net tax on the parcel by a fraction, the numerator of which is the gross rent paid for the calendar year for the site and the denominator of which is the gross rent paid for the calendar year for the parcel. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year ~~in which the tax is payable~~ to which the "property taxes payable" used in computing the refund relate, and (i) the property must have been classified as homestead property pursuant to section 273.13, subdivision 22 or 23, on or before December 15 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before ~~December~~ August 15 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

No refunds under section 290A.04, subdivision 2 or 2h, may be deducted on the property tax statement unless the property is classified as homestead property for taxes payable in the year the property tax refund is paid.

Sec. 13. Minnesota Statutes 1994, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. (a) If the gross property taxes payable on a homestead increase more than 12 percent over the net property taxes payable in the prior year on the same property that is owned and occupied by the same owner on January 2 of both years, and the amount of that increase is \$100 or more ~~for taxes payable in 1995 and 1996~~, a claimant who is, a homeowner shall be allowed an additional refund equal to 60 percent of the amount of the increase over the greater of 12 percent of the prior year's net property taxes payable or \$100 ~~for taxes payable in 1995 and 1996~~. This subdivision shall not apply to any increase in the gross property taxes payable attributable to improvements made to the homestead after the assessment date for the prior year's taxes.

The maximum refund allowed under this subdivision is \$1,000.

(b) For purposes of this subdivision, the following terms have the meanings given:

(1) "Net property taxes payable" means property taxes payable minus refund amounts for which the claimant qualifies pursuant to subdivision 2 and this subdivision.

(2) "Gross property taxes" means net property taxes payable determined without regard to the refund allowed under this subdivision.

~~(c) In addition to the other proofs required by this chapter, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.~~

~~(d) On or before December 1, 1995, the commissioner shall estimate the cost of making the payments provided by this subdivision for taxes payable in 1996. Notwithstanding the open appropriation provision of section 290A.23, if the estimated total refund claims for taxes payable in 1996 exceed \$5,500,000, the commissioner shall first reduce the 60 percent refund rate enough, but to no lower a rate than 50 percent, so that the estimated total refund claims do not exceed \$5,500,000. If the commissioner estimates that total claims will exceed \$5,500,000 at a 50 percent refund rate, the commissioner shall also reduce the \$1,000 maximum refund amount by enough so that total estimated refund claims do not exceed \$5,500,000.~~

~~The determinations of the revised thresholds by the commissioner are not rules subject to chapter 14.~~

~~(e) Upon request, the appropriate county official shall make available the names and addresses of the property taxpayers who may be eligible for the additional property tax refund under this section. The information shall be provided on a magnetic computer disk. The county may recover its costs by charging the person requesting the information the reasonable cost for preparing the data. The information may not be used for any purpose other than for notifying the homeowner of potential eligibility and assisting the homeowner, without charge, in preparing a refund claim.~~

Sec. 14. Minnesota Statutes 1994, section 290A.07, is amended to read:

290A.07 [TIME FOR AND MANNER OF PAYMENT.]

Subdivision 1. [GENERAL FUND.] Allowable claims filed pursuant to the provisions of this chapter and the refund under section 290A.04, subdivision 2h, shall be paid by the commissioner from the general fund as provided in this section.

Subd. 2a. [PAYMENT TO CLAIMANT.] A claimant who is a renter or a homeowner who occupies a manufactured home, as defined in section 273.125, subdivision 8, paragraph (c), shall receive full payment after August 1 and before August 15 or 60 days after receipt of the application, whichever is later.

Subd. 3. [PAYMENT TO COUNTY TREASURER AS DEDUCTION ON PROPERTY TAX STATEMENT.] A claimant In the case of property not included in subdivision 2a shall receive

full payment after September 15 and before September 30, payment of a refund under section 290A.04, subdivision 2, is made as a deduction on the property tax statement for the homestead for taxes payable the following year, and payment of a refund under section 290A.04, subdivision 2h, is made as a deduction on the property tax statement for the homestead for taxes payable in the current year.

Subd. 4. [PAYMENT TO COUNTY TREASURER.] Annually on or before July 20, the commissioner shall pay the amount of the property tax refunds under section 290A.04, subdivisions 2 and 2h, certified by the county auditor under section 276.012, paragraph (e), to the county treasurer for settlement and distribution under sections 276.09 to 276.111.

Sec. 15. Minnesota Statutes 1994, section 290A.15, is amended to read:

290A.15 [CLAIM APPLIED AGAINST OUTSTANDING LIABILITY.]

The amount of any claim otherwise payable under this chapter may be applied by the commissioner against any delinquent tax liability of the claimant or spouse of the claimant payable to the department of revenue. This section does not apply to (1) refunds under section 290A.04, subdivision 2, that have been certified by the commissioner of revenue to the county auditor under section 276.012, or (2) refunds under section 290A.04, subdivision 2h, determined by the county auditor under section 276.012.

Sec. 16. Minnesota Statutes 1994, section 290A.18, is amended to read:

290A.18 [RIGHT TO FILE CLAIM; RIGHT TO RECEIVE CREDIT.]

Subdivision 1. [CLAIM BY SURVIVING SPOUSE OR DEPENDENT.] Except as provided in subdivision 3, if a person entitled to relief under this chapter dies prior to receiving relief, the surviving spouse or dependent of the person shall be entitled to file the claim and receive relief. If there is no surviving spouse or dependent, the right to the credit shall lapse.

Subd. 2. [CLAIMANT CANNOT BE LOCATED.] Except as provided in subdivision 3, if the commissioner cannot locate the claimant within two years from the date that the original warrant was issued, or if a claimant to whom a warrant has been issued does not cash that warrant within two years from the date the warrant was issued, the right to the credit shall lapse, and the warrant shall be deposited in the general fund.

Subd. 3. [RIGHT TO RECEIVE REFUND NOT PERSONAL TO CLAIMANT.] Property tax refunds under section 290A.04, subdivisions 2 and 2h, are paid as a deduction on the property tax statement of the property as provided in section 290A.07, subdivision 3. The right to receive the deduction is not personal to the claimant or to a surviving spouse or dependent of the claimant.

Sec. 17. [290A.26] [APPROPRIATION; COUNTY COSTS.]

\$2,650,000 is appropriated for fiscal year 1997, and \$2,370,000 is appropriated for fiscal year 1998, and each year thereafter, to the commissioner of revenue to pay counties for the costs of implementing and administering the property tax refunds for homeowners. The commissioner shall make the payments annually, on July 20 of each year. Each county auditor shall determine the county's costs and certify the costs to the commissioner at the time and in the manner directed by the commissioner. The commissioner shall review the costs, and may limit or correct them, return them to the county for changes, or request additional information or documentation. The commissioner shall apportion the available appropriation to each county in the same proportion that the county's expenses as finally determined by the commissioner are to the sum of all the counties' expenses.

Sec. 18. [1996 LEVY; TRUTH IN TAXATION NOTICE.]

For taxes payable in 1997 only, the notice of proposed property taxes under Minnesota Statutes, section 275.065, subdivision 3, shall state that beginning with property taxes payable in 1997, the homestead property tax refund calculated under Minnesota Statutes, section 290A.04, subdivision 2, and the special refund for property tax increases under Minnesota Statutes, section 290A.04, subdivision 2h, shall be paid as a deduction from the net tax on the property for all qualifying properties other than manufactured homes assessed under Minnesota Statutes, section 273.125,

subdivision 8, paragraph (c). The notice shall clearly notify the taxpayer that these deductions are shown on the notice of proposed taxes for taxes payable in 1997, and that the actual tax for taxes payable in 1997 may be greater than the amount shown on the notice if the ownership or classification of the property changes before the refunds are paid. The commissioner of revenue shall prescribe the form and wording of the statement required in this section. The commissioner may prescribe that the statement be included with the notice of proposed property taxes as a separate addendum. At least five working days before distribution to the counties, the notice prescribed by the commissioner of revenue under this section must be submitted to the chairs of the senate committee on taxes and tax laws and the house tax committee for their advice and approval.

Sec. 19. [PROPERTY TAX REFUNDS FOR TAXES PAYABLE IN 1997; TRANSITION PROVISION.]

Notwithstanding the provisions of Minnesota Statutes, chapter 290A, or any other law to the contrary, the property tax refund amounts under Minnesota Statutes, section 290A.04, subdivisions 2 and 2h, relating to property taxes payable in 1996, as paid by the commissioner to the claimants under Minnesota Statutes, section 290A.07, subdivision 3, shall be the amounts certified on October 1, 1996, by the commissioner of revenue to the county auditors. The refund amounts under Minnesota Statutes, section 290A.04, subdivision 2, are the amounts that the county auditor shall show as a deduction on the property tax statement for taxes payable in 1997. The county auditor shall calculate the amounts of the refund under Minnesota Statutes, section 290A.04, subdivision 2h, for taxes payable in 1997, and show that amount as a deduction on the 1997 property tax statement.

Sec. 20. [APPROPRIATION.]

\$95,000 is appropriated for the fiscal year ending June 30, 1997, from the general fund in the state treasury to the commissioner of revenue for purposes of implementing and administering this article.

Sec. 21. [EFFECTIVE DATE.]

Sections 1 to 16 are effective for property tax refunds payable as deductions on property tax statements in 1997 and thereafter.

ARTICLE 6
ECONOMIC DEVELOPMENT

Section 1. Minnesota Statutes 1994, section 116J.556, is amended to read:

116J.556 [LOCAL MATCH REQUIREMENT.]

(a) In order to qualify for a grant under sections 116J.551 to 116J.557, the municipality must pay for at least one-half of the project costs as a local match. The municipality shall pay an amount of the project costs equal to at least 18 percent of the cleanup costs from the municipality's general fund, a property tax levy for that purpose, or other unrestricted money available to the municipality (excluding tax increments). These unrestricted moneys may be spent for project costs, other than cleanup costs, and qualify for the local match payment equal to 18 percent of cleanup costs. The rest of the local match may be paid with tax increments or any other money available to the municipality.

(b) If the development authority establishes a tax increment financing district or hazardous substance subdistrict on the site to pay for part of the local match requirement, ~~the district or subdistrict is not subject to the state aid reductions under section 273.1399. In order to qualify for the exemption from the state aid reductions, the municipality must elect, by resolution, on or before the request for certification is filed that all tax increments from the district or subdistrict will be used exclusively to pay (1) for project costs for the site and (2) administrative costs for the district or subdistrict.~~ the district or subdistrict must be decertified when an amount of tax increments equal to no more than three times the costs of implementing the response action plan for the site and the administrative costs for the district or subdistrict have been received, after deducting the amount of the state grant.

Sec. 2. [270.0683] [REPORT ON THE EFFECT OF TAX INCENTIVES UPON THE NUMBER OF JOBS.]

On a biennial basis, the commissioner of trade and economic development shall analyze the effect of all business related tax reductions or waivers on the aggregate number of jobs created and wages paid in those new jobs. The commissioner of trade and economic development shall present the results of the analysis to the legislature.

Sec. 3. [270.0684] [GOALS FOR NEW TAX EXPENDITURES.]

Each newly enacted business related tax expenditure shall include measurable goals for jobs and wages and require a biennial review conducted by the commissioner of trade and economic development for continuation based upon meeting those goals. The commissioner of trade and economic development shall report the results of the review to the legislature.

Sec. 4. Minnesota Statutes 1994, section 273.1399, subdivision 6, is amended to read:

Subd. 6. [EXEMPTION; ETHANOL PROJECTS.] (a) 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) (b) The exemption provided by this subdivision does not apply beginning for the first year after the total amount of increment for the district does not exceed \$1,000,000 exceeds \$1,500,000. The county auditor shall notify the commissioners of revenue and education of the expiration of the exemption by June 1 of the year in which the revenues from increments will exceed \$1,500,000 if all the levied taxes for that year are paid when due.

Sec. 5. Minnesota Statutes 1994, section 273.1399, is amended by adding a subdivision to read:

Subd. 7. [EXEMPTION; AGRICULTURAL PROCESSING FACILITIES.] 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 established to construct or expand an agricultural processing facility;

(2) the construction or expansion of the facility creates, or upon completion will create, a minimum of five permanent full-time jobs;

(3) the district is located outside of the seven-county metropolitan area, as defined in section 473.121;

(4) the tax increment financing plan was approved by a resolution of the county board;

(5) the total amount of increment for the district does not exceed \$1,500,000; and

(6) the commissioner of agriculture has certified to the county auditor that the requirements of this subdivision have been met.

For purposes of this section, "agricultural processing facility" means land, buildings, structures, fixtures, and improvements used or operated primarily for the processing or production of marketable products from agricultural crops, including waste and residues from agricultural crops,

and including livestock products, poultry products, and wood products, but not the raising of livestock or poultry.

Sec. 6. Minnesota Statutes 1994, section 375.83, is amended to read:

375.83 [ECONOMIC AND AGRICULTURAL DEVELOPMENT.]

A county board may appropriate ~~not more than \$50,000 annually~~ money out of the general revenue fund of the county to be paid to any incorporated development society or organization of this state which, in the board's opinion, will use the money for the best interests of the county in promoting, advertising, improving, or developing the economic and agricultural resources of the county. ~~The limitation on appropriations in this section does not prohibit accumulation of amounts in excess of \$50,000 in a fund to be used for the purposes of this section. The total amount accumulated in the fund must not exceed \$300,000.~~

Sec. 7. Minnesota Statutes 1994, section 469.169, subdivision 9, is amended to read:

Subd. 9. [ADDITIONAL BORDER CITY ALLOCATIONS.] In addition to tax reductions authorized in subdivisions 7 and 8, the commissioner may allocate \$1,100,000 for tax reductions to border city enterprise zones in cities located on the western border of the state, and \$300,000 to the border city enterprise zone in the city of Duluth. The commissioner shall make allocations to zones in cities on the western border by evaluating which cities' applications for allocations relate to business prospects that have the greatest positive economic impact. Allocations made under this subdivision may be used for tax reductions as provided in section 469.171, or other offsets of taxes imposed on or remitted by businesses located in the enterprise zone, but only if the municipality determines that the granting of the tax reduction or offset is necessary in order to retain a business within or attract a business to the zone. Limitations on allocations under section 469.169, subdivision 7, do not apply to this allocation. Enterprise zones that receive allocations under this subdivision may continue in effect for purposes of those allocations through December 31, 1994 1995.

Sec. 8. Minnesota Statutes 1994, section 469.169, is amended by adding a subdivision to read:

Subd. 10. [ADDITIONAL BORDER CITY ALLOCATIONS.] In addition to tax reductions authorized in subdivisions 7, 8, and 9, the commissioner may allocate \$1,500,000 for tax reductions to border city enterprise zones in cities located on the western border of the state. The commissioner shall make allocations to zones in cities on the western border on a per capita basis. Allocations made under this subdivision may be used for tax reductions as provided in section 269.171, or other offsets of taxes imposed on or remitted by businesses located in the enterprise zone, but only if the municipality determines that the granting of the tax reduction or offset is necessary in order to retain a business within or attract a business to the zone. Limitations on allocations under section 469.169, subdivision 7, do not apply to this allocation. Enterprise zones that receive allocations under this subdivision may continue in effect for purposes of those allocations through December 31, 1996.

Sec. 9. [CITY OF SPRINGFIELD; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXCEPTION.] The city of Springfield may establish a tax increment financing district for the purpose of expanding an agricultural production facility. The expansion of the facility must create or preserve a minimum of 25 jobs. The district is established under and subject to Minnesota Statutes, sections 469.174 to 469.178, except that it is exempt from the provisions of Minnesota Statutes, section 273.1399.

Subd. 2. [EFFECTIVE DATE.] Subdivision 1 is effective upon compliance by the governing body of the city of Springfield with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 10. [CITY OF ST. LOUIS PARK; ESTABLISHMENT OF SPECIAL SERVICE DISTRICTS.]

Subdivision 1. [DEFINITIONS.] (a) For the purpose of this section, the terms defined have the meanings given them.

(b) "City" means the city of St. Louis Park.

(c) "Special services" means:

(1) all services rendered or contracted for by the city, including the repair, maintenance, operation, and construction of any improvement authorized by Minnesota Statutes, section 429.021;

(2) maintenance of landscape and streetscape improvements installed by the city; and

(3) any other service provided to the public by the city as authorized by law or charter.

Subd. 2. [ESTABLISHMENT OF DISTRICTS.] The governing body of the city of St. Louis Park may adopt ordinances establishing special service districts. The provisions of Minnesota Statutes, chapter 428A, govern the establishment and operation of special service districts in the city.

Sec. 11. [TAX INCREMENT FINANCING DISTRICT EXTENSION.]

Notwithstanding Minnesota Statutes, section 469.176, subdivision 1c, the St. Louis Park economic development authority may collect and expend tax increments from the Excelsior Boulevard Redevelopment Project and Oak Park Village tax increment financing districts (Hennepin county project numbers 1300 and 1301, respectively) located within the city of St. Louis Park, after April 1, 2001, for eligible activities within the redevelopment area. The authority under this section expires August 1, 2009.

Sec. 12. [EXEMPTION FROM LGA/HACA OFFSET.]

The hazardous substance subdistrict created in the Excelsior Boulevard tax increment financing district in the city of St. Louis Park is exempt from Minnesota Statutes, section 273.1399.

Sec. 13. [CITY OF COLUMBIA HEIGHTS; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXEMPTION.] The Sheffield tax increment financing district, including area added to its geographic area pursuant to Minnesota Statutes, section 469.175, subdivision 4, is exempt from the provisions of Minnesota Statutes, section 273.1399, provided that at least five percent of the district costs are paid by the city from its general fund, a property tax levy, or other unrestricted money not including tax increments.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon approval by the governing body of the city of Columbia Heights and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 14. [CITY OF HASTINGS; DISTRICT EXTENSION.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1c, the Housing and Redevelopment Authority may collect and expend tax increments from the downtown redevelopment tax increment financing district, located within the city of Hastings, after April 1, 2001, for eligible activities within the district. The authority under this section expires December 31, 2006.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Hastings with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 15. [CITY OF HOPKINS; TAX INCREMENT DISTRICT.]

Subdivision 1. [DURATION.] Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1c, tax increment collected by the housing and redevelopment authority in and for the city of Hopkins from tax increment financing district no. 1-1 may be expended by the authority or the city of Hopkins to pay or defease (1) bonds or obligations issued within two years after the effective date of this section, or (2) bonds issued to refund the principal of the outstanding bonds and pay associated issuance costs, provided the average maturity of the refunding bonds does not exceed the bonds refunded. Tax increment from district no. 1-1 will not be paid to the authority after August 1, 2009.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Hopkins with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 16. [COTTONWOOD COUNTY; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXCEPTIONS.] The southwest Minnesota multicounty housing redevelopment authority may establish an economic development tax increment financing district in Cottonwood county under Minnesota Statutes, sections 469.174 to 469.179, for an ethanol facility that is certified by the commissioner of revenue to qualify for state payments for ethanol development under Minnesota Statutes, section 41A.09, to the extent funds are available.

Subd. 2. [SPECIAL RULES.] (a) The district established under the authority of subdivision 1 is subject to Minnesota Statutes, sections 469.174 to 469.179, except as provided in this subdivision.

(b) Minnesota Statutes, section 273.1399, does not apply.

(c) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, tax increments from the district may be paid to the authority for up to 18 years from the date of the receipt of the first increment.

(d) The adjustment to original net tax capacity under Minnesota Statutes, section 469.177, subdivision 1, paragraph (f), does not apply.

(e) The tax rate used to determine the amount of revenues from tax increments is the sum of the local tax rates for the taxes payable year, notwithstanding contrary provisions of Minnesota Statutes, section 469.177, subdivision 1a, limiting increments to the original tax capacity rate.

(f) The county board in which the district is located shall approve, by resolution:

(1) the tax increment financing plan;

(2) amendments to the tax increment financing plan that require notice and a public hearing under Minnesota Statutes, section 469.175, subdivision 4; and

(3) any modifications, whether an amendment to the tax increment financing plan or otherwise, that change the distribution to or sharing of the revenues derived from increments with the county and school district under Minnesota Statutes, section 469.176, subdivision 2, or otherwise.

If the county board declines to approve the plan, or an amendment or a modification required to be approved under this paragraph, the action is not effective.

Subd. 3. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the southwest Minnesota multicounty housing redevelopment authority with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 17. [SWIFT COUNTY RURAL DEVELOPMENT FINANCE AUTHORITY.]

Subdivision 1. [ESTABLISHMENT.] The Swift county board may, by adopting a written enabling resolution, establish a county rural development finance authority that, subject to subdivision 2, has the following powers: powers of an economic development authority under Minnesota Statutes, sections 469.090 to 469.107; and powers of a rural development financing authority under sections 469.142 to 469.151.

Subd. 2. [ECONOMIC DEVELOPMENT AUTHORITY POWERS.] If the county rural development finance authority exercises the powers of an economic development authority, the county may exercise all of the powers relating to an economic development authority granted to a city under Minnesota Statutes, sections 469.090 to 469.108, except for the authority to issue general obligation bonds under Minnesota Statutes, section 469.102. The levy imposed by the county board under Minnesota Statutes, section 469.107, may be levied in addition to levies otherwise authorized by law. The county rural development finance authority may create and define the boundaries of economic development districts at any place or places within the county. Minnesota Statutes, section 469.174, subdivision 10, and the contiguity requirement specified under Minnesota Statutes, section 469.101, subdivision 1, do not apply to limit the areas that may be designated as county economic development districts.

Subd. 3. [LIMIT OF POWERS.] (a) The enabling resolution may impose the following limits on the actions of the authority:

(1) that the authority may not exercise any of the powers contained in subdivision 1 unless those powers are specifically authorized in the enabling resolution; and

(2) any other limitation or control established by the county board by the enabling resolution.

(b) The enabling resolution may be modified at any time, but may not be applied in a manner that impairs contracts executed before the modification is made. All modifications to the enabling resolution must be by written resolution.

(c) Before the commencement of a project by the authority, the governing body of the municipality in which the project is to be located or the Swift county board, if the project is outside municipal corporate limits, shall by majority vote approve the project as recommended by the authority.

Subd. 4. [BOARD OF DIRECTORS.] (a) The authority consists of a board of seven directors. The directors shall be appointed by the Swift county board. Each director shall be appointed to serve for three years or until a successor is appointed and qualified. No director may serve more than two consecutive terms. The initial appointment of directors must be made so that no more than one-third of the directors' positions will require appointment in any one year due to fulfillment of their three-year appointment. The appointment of directors must be made to reflect representation of the entire county by population, appointing one director to represent each of the five county commissioner districts. The other two directors must be representatives of various county-based economic development organizations or be directors at-large. No more than two directors may reside in any one county commissioner district.

(b) Two of the directors initially appointed shall serve for terms of one year, two for two years, and three for three years. Each vacancy must be filled for the unexpired term in the manner in which the original appointment was made. A vacancy occurs if a director no longer resides in the county. No director shall be an officer, employee, director, shareholder, or member of any corporation, firm, or association with which the authority has entered into any operating lease, or other agreement. The directors may be removed by the county for the reasons and in the manner provided under Minnesota Statutes, section 469.010, and shall receive no compensation other than reimbursement for expenses incurred in the performance of their duties. Directors shall have no personal liability for obligations of the authority or the methods of enforcement and collection of the obligations.

Subd. 5. [EFFECTIVE DATE.] This section is effective upon compliance by the Swift county board with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 18. [CITY OF MORRIS; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding the provisions of Minnesota Statutes, section 469.175, subdivision 4, paragraph (b), the economic development authority of the city of Morris may, within one year after the effective date of this section, enlarge the geographic area of tax increment financing district No. 5 to include a parcel identified as lot 2, block 2, Morris industrial park. The district is established under and subject to Minnesota Statutes, sections 469.174 to 469.178, except:

(1) Minnesota Statutes, section 273.1399, does not apply to the enlarged geographic area of the district;

(2) the duration limit for the district and enlarged area is December 31, 2010; and

(3) the buildings to be constructed in the enlarged geographic area of the district may, notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 4c, include space necessary for and related to the manufacturing facility located on parcels contiguous to the district.

Subd. 2. [EFFECTIVE DATE.] This section is effective after compliance by the governing body of the city of Morris under Minnesota Statutes, section 645.021, subdivision 3.

Sec. 19. [CITY OF BROOTEN; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXCEPTION.] A tax increment financing district created by the city of Brooten for the purpose of financing the construction of an agricultural processing facility as defined in article 2, section 25, is exempt from the provisions of Minnesota Statutes, section 273.1399.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Brooten with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 20. [CITY OF MANKATO; ECONOMIC DEVELOPMENT DISTRICT.]

Subdivision 1. [ESTABLISHMENT.] The city of Mankato may establish economic development tax increment financing districts that include all properties in the Eastwood Industrial Centre Industrial Park. The districts are established subject to Minnesota Statutes, sections 469.174 to 469.179, except that the provisions of Minnesota Statutes, section 273.1399, do not apply.

Subd. 2. [EXEMPTION.] Minnesota Statutes, section 273.1399, does not apply to tax increment financing district No. 19-2, located in the city of Mankato.

Subd. 3. [ESTABLISHMENT.] The city of Mankato may establish a redevelopment tax increment district that includes all properties in the area between Poplar Street and River Front Drive South. The district is subject to Minnesota Statutes, sections 469.174 to 469.178, except that Minnesota Statutes, section 273.1399, does not apply to this district.

Subd. 4. [EFFECTIVE DATE.] This section is effective after compliance by the governing body of the city of Mankato with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 21. [CITY OF GLENVILLE; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXCEPTIONS.] The city of Glenville may establish an economic development tax increment financing district for the purpose of establishing an industrial park, including acquiring land, construction of rail services, construction of roads, extension of utilities, and the construction of a sewer collection line to carry effluent from one or more locations in Glenville to the city of Albert Lea sewage treatment plant. The district is established under and subject to Minnesota Statutes, sections 469.174 to 469.179, except:

(1) Minnesota Statutes, section 273.1399, does not apply; and

(2) the city may not establish the tax increment financing district under this section unless the tax increment financing plan is approved by resolution of the governing body of the city of Albert Lea.

Subd. 2. [EFFECTIVE DATE.] This section is effective the day after compliance by the governing body of the city of Glenville with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 22. [CITY OF ALBERT LEA TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [INDUSTRIAL PROJECT; EXCEPTIONS.] The city of Albert Lea may establish economic development tax increment financing district 5-6 for industrial and manufacturing projects. The district is established under and subject to Minnesota Statutes, sections 469.174 to 469.179, except:

(1) Minnesota Statutes, section 273.1399, does not apply; and

(2) the city must pay at least five percent of the project costs from its general fund, a property tax levy, or other unrestricted money (other than tax increments).

Subd. 2. [TAX INCREMENT FINANCING DISTRICTS; EXCEPTIONS.] Minnesota Statutes, section 273.1399, does not apply to tax increment financing districts 5-3, 5-4, and 5-5, located in the city of Albert Lea.

Subd. 3. [EFFECTIVE DATE.] This section is effective the day after compliance by the governing body of the city of Albert Lea with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 23. [CITY OF OAKDALE; TAX INCREMENT DISTRICTS.]

Subdivision 1. [DURATION.] (a) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1 and 1b, tax increments from the city of Oakdale tax increment financing district number 1-2 may be collected and expended by the authority through December 31, 2011.

(b) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1 and 1b, tax increments from the city of Oakdale tax increment financing district number 9 may be collected and expended by the authority through December 31, 2004.

Subd. 2. [TAX INCREMENT DISTRICT 1-2; EXEMPTIONS AND HOUSING ACTIVITIES.] (a) Minnesota Statutes, section 273.1399, shall not apply to the city of Oakdale tax increment financing district number 1-2 during any calendar year after adoption of an amendment to the tax increment financing plan for the district, provided 15 percent of the tax increments from the district in each such calendar year is deposited in the housing development account for expenditure on housing activities pursuant to the plan as provided in paragraphs (b) and (c). The amendment must be adopted within one year of the effective date of this section.

(b) The authority must identify in the amendment to the plan the housing activities that will be assisted by the housing development account. Housing activities may include, but are not limited to, rehabilitation, acquisition, demolition, and financing of new or existing single family or multifamily housing. Housing activities listed in the plan need not be located within the district or project area, but must be activities that meet the income requirements of a qualified housing district under Minnesota Statutes, section 469.1761, subdivisions 2 and 3.

(c) Tax increments to be expended for housing activities under this subdivision must be segregated by the authority into a special account on its official books and records. The account may also receive funds from other public and private sources. The expenditure of tax increments from the account for housing activities is exempt from the provisions of Minnesota Statutes, section 469.1763, subdivisions 2, 3, and 4, and shall be disregarded for purposes of satisfying the provisions of Minnesota Statutes, section 469.1763, subdivisions 2, 3, and 4.

Subd. 3. [TAX INCREMENT DISTRICT 6; MODIFICATIONS; SPECIAL RULES.] (a) Notwithstanding the provisions of Minnesota Statutes, sections 469.174, subdivision 10, and 469.175, subdivision 4, paragraph (b), the city of Oakdale may, within one year after the effective date of this section, enlarge the geographic area of city of Oakdale tax increment financing district number 6 to include the southwest one-quarter of the southwest one-quarter of section 29, tract 29, range 21, that is also known as parcel number 57029-2001.

(b) The parcels included in the enlarged area described in paragraph (a) are subject to Minnesota Statutes, sections 469.174 to 469.179, except as provided in this subdivision.

(c) Minnesota Statutes, section 273.1399, does not apply to the district.

(d) Minnesota Statutes, section 469.1763, subdivisions 2, 3, and 4, do not apply to the district.

(e) The enlarged area shall be treated as part of a redevelopment district.

(f) The governing body of the city of Oakdale, in addition to the findings required by section 469.175, subdivision 3, shall also find:

(1) that the parcels included in the enlarged area have an estimated market value for the year in which the area is certified that is at least 40 percent less than the estimated market value of three years earlier; and

(2) that the enlarged area is occupied by buildings that are functionally obsolete and underutilized. "Underutilized," for purposes of this subdivision, means that less than 60 percent of the useable square footage of the existing buildings are not leased.

Subd. 4. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Oakdale with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 24. [CITY OF SAINT PAUL; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXEMPTION.] Any tax increment financing districts located in the Phalen Corridor Project Area of the city of Saint Paul that are certified after the date of final enactment of this section are exempt from the provisions of Minnesota Statutes, section 273.1399.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Saint Paul with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 25. [CITY OF LAKE CITY; TAX INCREMENT DISTRICT.]

Subdivision 1. [DURATION EXTENSION.] Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, the duration of tax increment financing district number 3, located within the city of Lake City, may be extended to January 1, 2002, by resolution of the governing body of Lake City.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Lake City with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 26. [CITY OF LAKEFIELD; TAX INCREMENT FINANCING DISTRICTS.]

Subdivision 1. [REDEVELOPMENT DISTRICT.] (a) The governing body of the city of Lakefield may establish a tax increment financing district that is a redevelopment district as defined in Minnesota Statutes, section 469.174, subdivision 10, for the purpose of developing the property previously used as the municipal hospital. The district is subject to Minnesota Statutes, sections 469.174 to 469.179, except that the provisions of Minnesota Statutes, section 273.1399, do not apply.

(b) Notwithstanding Minnesota Statutes, section 469.177, subdivision 1, paragraph (d), for the district established under this subdivision, the original tax capacity of the previously tax exempt property comprising the municipal hospital equals the value of the land only, as determined by the assessor at the time of the transfer.

Subd. 2. [HOUSING DISTRICT.] The governing body of the city of Lakefield may also establish a tax increment financing district that is a housing district as defined in Minnesota Statutes, section 469.174, subdivision 11. The district is subject to Minnesota Statutes, sections 469.174 to 469.179, except that the provisions of Minnesota Statutes, section 273.1399, do not apply.

Subd. 3. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Lakefield with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 27. [CITY OF CROOKSTON; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXCEPTION.] The provisions of Minnesota Statutes, section 273.1399, do not apply to an economic development tax increment financing district in the city of Crookston, if the city establishes the district by July 1, 1996, and the district is used solely to assist a manufacturer of passenger buses to locate a manufacturing facility in the city.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon approval by the governing body of the city of Crookston and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 28. [SWIFT COUNTY; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXCEPTION.] Swift county may establish a redevelopment tax increment financing district in Torning township to facilitate the location of a manufacturing facility in the district. The district is established under and subject to Minnesota Statutes, sections 469.174 to 469.178, except that it is not subject to the provisions of Minnesota Statutes, section 273.1399.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of Swift county with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 29. [CITY OF NORTHFIELD; TAX INCREMENT DISTRICT.]

Subdivision 1. [EXEMPTIONS.] Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the duration of the tax increment districts within development district No. 2 and

development district No. 3 are extended through December 31, 1999. Notwithstanding any limitation in law on use of increments, all additional tax increment generated by the extensions may be used by the Northfield city council to defray, whether directly or through the issuance of bonds or other obligations, the reasonable costs associated with making or financing building renovations and restorations, public improvements, or other property development and redevelopment activities for the benefit of the city's central business district.

Subd. 2. [LOCAL APPROVAL.] This section is effective upon compliance by the governing body of the city of Northfield with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 30. [NORTH ST. PAUL; TAX INCREMENT DISTRICT.]

Subdivision 1. [DURATION EXTENSION.] Notwithstanding Minnesota Statutes, section 469.176, subdivision 4c, the city of North St. Paul may elect to extend the duration of tax increment financing district No. 2-2. The city may extend the duration of the district No. 2-2 until the earlier of: (1) December 31, 2010; or (2) the date when it has collected total increments from the district equal to the city's cleanup and related expenditures for the district, less any reimbursement from private parties for these costs.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of North St. Paul with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 31. [CITIES OF CRYSTAL, FRIDLEY, AND MINNEAPOLIS; HOUSING REPLACEMENT DISTRICTS; DEFINITIONS.]

Subdivision 1. [CAPTURED NET TAX CAPACITY.] "Captured net tax capacity" means the amount by which the current net tax capacity of the improvements to real property in a housing replacement district exceeds the original net tax capacity of improvements to property in the district, including the value of property normally taxable as personal property by reason of its location on or over property owned by a tax-exempt entity. No amount of net tax capacity attributable to land is included in captured net tax capacity.

Subd. 2. [ORIGINAL NET TAX CAPACITY.] "Original net tax capacity" means the tax capacity of all taxable real property within a housing replacement district as certified by the commissioner of revenue for the previous assessment year, provided that the request by the authority for certification of a new housing replacement district has been made to the county auditor by June 30. The original net tax capacity of housing replacement districts for which requests are filed after June 30 has an original net tax capacity based on the current assessment year. In any case, the original net tax capacity must be determined together with subsequent adjustments as set forth in Minnesota Statutes, section 469.177, subdivisions 1 and 4. In determining the original net tax capacity, the net tax capacity of real property exempt from taxation at the time of the request shall be zero, except for real property which is tax exempt by reason of public ownership by the requesting authority and which has been publicly owned for less than one year prior to the date of the request for certification, in which event the net tax capacity of the property shall be the net tax capacity as most recently determined by the commissioner of revenue.

Subd. 3. [PARCEL.] "Parcel" means a tract or plat of land established prior to the certification of the district as a single unit for purposes of assessment.

Subd. 4. [AUTHORITY.] For housing replacement projects in the city of Crystal, "authority" means the Crystal economic development authority. For housing development projects in the city of Fridley, "authority" means the housing and redevelopment authority in and for the city of Fridley or a successor in interest. For housing replacement projects in the city of Minneapolis, "authority" means the Minneapolis community development agency.

Sec. 32. [ESTABLISHMENT OF HOUSING REPLACEMENT DISTRICTS.]

Subdivision 1. [CREATION OF PROJECTS.] (a) An authority may create a housing replacement project under sections 31 to 34, as provided in this section.

(b) For the cities of Crystal and Fridley, the authority may designate up to 50 parcels in the city to be included in a housing replacement district over the life of the district. No more than ten

parcels may be included in the original district, with up to seven additional parcels added to the district in each of the following nine years. For the city of Minneapolis, the authority may designate up to 500 parcels in the city to be included in a housing replacement district over the life of the district.

(c) The city in which the authority is located must pay at least 25 percent of the project costs from its general fund, property tax levy, or other unrestricted money, not including tax increments.

(d) The project must have as its sole object the acquisition of parcels for the purpose of preparing the site to be sold for market rate housing. As used in this section, "market rate housing" means housing that has a market value that does not exceed 150 percent of the average market value of single-family housing in that municipality.

Subd. 2. [HOUSING REPLACEMENT DISTRICT PLAN.] To establish a housing replacement district under sections 31 to 34, an authority shall develop a housing replacement project plan which shall contain:

(1) a statement of the objectives and a description of the projects proposed by the authority for the housing replacement district;

(2) a statement of the housing replacement project plan, demonstrating the coordination of that plan with the city's comprehensive plan;

(3) estimates of the following:

(i) cost of the program, including administrative expenses;

(ii) sources of revenue to finance or otherwise pay public costs;

(iii) the most recent net tax capacity of taxable real property within the housing replacement district; and

(iv) the estimated captured net tax capacity of the housing replacement district at completion;

(4) statements of the authority's alternate estimates of the impact of the housing replacement district on the net tax capacities of all taxing jurisdictions in which the district is located in whole or in part. For purposes of one statement, the municipality shall assume that the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district, and for purposes of the second statement, the county shall assume that none of the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district; and

(5) identification of all parcels to be included in the zone, to the extent known at the time the plan is prepared. At a minimum, the parcels that will be included in the district during its first year must be identified in the original plan. If parcels for subsequent years are not specifically identified, the plan must include the criteria that will be used by the authority to select parcels to be included in the later years.

Subd. 3. [PROCEDURE.] The provisions of Minnesota Statutes, section 469.175, subdivisions 3, 4, 5, and 6, apply to the establishment and operation of the districts created under sections 31 to 34, except as follows:

(1) the determination specified in Minnesota Statutes, section 469.175, subdivision 3, clause (1), is not required; and

(2) addition of parcels not identified in the original plan is not treated as a modification of a plan requiring an approval process provided that the parcels added are consistent with the criteria described in subdivision 2, clause (5).

Sec. 33. [LIMITATIONS.]

Subdivision 1. [DURATION LIMITS.] No tax increment shall be paid to the authority on each parcel in a housing replacement district after 20 years from date of receipt by the county of the first tax increment from that parcel.

Subd. 2. [LIMITATION ON USE OF TAX INCREMENTS.] All revenues derived from tax increments shall be used in accordance with the tax increment financing plan. The revenues shall be used solely to pay the costs of site acquisition, demolition of existing structures, site preparation, and pollution abatement on parcels identified in the plan, as well as public improvements and administrative costs directly related to those parcels.

Sec. 34. [APPLICATION OF OTHER LAWS.]

Subdivision 1. [COMPUTATION OF TAX INCREMENT.] The provisions of Minnesota Statutes, section 469.177, apply to the computation of tax increment for the housing replacement districts created under sections 31 to 34.

Subd. 2. [OTHER PROVISIONS.] References in Minnesota Statutes to tax increment financing districts created and tax increments generated under Minnesota Statutes, sections 469.174 to 469.179, other than references in Minnesota Statutes, section 273.1399, shall include housing replacement districts and tax increments subject to sections 31 to 34, provided that Minnesota Statutes, sections 469.174 to 469.179, apply only to the extent specified in sections 31 to 34.

Sec. 35. [CITY OF FAIRMONT; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXEMPTION.] The provisions of Minnesota Statutes, section 273.1399, does not apply to the economic development tax increment financing district in the city of Fairmont designated "Weigh-tronix."

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Fairmont with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 36. [CITY OF BAYPORT; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXEMPTION.] The economic tax increment financing district for the city of Bayport designated as economic development district No. 2 is not subject to the provisions of Minnesota Statutes, section 273.1399.

Subd. 2. [LOCAL APPROVAL.] This section is effective upon compliance by the governing body of the city of Bayport with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 37. [CITY OF ROSEVILLE; ESTABLISHMENT OF SPECIAL SERVICE DISTRICTS.]

Subdivision 1. [DEFINITIONS.] (a) For the purpose of this section, the terms defined have the meanings given them.

(b) "City" means the city of Roseville.

(c) "Special services" means:

(1) all services rendered or contracted for by the city, including the repair, maintenance, operation, and construction of any improvement authorized by Minnesota Statutes, section 429.021;

(2) maintenance of landscape and streetscape improvements installed by the city; and

(3) any other service provided to the public by the city as authorized by law or charter.

Subd. 2. [ESTABLISHMENT OF DISTRICTS.] The governing body of the city of Roseville may adopt ordinances establishing special service districts. The provisions of Minnesota Statutes, chapter 428A, govern the establishment and operation of special service districts in the city.

Sec. 38. [ROSEVILLE; EXEMPTION FROM LGA/HACA OFFSET.]

The hazardous substance subdistrict (No. 11A) created in tax increment financing district No. 11 in the city of Roseville is exempt from Minnesota Statutes, section 273.1399.

Sec. 39. [ROSEVILLE; COMPUTATION OF TAX INCREMENT.]

Notwithstanding the provisions of Minnesota Statutes, section 469.177, subdivision 3,

paragraph (c), the governing body of the city of Roseville may change its election of a method for computing tax increment for the tax increment financing district number 11 certified on March 26, 1990, and known as the Twin Lakes redevelopment district and for Roseville hazardous substance district number 11A. The governing body may change its election from the computation in Minnesota Statutes, section 469.177, subdivision 3, paragraph (b), to the computation in Minnesota Statutes, section 469.177, subdivision 3, paragraph (a), to the computation in Minnesota Statutes, section 469.177, subdivision 3, paragraph (a).

Sec. 40. [ROSEVILLE; ORIGINAL LOCAL TAX RATE.]

Notwithstanding the provisions of Minnesota Statutes, section 469.177, subdivision 1a, the original local tax rate for Roseville hazardous substance subdistrict number 11A shall be the sum of all the local tax rates that apply to the property in the subdistrict at the time the subdistrict is certified by the county auditor. The resulting tax capacity rate is the original local tax rate for the life of the subdistrict. The original local tax rate shall revert to the original local tax rate of the overlying tax increment district number 11 once the subdistrict is decertified.

Sec. 41. [REPEALER.]

Minnesota Statutes 1994, sections 273.1399; and 469.175, subdivision 7a, are repealed.

Sec. 42. [EFFECTIVE DATE.]

Sections 1 and 41 are effective for districts for which certification is requested after April 30, 1990.

Sections 2 and 3 apply to state grants, state loans, and tax increment financing authorized on or after August 1, 1995.

Section 4 is effective the day following final enactment and applies to all tax increment financing districts, regardless of when the request for certification was made.

Section 5 is effective for taxes payable in 1996, and thereafter, and applies to districts for which certification is requested after the date of final enactment.

Section 7 is effective January 1, 1995.

Sections 10 to 12 are effective the day following final enactment, after the governing body of the city of St. Louis Park complies with Minnesota Statutes, section 645.021, subdivision 3.

Sections 31 to 34 are effective, for the city of Crystal, upon compliance by the Crystal city council with Minnesota Statutes, section 645.021, subdivision 3, and, for the city of Fridley, upon compliance by the Fridley city council with Minnesota Statutes, section 645.021, subdivision 3, and, for the city of Minneapolis, upon compliance by the Minneapolis city council with Minnesota Statutes, section 645.021, subdivision 3.

Sections 37 to 40 are effective the day following final enactment, after the governing body of the city of Roseville complies with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 7

TACONITE TAX

Section 1. Minnesota Statutes 1994, section 298.01, subdivision 4, is amended to read:

Subd. 4. [OCCUPATION TAX; IRON ORE; TACONITE CONCENTRATES.] A person engaged in the business of mining or producing of iron ore or taconite concentrates or direct reduced ore in this state shall pay an occupation tax to the state of Minnesota. The tax is determined in the same manner as the tax imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a), and 290.17, subdivision 4, do not apply. The tax is in addition to all other taxes.

Sec. 2. Minnesota Statutes 1994, section 298.227, is amended to read:

298.227 [TACONITE ECONOMIC DEVELOPMENT FUND.]

An amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, shall be held by the iron range resources and rehabilitation board in a separate taconite economic development fund for each taconite and direct reduced ore producer. Money from the fund for each producer shall be released only on the written authorization of a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The district 33 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. Each producer's joint committee may authorize release of the funds held pursuant to this section only for acquisition of equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology. Funds may be released only upon a majority vote of the representatives of the committee. If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section. Any portion of the fund which is not released by a joint committee within two years of its deposit in the fund shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection trust fund. This section is effective for taxes payable in 1993 and 1994.

Sec. 3. Minnesota Statutes 1994, section 298.24, subdivision 1, is amended to read:

Subdivision 1. (a) For concentrate produced in 1992, 1993, and 1994, and 1995 there is imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of \$2.054 per gross ton of merchantable iron ore concentrate produced therefrom.

(b) For concentrates produced in ~~1995~~ 1996 and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" for the gross national product means the implicit price deflator prepared by the bureau of economic analysis of the United States Department of Commerce.

(c) The tax shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

(d) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of \$2.054 per gross ton of merchantable iron ore concentrate produced shall be imposed.

(e) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

(f)(1) Notwithstanding any other provision of this subdivision, for ~~concentrates produced in 1994 through 1999~~ the first five years of a plant's production of direct reduced ore, the rate of the tax on direct reduced ore is determined under this paragraph. As used in this paragraph, "direct reduced ore" is ore that results in a product that has an iron content of at least 75 percent. The rate to be applied to direct reduced ore is 25 percent of the rate otherwise determined under this subdivision for the first 500,000 of taxable tons for the production year, and 50 percent of the rate otherwise determined for any remainder. If the taxpayer had no production in the two years prior

to the the current production year, the tonnage eligible to be taxed at 25 percent of the rate otherwise determined under this subdivision is the first 166,667 tons. If the taxpayer had some production in the year prior to the current production year but no production in the second prior year, the tonnage eligible to be taxed at 25 percent of the rate otherwise determined under this subdivision is the first 333,333 tons.

(2) Production of direct reduced ore in this state is subject to the tax imposed by this section, but if that production is not produced by a producer of taconite or iron sulfides, the production of taconite or iron sulfides consumed in the production of direct reduced iron in this state is not subject to the tax imposed by this section on taconite or iron sulfides.

Sec. 4. Minnesota Statutes 1994, section 298.25, is amended to read:

298.25 [TAXES ADDITIONAL TO OTHER TAXES.]

The taxes imposed under section 298.24 shall be in addition to the occupation tax imposed upon the business of mining and producing iron ore. Except as herein otherwise provided, such taxes shall be in lieu of all other taxes upon such taconite ~~and~~, iron sulphides, and direct reduced ore or the lands in which they are contained, or upon the mining or quarrying thereof, or the production of concentrate or direct reduced ore therefrom, or upon the concentrate or direct reduced ore produced, or upon the machinery, equipment, tools, supplies and buildings used in such mining, quarrying or production, or upon the lands occupied by, or used in connection with, such mining, quarrying or production facilities. If electric or steam power for the mining, transportation or concentration of such taconite ~~or the~~, concentrates or direct reduced ore produced therefrom is generated in plants principally devoted to the generation of power for such purposes, the plants in which such power is generated and all machinery, equipment, tools, supplies, transmission and distribution lines used in the generation and distribution of such power, shall be considered to be machinery, equipment, tools, supplies and buildings used in the mining, quarrying, or production of taconite ~~and~~, taconite concentrates or direct reduced ore within the meaning of this section. If part of the power generated in such a plant is used for purposes other than the mining or concentration of taconite or direct reduced ore or the transportation or loading of taconite ~~or~~, the concentrates thereof or direct reduced ore, a proportionate share of the value of such generating facilities, equal to the proportion that the power used for such other purpose bears to the generating capacity of the plant, shall be subject to the general property tax in the same manner as other property; provided, power generated in such a plant and exchanged for an equivalent amount of power which is used for the mining, transportation, or concentration of such taconite ~~or~~, concentrates or direct reduced ore produced therefrom, shall be considered as used for such purposes within the meaning of this section. Nothing herein shall prevent the assessment and taxation of the surface of reserve land containing taconite and not occupied by such facilities or used in connection therewith at the value thereof without regard to the taconite or iron sulphides therein, nor the assessment and taxation of merchantable iron ore or other minerals, or iron-bearing materials other than taconite or iron sulphides in such lands in the manner provided by law, nor the assessment and taxation of facilities used in producing sulphur or sulphur products from iron sulphide concentrates, or in refining such sulphur products, under the general property tax laws. Nothing herein shall except from general taxation or from taxation as provided by other laws any property used for residential or townsite purposes, including utility services thereto.

Sec. 5. Minnesota Statutes 1994, section 298.28, subdivision 9a, is amended to read:

Subd. 9a. [TACONITE ECONOMIC DEVELOPMENT FUND.] (a) ~~10.4 cents per ton for distributions in 1993 and~~ 15.4 cents per ton for distributions in 1994, and 1995, and 11.3 cents per ton for distributions in 1996 shall be paid to the taconite economic development fund. No distribution shall be made under this paragraph in any year in which total industry production falls below 30 million tons.

(b) An amount equal to 50 percent of the tax under section 298.24 for concentrate sold in the form of pellet chips and fines not exceeding 5/16 inch in size and not including crushed pellets shall be paid to the taconite economic development fund. The amount paid shall not exceed \$700,000 annually for all companies. If the initial amount to be paid to the fund exceeds this amount, each company's payment shall be prorated so the total does not exceed \$700,000.

Sec. 6. Minnesota Statutes 1994, section 298.296, subdivision 4, is amended to read:

Subd. 4. [TEMPORARY LOAN AUTHORITY.] The board may recommend that up to \$10,000,000 from the corpus of the trust may be used for loans as provided in this subdivision. The money would be available for loans for construction and equipping of facilities constituting (1) a value added iron products plant, which may be either a new plant or a facility incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine or minerals processing plant for any mineral subject to the net proceeds tax imposed under section 298.015. A loan under this subdivision may not exceed \$5,000,000 for any facility. The authority to make loans under this subdivision terminates December 31, ~~1995~~ 1997.

Sec. 7. [EFFECTIVE DATE.]

This article is effective for production years beginning after December 31, 1994.

ARTICLE 8

JUDGMENT BONDS

Section 1. [16A.67] [JUDGMENT BONDS.]

Subdivision 1. [AUTHORIZATION.] The commissioner of finance, upon request of the governor, is authorized to sell and issue state bonds to fund the judgment rendered against the state by the Minnesota supreme court in Cambridge State Bank et al. v. James, 514 N.W. 2d 565, on April 1, 1994, and interest accrued thereon to fund any bond reserve determined to be necessary, and to pay costs of issuance of the bonds. The proceeds of the bonds are appropriated for these purposes. The principal amount of the bonds shall not exceed \$400,000,000. The bonds shall be sold and issued upon such terms and in such manner as the commissioner shall determine to be in the best interests of the state. The final maturity of the bonds shall be not later than June 30, 2005.

Subd. 2. [SECURITY; BONDS NOT PUBLIC DEBT.] The bonds and the interest thereon shall be payable solely from and secured by the revenues appropriated to the debt service fund established for this purpose in subdivision 3 and investment income thereon, and any bond reserve established for the bonds. The bonds are not public debt, and the full faith, credit, and taxing powers of the state are not pledged for their payment. The bonds and the interest thereon shall not be paid, directly or indirectly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege.

Subd. 3. [DEBT SERVICE FUND.] There is established in the state treasury a separate and special debt service fund. There shall be credited to the fund net proceeds of the lottery in accordance with section 349A.10, subdivision 5, money received for payment or reimbursement of health care costs in accordance with section 246.18, subdivision 7, and investment income thereon. Money appropriated to the fund and investment income thereon on hand or required to be credited to the fund shall be used and are irrevocably appropriated for the payment of the principal of and interest on the bonds when due.

Subd. 4. [COVENANTS; AGREEMENTS.] The commissioner may, for and on behalf of the state, enter into such covenants and agreements not inconsistent with subdivisions 1 to 3 and sections 246.18, subdivisions 4 and 6; and 349A.10, subdivision 5, as may be necessary or desirable to facilitate the sale and issuance of the bonds on terms favorable to the state, including, but not limited to, covenants and agreements relating to the payment of and security for the bonds, tax-exemption, and disclosure of information required by federal and state securities laws. Such covenants may include covenants to continue to operate the state lottery and to continue to seek payment by and reimbursement from nonstate sources of health care costs so long as any bonds issued pursuant to this section are outstanding. The provisions of sections 16A.672 and 16A.675 are applicable to the bonds.

Subd. 5. [LIMITATION ON USE OF GENERAL FUND.] The amount of the refund, including accrued interest, to be paid on the judgment in fiscal year 1996 from the general fund not including the proceeds of these bonds shall not exceed \$66,000,000.

Sec. 2. Minnesota Statutes 1994, section 246.18, subdivision 4, is amended to read:

Subd. 4. [COLLECTIONS DEPOSITED IN THE GENERAL FUND.] Except as provided in

subdivisions ~~2~~ and 5, 6, and 7, all receipts from collection efforts for the regional treatment centers, state nursing homes, and other state facilities as defined in section 246.50, subdivision 3, must be deposited in the general fund. The commissioner shall ensure that the departmental financial reporting systems and internal accounting procedures comply with federal standards for reimbursement for program and administrative expenditures and fulfill the purpose of this paragraph.

Sec. 3. Minnesota Statutes 1994, section 246.18, is amended by adding a subdivision to read:

Subd. 6. [COLLECTIONS DEDICATED.] Except for state-operated programs and services funded through a direct appropriation from the legislature, money received within the regional treatment center system for the following state-operated services is dedicated to the commissioner for the provision of those services:

- (1) community-based residential and day training and habilitation services for mentally retarded persons;
- (2) community health clinic services;
- (3) accredited hospital outpatient department services;
- (4) certified rehabilitation agency and rehabilitation hospital services; or
- (5) community-based transitional support services for adults with serious and persistent mental illness.

This money must be deposited in the state treasury in a revolving account and money in the revolving account is appropriated to the commissioner to operate the services authorized. Any unexpended balances do not cancel but are available until spent.

Sec. 4. Minnesota Statutes 1994, section 246.18, is amended by adding a subdivision to read:

Subd. 7. [USE OF CERTAIN REIMBURSEMENT FUNDS.] Except as provided in subdivisions 2, 5, and 6, and unless otherwise required by federal law, during any period in which bonds are issued and outstanding under section 16A.67, all money received from the federal government or other nonstate source for payment or reimbursement of health care costs incurred at regional treatment centers, state nursing homes, and other state facilities as defined in section 246.50, subdivision 3, must be credited to a separate and special fund in the state treasury. Money credited to the special fund must be credited to the debt service fund established in section 16A.67 at the times and in the amounts determined by order of the commissioner of finance to be necessary to provide for the payment and security of bonds issued pursuant to section 16A.67. On or after the tenth day of each month, any money in the special fund not required to be credited to the debt service fund must be credited to the general fund.

Sec. 5. Minnesota Statutes 1994, section 349A.10, subdivision 5, is amended to read:

Subd. 5. [DEPOSIT OF NET PROCEEDS.] Within 30 days after the end of each month, the director shall deposit in the state treasury the net proceeds of the lottery, which is the balance in the lottery fund after transfers to the lottery prize fund and credits to the lottery operations account. Of the net proceeds, (1) 40 percent must be credited to the Minnesota environment and natural resources trust fund, (2) an amount determined by order of the commissioner of finance to be necessary to provide for the payment and security of bonds issued pursuant to section 16A.67 must be credited to the debt service fund established in section 16A.67, and (3) the remainder must be credited to the general fund.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 5 are effective the day following final enactment.

ARTICLE 9

BUDGET RESERVE

Section 1. Minnesota Statutes 1994, section 16A.152, subdivision 1, is amended to read:

Subdivision 1. [BUDGET RESERVE AND CASH FLOW ACCOUNT ESTABLISHED.] (a) A budget reserve and cash flow account is created in the general fund in the state treasury. The commissioner of finance shall restrict part or all of the balance before reserves in the general fund as may be necessary to fund the budget reserve and cash flow account as provided by law from time to time.

(b) The commissioner of finance shall transfer the amount necessary to bring the total amount of the budget reserve and cash flow account, including any existing balance in the account on ~~June 30, 1993~~ July 1, 1995, to ~~\$360,000,000~~ \$350,000,000. The amounts restricted shall remain in the account until drawn down under subdivision 1 or increased under subdivision 2.

ARTICLE 10

MISCELLANEOUS

Section 1. Minnesota Statutes 1994, section 270A.08, subdivision 1, is amended to read:

Subdivision 1. [NOTICE TO DEBTOR.] Not later than five days after the claimant agency has sent notification to the department pursuant to section 270A.07, subdivision 1, the claimant agency shall send a written notification to the debtor asserting the right of the claimant agency to the refund or any part thereof. If the debt, other than a debt based on child support under section 518.17 or medical support under section 518.171, is not satisfied by the debtor or decertified by the claimant agency, the claimant agency shall provide written notification to the debtor on an annual basis. If the notice is returned to the claimant agency as undeliverable, or the claimant agency has reason to believe the debtor did not receive the notice, the claimant agency shall obtain the current address of the debtor from the commissioner and resend the corrected notice.

Sec. 2. [410.325] [TAX ANTICIPATION CERTIFICATES.]

Notwithstanding a contrary provision of other law or charter, a home rule charter city may issue tax anticipation certificates in the manner and subject to the limitations applicable to statutory cities under section 412.261. The certificates may also be issued in anticipation of federal and state aids, but the total amount of certificates issued against any fund for any year with interest on them must not exceed any limits in the charter relating to the total of the anticipated tax levy and the anticipated state aids for any fund not yet collected or received.

Sec. 3. Minnesota Statutes 1994, section 465.798, is amended to read:

465.798 [SERVICE BUDGET MANAGEMENT MODEL GRANTS.]

One or more local units of governments, an association of local governments, the metropolitan council, a local unit of government acting in conjunction with an organization or a state agency, or an organization established by two or more local units of government under a joint powers agreement may apply to the board of government innovation and management for a grant to be used to develop models for innovative service budget management. The application to the board must state what other sources of funding have been considered by the local units of government to implement the project and explain why it is not possible to complete the project without assistance from the board. The board may not award a grant if it determines that the local units of government could complete the project without board assistance. A copy of the application must be provided by the units to the exclusive representatives certified under section 179A.12 to represent employees who provide the service or program affected by the application.

Proposed models may provide options to local governments, neighborhood or community organizations, or individuals for managing budgets for service delivery. A copy of the work product for which the grant was provided must be furnished to the board upon completion, and the board may disseminate it to other local units of government or interested groups. If the board finds that the model was not completed or implemented according to the terms of the grant agreement, it may require the grantee to repay all or a portion of the grant. The board shall award grants on the basis of each qualified applicant's score under the scoring system in section 465.802. The amount of a grant under this section may not exceed \$50,000.

Sec. 4. Minnesota Statutes 1994, section 465.799, is amended to read:

465.799 [COOPERATION PLANNING GRANTS.]

Two or more local government units; an association of local governments; a local unit of government acting in conjunction with the metropolitan council, an organization, or a state agency; or an organization formed by two or more local units of government under a joint powers agreement may apply to the board of government innovation and cooperation for a grant to be used to develop a plan for intergovernmental cooperation in providing services. The application to the board must state what other sources of funding have been considered by the local units of government to implement the project and explain why it is not possible to complete the project without assistance from the board. The board may not award a grant if it determines that the local units of government could complete the project without board assistance. A copy of the application must be submitted by the applicants to the exclusive representatives certified under section 179A.12 to represent employees who provide the service or program affected by the application.

The plan may include model contracts or agreements to be used to implement the plan. A copy of the work product for which the grant was provided must be furnished to the board upon completion, and the board may disseminate it to other local units of government or interested groups. If the board finds that the grantee has failed to implement the plan according to the terms of the agreement, it may require the grantee to repay all or a portion of the grant. The board shall award grants on the basis of each qualified applicant's score under the scoring system in section 465.802. The amount of a grant under this section may not exceed \$50,000.

Sec. 5. Minnesota Statutes 1994, section 465.801, is amended to read:

465.801 [SERVICE SHARING GRANTS.]

Two or more local units of government; an association of local governments; a local unit of government acting in conjunction with the metropolitan council, an organization, or a state agency; or an organization established by two or more local units of government under a joint powers agreement may apply to the board of government innovation and cooperation for a grant to be used to meet the start-up costs of providing shared services or functions. Agreements solely to make joint purchases are not sufficient to qualify under this section. The application to the board must state what other sources of funding have been considered by the local units of government to implement the project and explain why it is not possible to complete the project without assistance from the board. The board may not award a grant if it determines that the local units of government could complete the project without board assistance. A copy of the application must be provided by the applicants to the exclusive representatives certified under section 179A.12 to represent employees who provide the service or program affected by the application.

The proposal must include plans fully to integrate a service or function provided by two or more local government units. A copy of the work product for which the grant was provided must be furnished to the board upon completion, and the board may disseminate it to other local units of government or interested groups. If the board finds that the grantee has failed to implement the plan according to the terms of the agreement, it may require the grantee to repay all or a portion of the grant. The board shall award grants on the basis of each qualified applicant's score under the scoring system in section 465.802. The amount of a grant under this section may not exceed \$100,000.

Sec. 6. Minnesota Statutes 1994, section 465.81, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] Sections 465.81 to 465.87 establish procedures to be used by counties, cities, or towns that adopt by resolution an agreement providing a plan to provide combined services during an initial ~~two-year~~ cooperation period that may not exceed two years and then to merge into a single unit of government over the succeeding two-year period.

Sec. 7. Minnesota Statutes 1994, section 465.82, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF PLAN.] The plan ~~shall~~ must state:

(1) the specific cooperative activities the units will engage in during the first two years of the venture;

(2) the steps to be taken to effect the merger of the governmental units, ~~beginning in the third year of the process,~~ with completion no later than four years after the process begins;

(3) the steps by which a single governing body will be created. ~~Notwithstanding any other law to the contrary, all current members of the governing bodies of the local government units that propose to combine under sections 465.81 to 465.87 may serve on the initial governing body of the combined unit, until a gradual reduction in membership is achieved by foregoing election of new members when terms expire until the number permitted by other law is reached;~~

(4) changes in services provided, facilities used, administrative operations and staffing to effect the preliminary cooperative activities and the final merger and a two-, five-, and ten-year projection of expenditures for each unit if it combined and if it remained separate;

(5) treatment of employees of the merging governmental units, specifically including provisions for reassigning employees, dealing with unions, and providing financial incentives to encourage early retirements;

(6) financial arrangements for the merger, specifically including responsibility for debt service on outstanding obligations of the merging entities;

(7) ~~two-, five-, and ten-year projections prepared by the department of revenue at the request of the local government unit, of revenues, expenditures, and property taxes for each unit if it combined and if it remained separate; one- and two-year impact analysis, prepared by the granting state agency at the request of the local government unit, of major state aid revenues received for each unit if it combined and if it remained separate. This would also include an impact analysis, prepared by the department of revenue, of property tax revenue implications, if any, associated with tax increment financing districts and fiscal disparities resulting from the merger;~~

(8) procedures for a referendum to be held ~~prior to the year of~~ before the proposed combination to approve combining the local government units, specifically stating whether a majority of those voting in each district proposed for combination or a majority of those voting on the question in the entire area proposed for combination would be needed to pass the referendum; and

(9) a time schedule for implementation.

Notwithstanding clause (3) or any other law to the contrary, all current members of the governing bodies of the local governmental units that propose to combine under sections 465.81 to 465.87 may serve on the initial governing body of the combined unit until a gradual reduction in membership is achieved by foregoing election of new members when terms expire until the number permitted by other law is reached.

Sec. 8. Minnesota Statutes 1994, section 465.84, is amended to read:

465.84 [REFERENDUM.]

During the first or second year of cooperation, and after approval of the plan by the ~~department board~~ under section 465.83, a referendum on the question of combination ~~shall~~ must be conducted. The referendum ~~shall~~ must be on a date called by the governing bodies of the units that propose to combine. The referendum ~~shall~~ must be conducted 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 year. If the referendum fails again, the same question may not be submitted. Referendums shall be conducted on the same date in all local government units.

Sec. 9. Minnesota Statutes 1994, section 465.85, is amended to read:

465.85 [COUNTY AUDITOR TO PREPARE PLAT.]

Upon the request of two or more local government units that have adopted a resolution to cooperate and combine, the county auditor shall prepare a plat. If the proposed combined local government unit is located in more than one county, the request ~~shall~~ must be submitted to the county auditor of the county that has the greatest land area in the proposed district. The plat must show:

- (1) the boundaries of each of the present units;
- (2) the boundaries of the proposed unit;
- (3) the boundaries of proposed election districts, if requested; and
- (4) other information deemed pertinent by the governing bodies or the county auditor.

Sec. 10. Minnesota Statutes 1994, section 465.87, is amended to read:

465.87 [AIDS TO COOPERATING AND COMBINING UNITS.]

Subdivision 1. [ELIGIBILITY.] A local government unit is eligible to apply for aid under this section if the board has approved its plan to cooperate and combine under section 465.83.

Subd. 1a. [ADDITIONAL ELIGIBILITY.] A local government unit is eligible to apply for aid under this section if it has combined with another unit of government in accordance with any process within chapter 414 that results in the elimination of at least one local government unit and a copy of the municipal board's order combining the two units of government is forwarded to the board. If two units of government cooperate in the orderly annexation of the entire area of a third unit of government that has a population of at least 8,000, the two units of government are each eligible for the amount of aid specified in subdivision 2.

Subd. 1b. [APPLICATION PROCEDURES.] A local government unit covered by subdivision 1 may submit an application to the board along with the final plan for cooperation and combination required by section 465.83. A local government unit covered by subdivision 1a may submit an application to the board after the issuance of the municipal board's order combining the two units of government. The application must be on a form prescribed by the board and must specify the total amount of aid requested up to the maximum authorized by subdivision 2. The application must also include a detailed explanation of the need for the aid and provide a budget indicating how the requested aid would be used.

Subd. 1c. [AID AWARD.] The board may grant or deny an application for aid made by a local government under subdivision 1b. The board may also grant aid to an applicant in an amount that is less than the amount requested by the applicant. The board shall base its decision on the following criteria:

- (1) whether the local government unit has adequately demonstrated that the requested aid is essential to accomplishing the proposed combination;
- (2) whether the activities to be funded by the requested aid are directly related to the combination;
- (3) whether other sources of funding for the activities identified in the application, including short-term cost savings, are available to the applicant as a direct result of the combination; and
- (4) whether there are competing needs for the funding available to the board that would provide a greater public benefit than would be realized by the combination or activities described in the application.

The board may award money to an applicant for a period not to exceed four years. Any funding awarded for a period beyond the biennium in which an award is made, however, is contingent on future appropriations to the board.

Subd. 2. [AMOUNT OF AID.] The annual amount of aid to be paid to each eligible local government unit is ~~equal to~~ may not exceed the following per capita amounts, based on the combined population of the units, ~~not to exceed \$100,000 per year for any unit as estimated by the state demographer, or \$100,000, whichever is less.~~

Combined Population after Combination	Aid Per Capita
0 - 2,500	\$25
2,500 - 5,000	20

5,000 - 20,000	15
over 20,000	10

Payments ~~shall~~ must be made on the dates provided for payments of local government aid under section 477A.013, beginning in the year during which a combination in any form is expected to be ordered by the municipal board as evidenced in resolutions adopted by July 1 by the affected local government units declaring their intent to combine, or during which substantial cooperative activities under the plan initially occur, unless those activities begin after July 1, in which case the initial aid payment ~~shall~~ must be made in the following calendar year. Payments to a local government unit that qualifies for aid pursuant to subdivision 1a must be made on the dates provided for payments of local government aids under section 477A.013, beginning in the calendar year during which a combination in any form is expected to be ordered by the Minnesota municipal board as evidenced in a resolution adopted by July 1 by the affected local government units declaring their intent to combine. The resolutions must certify that the combination agreement addressing all issues relative to the combination is substantially complete. The total amount of aid paid may not exceed the amount appropriated to the board for purposes of this section.

Subd. 3. [TERMINATION OF AID; RECAPTURE.] If a second referendum under section 465.84 fails, or if an initial referendum fails and the governing body does not schedule a second referendum within one year after the first has failed, or if one or more of the local government units that proposed to combine terminates its participation in the cooperation or combination, no additional aid ~~will~~ may be paid under this section. The amount previously paid under this section to a unit must be repaid if the governing body of the unit acts to terminate its current level of participation in the plan. The amount previously paid to the unit must be repaid in annual installments equal to the total amount paid to the unit for all years under ~~subdivision~~ subdivisions 1c and 2, divided by the number of years when payments were made.

Sec. 11. [465.88] [CONSOLIDATION STUDY GRANTS.]

A local unit of government with a population no greater than 2,500 involved in a consolidation proceeding initiated by the municipal board on its own motion under section 414.041, subdivision 1, may apply to the board for a grant under this section. The grant may not exceed \$20,000. A grant under this section must be used to cover costs associated with the consolidation proceeding.

Sec. 12. [APPROPRIATION.]

\$3,000,000 is appropriated from the general fund to the board of government innovation and cooperation, \$1,500,000 to be available for the fiscal year ending June 30, 1996, and \$1,500,000 to be available for the fiscal year ending June 30, 1997. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 13. [EFFECTIVE DATE.]

Section 2 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to taxation; adopting federal income tax law changes; modifying certain sales and excise tax rates, bases, and exemptions; modifying provisions relating to local excise taxes; restricting property tax levies; modifying certain duties imposed on local units of government and the department of revenue; modifying property tax exemption, valuation, and classification provisions; adjusting certain state aid distribution provisions; providing for deduction of property tax refunds from property taxes; authorizing certain exceptions to tax increment financing provisions; providing for establishment of special service districts; authorizing issuance of bonds and tax anticipation certificates; modifying certain taconite occupation and production provisions; adjusting the amount of the budget reserve; modifying the duties of the board of government innovation and cooperation; appropriating money; amending Minnesota Statutes 1994, sections 6.745, subdivision 1; 16A.152, subdivision 1; 116J.556; 134.34, subdivision 4a; 216B.16, by adding a subdivision; 216C.01, subdivisions 1a and 1b; 246.18, subdivision 4, and by adding subdivisions; 254B.02, subdivision 3; 256H.09, subdivision 3; 270A.03, subdivision 7; 270A.08, subdivision 1; 270B.12, by adding subdivisions; 272.02,

subdivision 1; 273.11, subdivision 16; 273.124, subdivisions 1, and 13; 273.13, subdivisions 24 and 25; 273.1398, subdivision 1; 273.1399, subdivision 6, and by adding a subdivision; 273.37, by adding a subdivision; 274.01, subdivision 1; 275.065, subdivision 3; 276.04, subdivision 2; 276.09; 276.111; 276.131; 279.01, subdivision 1, and by adding a subdivision; 279.09; 279.10; 281.23, subdivision 3; 289A.60, subdivision 12; 290.01, subdivision 19; 290A.03, subdivision 13; 290A.04, subdivision 2h; 290A.07; 290A.15; 290A.18; 296.01, subdivisions 30, 34, and by adding subdivisions; 296.02, subdivisions 1, 1a, and 1b; 296.025, subdivisions 1, 1a, and by adding a subdivision; 296.0261, by adding a subdivision; 297A.01, subdivision 3, and by adding a subdivision; 297A.135, subdivision 1; 297A.15, by adding a subdivision; 297A.25, subdivisions 9, 11 and 59; 297A.45; 298.01, subdivision 4; 298.227; 298.24, subdivision 1; 298.25; 298.28, subdivision 9a; 298.296, subdivision 4; 349A.10, subdivision 5; 375.169; 375.83; 465.798; 465.799; 465.801; 465.81, subdivision 1; 465.82, subdivision 2; 465.84; 465.85; 465.87; 469.169, subdivision 9, and by adding a subdivision; 471.6965; 477A.011, subdivision 36; proposing coding for new law in Minnesota Statutes, chapters 13; 16A; 270; 276; 290A; 297A; 410; 465; 473; repealing Minnesota Statutes 1994, sections 124.01; 124.05; 124.06; 124.07; 124.76; 124.82; 124.829; 124.83; 124.84; 124.85; 124.86; 124.90; 124.91; 124.912; 124.914; 124.916; 124.918; 124.95; 124.961; 124.962; 124.97; 124A.02, subdivisions 16, 23, and 24; 124A.03, subdivisions 1b, 1c, 1d, 1e, 1f, 1g, 1h, and 1i; 124A.0311; 124A.032; 124A.04; 124A.22, subdivisions 1, 2, 3, 4, 4a, 4b, 6, 6a, 8, and 9; 124A.23; 124A.24; 124A.26, subdivisions 1, 2, and 3; 124A.27; 124A.28; 124A.29, subdivision 2; 245.48; 256H.12, subdivision 3; 273.13; 273.135; 273.136; 273.1391; 273.1399; 296.0261, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, and 9; 297A.136; 469.175, subdivision 7a; 473F.001; 473F.01; 473F.02; 473F.03; 473F.05; 473F.06; 473F.07; 473F.08; 473F.09; 473F.10; 473F.11; 473F.13; 477A.011; 477A.012; 477A.0121; 477A.0122; 477A.013; 477A.0132; 477A.014; 477A.015; 477A.016; 477A.017; 477A.03; 477A.11; 477A.12; 477A.13; 477A.14; 477A.15; Laws 1986, chapter 400, section 44; Laws 1991, chapters 265, article 7, section 35; and 291, article 8, section 1; Laws 1992, chapter 511, article 2, sections 45, by adding a subdivision; and 46, subdivision 7, and by adding a subdivision."

And when so amended the bill do pass. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 425, 803, 164, 1407, 1444, 243, 1536 and 1123 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 528, 1457, 1048, 697, 853, 377, 1641, 1320, 1602, 1442, 1460 and 1402 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Betzold moved that S.F. No. 425, on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

Mr. Betzold moved that H.F. No. 1037 be withdrawn from the Committee on Rules and Administration and re-referred to the Committee on Finance. The motion prevailed.

Mr. Pogemiller moved that S.F. No. 803, on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate take up the Consent Calendar. The motion prevailed.

CONSENT CALENDAR

H.F. No. 1091: A bill for an act relating to commerce; regulating sales by transient merchants; prohibiting the sale of certain items by certain merchants; prescribing penalties; amending Minnesota Statutes 1994, sections 329.099; and 329.14; proposing coding for new law in Minnesota Statutes, chapter 329.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Murphy	Robertson
Beckman	Frederickson	Krentz	Neuville	Runbeck
Belanger	Hanson	Laidig	Novak	Sams
Berg	Hottinger	Langseth	Oliver	Samuelson
Berglin	Janezich	Larson	Olson	Scheevel
Bertram	Johnson, D.E.	Lesewski	Ourada	Solon
Betzold	Johnson, D.J.	Lessard	Pappas	Spear
Chandler	Johnson, J.B.	Limmer	Pariseau	Stevens
Chmielewski	Johnston	Marty	Piper	Terwilliger
Cohen	Kelly	Merriam	Pogemiller	Vickerman
Day	Kiscaden	Metzen	Price	Wiener
Dille	Kleis	Moe, R.D.	Ranum	
Finn	Knutson	Morse	Riveness	

So the bill passed and its title was agreed to.

H.F. No. 1307: A bill for an act relating to game and fish; identification required on ice fishing shelters; amending Minnesota Statutes 1994, section 97C.355, subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Murphy	Riveness
Beckman	Frederickson	Krentz	Neuville	Robertson
Belanger	Hanson	Laidig	Novak	Runbeck
Berg	Hottinger	Langseth	Oliver	Sams
Berglin	Janezich	Larson	Olson	Samuelson
Bertram	Johnson, D.E.	Lesewski	Ourada	Scheevel
Betzold	Johnson, D.J.	Lessard	Pappas	Solon
Chandler	Johnson, J.B.	Limmer	Pariseau	Spear
Chmielewski	Johnston	Marty	Piper	Stevens
Cohen	Kelly	Merriam	Pogemiller	Terwilliger
Day	Kiscaden	Metzen	Price	Vickerman
Dille	Kleis	Moe, R.D.	Ranum	Wiener
Finn	Knutson	Morse	Reichgott Junge	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

SUSPENSION OF RULES

Mr. Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to S.F. No. 1536 and that the rules of the Senate

be so far suspended as to give S.F. No. 1536, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

S.F. No. 1536: A bill for an act relating to the organization and operation of state government; appropriating money for the department of transportation and other agencies with certain conditions.

Ms. Ranum moved to amend S.F. No. 1536 as follows:

Page 8, line 45, delete from ", and" through page 8, line 47, to "entity" and insert ". The commissioner of transportation must obtain prior approval for the project from the metropolitan council. The metropolitan council must hold a public hearing on the project as proposed by the commissioner of transportation before granting its approval"

CALL OF THE SENATE

Ms. Ranum imposed a call of the Senate for the balance of the proceedings on S.F. No. 1536. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 41 and nays 20, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Langseth	Pappas	Samuelson
Beckman	Finn	Lessard	Piper	Spear
Berg	Flynn	Marty	Pogemiller	Terwilliger
Berglin	Hottinger	Merriam	Price	Vickerman
Bertram	Janezich	Metzen	Ranum	Wiener
Betzold	Johnson, J.B.	Mondale	Reichgott Junge	
Chandler	Kelly	Morse	Riveness	
Chmielewski	Krentz	Novak	Robertson	
Cohen	Laidig	Ourada	Sams	

Those who voted in the negative were:

Belanger	Johnson, D.E.	Knutson	Limmer	Pariseau
Day	Johnston	Kramer	Murphy	Runbeck
Frederickson	Kiscaden	Larson	Neuville	Scheevel
Hanson	Kleis	Lesewski	Oliver	Stevens

The motion prevailed. So the amendment was adopted.

Mr. Stevens moved to amend S.F. No. 1536 as follows:

Page 13, after line 17, insert:

"Sec. 9. EVALUATION OF USE OF COST-EFFECTIVE MEASURES

The legislative audit commission is requested to direct the legislative auditor to perform an evaluation of the cost-effectiveness of specifications, standards, practices, and procedures relating to construction projects undertaken by the department of transportation. The evaluation must identify those construction-related specifications, standards, practices, and procedures which are cost-effective and available to the department, but which are not utilized."

The motion prevailed. So the amendment was adopted.

S.F. No. 1536 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 49 and nays 17, as follows:

Those who voted in the affirmative were:

Beckman	Hanson	Kramer	Morse	Runbeck
Belanger	Hottinger	Krentz	Murphy	Sams
Berg	Janezich	Kroening	Neuville	Samuelson
Bertram	Johnson, D.E.	Laidig	Oliver	Scheevel
Chmielewski	Johnson, D.J.	Langseth	Olson	Solon
Day	Johnson, J.B.	Larson	Ourada	Stevens
Dille	Johnston	Lesewski	Pariseau	Terwilliger
Finn	Kiscaden	Lessard	Piper	Vickerman
Flynn	Kleis	Limmer	Reichgott Junge	Wiener
Frederickson	Knutson	Moe, R.D.	Riveness	

Those who voted in the negative were:

Anderson	Cohen	Metzen	Pogemiller	Spear
Berglin	Kelly	Mondale	Price	
Betzold	Marty	Novak	Ranum	
Chandler	Merriam	Pappas	Robertson	

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

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 602 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 602: A bill for an act relating to taxation; making tax policy, collection, and administrative changes; imposing penalties; amending Minnesota Statutes 1994, sections 60A.15, subdivision 12; 60A.199, subdivisions 8 and 10; 270.72, subdivisions 1, 2, and 3; 273.124, subdivisions 3 and 6; 274.14; 289A.18, subdivision 2; 289A.20, subdivision 2; 289A.38, subdivision 7; 289A.40, subdivision 1; 289A.43; 289A.55, subdivision 7; 289A.60, subdivisions 2, 12, and by adding a subdivision; 290.01, subdivision 7b; 290.015, subdivision 1; 290.191, subdivisions 1, 5, and 6; 290.92, subdivisions 1 and 23; 290.9201, subdivision 3; 294.09, subdivisions 1 and 4; 295.53, subdivision 2; 296.12, subdivisions 3, 4, and 11; 296.141, subdivisions 1, 2, and 6; 296.17, subdivisions 1, 3, 5, and 11; 296.18, subdivisions 1, 2, and 5; 297.08, subdivisions 1 and 3; 297.35, subdivision 1; 297.43, subdivision 2; 297C.02, subdivision 2; 297C.07; 297C.14, subdivision 2; 297E.11, subdivision 4; 297E.12, subdivision 2; 299F.26, subdivisions 1 and 4; proposing coding for new law in Minnesota Statutes, chapters 270; 296; and 340A; repealing Minnesota Statutes 1994, sections 270.70, subdivisions 8, 9, and 10; 297A.212; and 297A.38.

Mr. Johnson, D.J. moved to amend H.F. No. 602, as amended pursuant to Rule 49, adopted by the Senate March 20, 1995, as follows:

(The text of the amended House File is identical to S.F. No. 513.)

Page 1, after line 31, insert:

"ARTICLE 1 FEDERAL UPDATE

Section 1. Minnesota Statutes 1994, section 290.01, subdivision 19, is amended to read:
Subd. 19. [NET INCOME.] The term "net income" means the federal taxable income, as

defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(h) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply; and

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code.

The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

The net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal Revenue Code.

The Internal Revenue Code of 1986, as amended through December 31, 1986, shall be in effect for taxable years beginning after December 31, 1986. The provisions of sections 10104, 10202, 10203, 10204, 10206, 10212, 10221, 10222, 10223, 10226, 10227, 10228, 10611, 10631, 10632, and 10711 of the Omnibus Budget Reconciliation Act of 1987, Public Law Number 100-203, the provisions of sections 1001, 1002, 1003, 1004, 1005, 1006, 1008, 1009, 1010, 1011, 1011A, 1011B, 1012, 1013, 1014, 1015, 1018, 2004, 3041, 4009, 6007, 6026, 6032, 6137, 6277, and 6282 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, and the provisions of sections 7811, 7816, and 7831 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, shall be effective at the time they become effective for federal income tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1987, shall be in effect for taxable years beginning after December 31, 1987. The provisions of sections 4001, 4002, 4011, 5021, 5041, 5053, 5075, 6003, 6008, 6011, 6030, 6031, 6033, 6057, 6064, 6066, 6079, 6130, 6176, 6180, 6182, 6280, and 6281 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, the provisions of sections 7815 and 7821 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, and the provisions of section 11702 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1988, shall be in effect for taxable years beginning after December 31, 1988. The provisions of sections 7101, 7102, 7104, 7105, 7201, 7202, 7203, 7204, 7205, 7206, 7207, 7210, 7211, 7301, 7302, 7303, 7304, 7601, 7621, 7622, 7641, 7642, 7645, 7647, 7651, and 7652 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, the provision of section 1401 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Public Law Number 101-73, and the provisions of sections 11701 and 11703 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1989, shall be in effect for taxable years beginning after December 31, 1989. The provisions of sections 11321, 11322, 11324, 11325, 11403, 11404, 11410, and 11521 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, and the provisions of sections 13224 and 13261 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1990, shall be in effect for taxable years beginning after December 31, 1990.

The provisions of section 13431 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they became effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1991, shall be in effect for taxable years beginning after December 31, 1991.

The provisions of sections 1936 and 1937 of the Comprehensive National Energy Policy Act of 1992, Public Law Number 102-486, and the provisions of sections 13101, 13114, 13122, 13141, 13150, 13151, 13174, 13239, 13301, and 13442 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1992, shall be in effect for taxable years beginning after December 31, 1992.

The provisions of sections 13116, 13121, 13206, 13210, 13222, 13223, 13231, 13232, 13233, 13239, 13262, and 13321 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1993, shall be in effect for taxable years beginning after December 31, 1993.

The provision of section 741 of Legislation to Implement Uruguay Round of General Agreement on Tariffs and Trade, Public Law Number 103-465, and the provisions of sections 1, 2, and 3, of the Self-Employed Health Insurance Act of 1995, Public Law Number 104-... shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1994, shall be in effect for taxable years beginning after December 31, 1994.

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19a to 19g mean the code in effect for purposes of determining net income for the applicable year.

Sec. 2. [FEDERAL CHANGES.]

The changes made by sections 721, 722, 723, and 744 of Legislation to Implement Uruguay Round of General Agreement on Tariffs and Trade, Public Law Number 103-465 and section 4 of the Self-Employed Health Insurance Act of 1995, Public Law Number 104-..., which affect the computation of the Minnesota working family credit under Minnesota Statutes, section 290.0671, subdivision 1, and the computation of the substantial understatement of liability penalty of Minnesota Statutes, section 289A.60, subdivision 4, shall become effective at the same time the changes become effective for federal purposes.

Sec. 3. [INSTRUCTION TO REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes shall substitute the phrase "Internal Revenue Code of 1986, as amended through April 15, 1995," for the words "Internal Revenue Code of 1986, as amended through December 31, 1993," wherever the phrase occurs in chapters 289A, 290, 290A, 291, 297, 298, and 469, except section 290.01, subdivision 19.

ARTICLE 2

SALES AND EXCISE TAXES

Section 1. Minnesota Statutes 1994, section 216C.01, subdivision 1a, is amended to read:

Subd. 1a. [ALTERNATIVE FUEL.] "Alternative fuel" means natural gas; liquefied petroleum gas; hydrogen; coal-derived liquefied fuels; electricity; methanol, denatured ethanol, and other alcohols; mixtures containing 85 percent or more, or other percentage as may be set by regulation by the Secretary of the United States Department of Energy, by volume of methanol, denatured ethanol, and other alcohols with gasoline or other fuels; fuels other than alcohol that are derived from biological materials; and other fuel that the Secretary of the United States Department of Energy determines by regulation to be an alternative fuel within the meaning of section 301(2) of the National Energy Policy Act of 1992 and intended for use in motor vehicles.

Sec. 2. Minnesota Statutes 1994, section 216C.01, subdivision 1b, is amended to read:

Subd. 1b. [ALTERNATIVE FUEL VEHICLE.] "Alternative fuel vehicle" means a dedicated, flexible, or a dual-fuel vehicle operated primarily on an alternative fuel.

Sec. 3. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 5. [ALTERNATIVE FUEL VEHICLE.] "Alternative fuel vehicle" means a dedicated, flexible, or dual-fuel vehicle operated primarily on alternative transportation fuel.

Sec. 4. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 11a. [COMPRESSED NATURAL GAS.] "Compressed natural gas" or CNG means natural gas, primarily methane, condensed under high pressure and stored in specially designed storage tanks at between 2,000 and 3,600 pounds per square inch. For purposes of this chapter, the energy content of CNG will be considered to be 1,000 BTUs per cubic foot.

Sec. 5. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 15c. [E85.] "E85" means a petroleum product that is a blend of agriculturally derived denatured ethanol and gasoline that typically contains 85 percent ethanol by volume, but at a minimum must contain at least 60 percent ethanol by volume. For the purposes of this chapter, the energy content of E85 will be considered to be 82,000 BTUs per gallon.

Sec. 6. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 23a. [LIQUEFIED NATURAL GAS.] "Liquefied natural gas" or LNG means natural gas, primarily methane, which has been condensed through a cryogenic cooling process and is stored in special pressurized and insulated storage tanks. For purposes of this chapter, the energy content of LNG will be considered to be 69,000 BTUs per gallon.

Sec. 7. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 23b. [LIQUEFIED PETROLEUM GAS.] "Liquefied petroleum gas" or LPG or propane means a product made of short hydrocarbon chains and containing primarily propane and butane that is stored in specialized tanks at moderate pressure. For purposes of this chapter, the energy content of LPG or propane will be considered to be 86,000 BTUs per gallon.

Sec. 8. Minnesota Statutes 1994, section 296.01, is amended by adding a subdivision to read:

Subd. 24b. [M85.] "M85" means a petroleum product that is a liquid fuel blend of methanol and gasoline that contains at least 85 percent methanol by volume. For the purposes of this chapter, the energy content of M85 will be considered to be 65,000 BTUs per gallon.

Sec. 9. Minnesota Statutes 1994, section 296.01, subdivision 30, is amended to read:

Subd. 30. [PETROLEUM PRODUCTS.] "Petroleum products" means all of the products defined in subdivisions 2, 7, 8, 10, 13, 14, 15c, and 17 to 22, and 24b.

Sec. 10. Minnesota Statutes 1994, section 296.01, subdivision 34, is amended to read:

Subd. 34. [SPECIAL FUEL.] "Special fuel" means (1) all combustible gases and liquid petroleum products or substitutes therefor including clear diesel fuel, except gasoline, gasoline blended with ethanol, and agricultural alcohol gasoline which are delivered into the supply tank of a licensed motor vehicle or into storage tanks maintained by an owner or operator of a licensed motor vehicle as a source of supply for such vehicle; (2) all combustible gases and liquid petroleum products or substitutes therefor, except gasoline, gasoline blended with ethanol, and agricultural alcohol gasoline, when delivered to a licensed special fuel dealer or to the retail service station storage of a distributor who has elected to pay the special fuel excise tax as provided in section 296.12, subdivision 3; (3) all combustible gases and liquid petroleum products or substitutes therefor, except gasoline, which are used as aviation fuel; or (4) dyed fuel that is being used illegally in a licensed motor vehicle.

Sec. 11. Minnesota Statutes 1994, section 296.02, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED; EXCEPTION FOR QUALIFIED SERVICE STATION.] There is imposed an excise tax on gasoline, gasoline blended with ethanol, and agricultural alcohol gasoline, used in producing and generating power for propelling motor vehicles used on the public highways of this state. For purposes of this section, gasoline is defined in section 296.01, subdivisions 10, 15b, 18, 19, 20, and 24a. This tax is payable at the times, in the manner, and by persons specified in this chapter. The tax is payable at the rate specified in subdivision 1b, subject to the exceptions and reductions specified in this section.

(a) Notwithstanding any other provision of law to the contrary, the tax imposed on special fuel sold by a qualified service station may not exceed, or the tax on gasoline delivered to a qualified service station must be reduced to, a rate not more than three cents per gallon above the state tax rate imposed on such products sold by a service station in a contiguous state located within the distance indicated in clause (b).

(b) A "qualifying service station" means a service station located within 7.5 miles, measured by the shortest route by public road, from a service station selling like product in the contiguous state.

(c) A qualified service station shall be allowed a credit by the supplier or distributor, or both, for the amount of reduction computed in accordance with clause (a).

A qualified service station, before receiving the credit, shall be registered with the commissioner of revenue.

Sec. 12. Minnesota Statutes 1994, section 296.02, subdivision 1a, is amended to read:

Subd. 1a. [TRANSIT SYSTEMS AND ALTERNATIVE FUELS EXEMPT.] The provisions of subdivision 1 do not apply to ~~(1) gasoline purchased by a transit system or transit provider receiving financial assistance or reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384 or (2) sales of compressed natural gas or propane for use in vehicles displaying a valid annual alternate fuel permit.~~

Sec. 13. Minnesota Statutes 1994, section 296.02, subdivision 1b, is amended to read:

Subd. 1b. [RATES IMPOSED.] The gasoline excise tax is imposed at the following ~~rate~~ rates:

(1) E85 is taxed at the rate of 14.2 cents per gallon;

(2) M85 is taxed at the rate of 11.4 cents per gallon; and

(3) For the period on and after May 1, 1988, All other gasoline is taxed at the rate of 20 cents per gallon.

Sec. 14. Minnesota Statutes 1994, section 296.025, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] There is hereby imposed an excise tax ~~of the same rate per gallon as the gasoline excise tax~~ on all special fuel at the rates specified in subdivision 1b. For clear diesel fuel, the tax is imposed on the first distributor who received the product in Minnesota. For dyed fuel being used illegally in a licensed motor vehicle, the tax is imposed on the owner or operator of the motor vehicle, or in some instances, on the dealer who supplied the fuel. For dyed fuel used in a motor vehicle but subject to a federal exemption, although no federal tax may be imposed, the fuel is subject to the state tax. For other fuels, including jet fuel, propane, and compressed natural gas, the tax is imposed on the distributor, special fuel dealer, or bulk purchaser. This tax is payable at the time and in the manner specified in this chapter. For purposes of this section, "owner or operator" means the operation of licensed motor vehicles, whether loaded or empty, whether for compensation or not for compensation, and whether owned by or leased to the motor carrier who operates them or causes them to be operated.

Sec. 15. Minnesota Statutes 1994, section 296.025, subdivision 1a, is amended to read:

Subd. 1a. [TRANSIT SYSTEMS AND ALTERNATIVE FUELS EXEMPT.] The provisions of subdivision 1 do not apply to ~~(1) special fuel purchased by a transit system or transit provider receiving financial assistance or reimbursement under section 174.24, 256B.0625, subdivision 17, or 473.384 or (2) sales of compressed natural gas or propane for use in vehicles displaying a valid annual alternate fuel permit.~~

Sec. 16. Minnesota Statutes 1994, section 296.025, is amended by adding a subdivision to read:

Subd. 1b. [TAX RATES.] The special fuel excise tax is imposed at the following rates:

- (1) Liquefied petroleum gas or propane is taxed at the rate of 15 cents per gallon.
- (2) Liquefied natural gas is taxed at the rate of 12 cents per gallon.
- (3) Compressed natural gas is taxed at the rate of \$1.739 per thousand cubic feet.
- (4) All other special fuel is taxed at the same rate as the gasoline excise tax.

Sec. 17. Minnesota Statutes 1994, section 296.0261, is amended by adding a subdivision to read:

Subd. 10. [CREDIT; REFUNDS.] (a) A purchaser of an alternative fuel vehicle permit under subdivisions 1 to 9 prior to July 1, 1995, shall receive a credit for the unused portion of the permit fee. The amount of the credit shall be equal to the original permit fee and prorated to the number of months from July 1, 1995, until the expiration date of the permit. The credit shall reduce the amount of the vehicle's annual motor vehicle registration tax as calculated under section 168.013. The credit shall be applied to the first motor vehicle registration tax payable after July 1, 1995.

(b) If the amount of the credit calculated under paragraph (a) exceeds the amount of motor vehicle registration tax due, the registrar shall pay to the purchaser of the permit a cash refund equal to the difference between the motor vehicle registration tax and the credit due.

Sec. 18. Minnesota Statutes 1994, section 297A.01, subdivision 3, is amended to read:

Subd. 3. A "sale" and a "purchase" includes, but is not limited to, each of the following transactions:

(a) Any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, and the leasing of or the granting of a license to use or consume tangible personal property other than manufactured homes used for residential purposes for a continuous period of 30 days or more, for a consideration in money or by exchange or barter;

(b) The production, fabrication, printing, or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing, or processing;

(c) The furnishing, preparing, or serving for a consideration of food, meals, or drinks. "Sale" does not include:

(1) meals or drinks served to patients, inmates, or persons residing at hospitals, sanitariums, nursing homes, senior citizens homes, and correctional, detention, and detoxification facilities;

(2) meals or drinks purchased for and served exclusively to individuals who are 60 years of age or over and their spouses or to the handicapped and their spouses by governmental agencies, nonprofit organizations, agencies, or churches or pursuant to any program funded in whole or part through 42 USCA sections 3001 through 3045, wherever delivered, prepared or served; or

(3) meals and lunches served at public and private schools, universities, or colleges. Notwithstanding section 297A.25, subdivision 2, taxable food or meals include, but are not limited to, the following:

(i) heated food or drinks;

(ii) sandwiches prepared by the retailer;

(iii) single sales of prepackaged ice cream or ice milk novelties prepared by the retailer;

(iv) hand-prepared or dispensed ice cream or ice milk products including cones, sundaes, and snow cones;

(v) soft drinks and other beverages prepared or served by the retailer;

(vi) gum;

(vii) ice;

(viii) all food sold in vending machines;

(ix) party trays prepared by the retailers; and

(x) all meals and single servings of packaged snack food, single cans or bottles of pop, sold in restaurants and bars;

(d) The granting of the privilege of admission to places of amusement, recreational areas, or athletic events, except a world championship football game sponsored by the national football league, and the privilege of having access to and the use of amusement devices, tanning facilities, reducing salons, steam baths, turkish baths, health clubs, and spas or athletic facilities;

(e) The furnishing for a consideration of lodging and related services by a hotel, rooming house, tourist court, motel or trailer camp and of the granting of any similar license to use real property other than the renting or leasing thereof for a continuous period of 30 days or more;

(f) The furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state, or local exchange telephone service, intrastate toll service, and interstate toll service, if that service originates from and is charged to a telephone located in this state. Telephone service includes paging services and private communication service, as defined in United States Code, title 26, section 4252(d), except for private communication service purchased by an agent acting on behalf of the state lottery. The furnishing for a consideration of access to telephone services by a hotel to its guests is a sale under this clause. Sales by municipal corporations in a proprietary capacity are included in the provisions of this clause. The furnishing of water and sewer services for residential use shall not be considered a sale. The sale of natural gas to be used as a fuel in vehicles propelled by natural gas shall not be considered a sale for the purposes of this section;

(g) The furnishing for a consideration of cable television services, including charges for basic service, charges for premium service, and any other charges for any other pay-per-view, monthly, or similar television services;

(h) Notwithstanding section 297A.25, subdivisions 9 and 12, the sales of racehorses including claiming sales and fees paid for breeding racehorses or horses previously used for racing shall be considered a "sale" and a "purchase." "Racehorse" means a horse that is or is intended to be used for racing and whose birth has been recorded by the Jockey Club or the United States Trotting Association or the American Quarter Horse Association. "Sale" does not include fees paid for breeding horses that are not racehorses;

(i) The furnishing for a consideration of parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;

(j) The furnishing for a consideration of services listed in this paragraph:

(i) laundry and dry cleaning services including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not include services provided by coin operated facilities operated by the customer;

(ii) motor vehicle washing, waxing, and cleaning services, including services provided by coin-operated facilities operated by the customer, and rustproofing, undercoating, and towing of motor vehicles;

(iii) building and residential cleaning, maintenance, and disinfecting and exterminating services;

(iv) services provided by detective agencies, security services, burglar, fire alarm, and armored car services not including services performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1;

(v) pet grooming services;

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; tree, bush, shrub and stump removal; and tree trimming for public utility lines. Services performed under a construction contract for the installation of shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

(vii) mixed municipal solid waste collection and disposal management services as described in section 297A.45;

(viii) massages, except when provided by a licensed health care facility or professional or upon written referral from a licensed health care facility or professional for treatment of illness, injury, or disease; and

(ix) the furnishing for consideration of lodging, board and care services for animals in kennels and other similar arrangements, but excluding veterinary and horse boarding services.

The services listed in this paragraph are taxable under section 297A.02 if the service is performed wholly within Minnesota or if the service is performed partly within and partly without Minnesota and the greater proportion of the service is performed in Minnesota, based on the cost of performance. In applying the provisions of this chapter, the terms "tangible personal property" and "sales at retail" include taxable services and the provision of taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable under this paragraph. Services performed by a partnership or association for another partnership or association are not taxable under this paragraph if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between members of an affiliated group of corporations are not taxable. For purposes of this section, "affiliated group of corporations" includes those entities that would be classified as a member of an affiliated group under United States Code, title 26, section 1504, and who are eligible to file a consolidated tax return for federal income tax purposes;

(k) A "sale" and a "purchase" includes the transfer of computer software, meaning information and directions that dictate the function performed by data processing equipment. A "sale" and a "purchase" does not include the design, development, writing, translation, fabrication, lease, or transfer for a consideration of title or possession of a custom computer program; and

(l) The granting of membership in a club, association, or other organization if:

(1) the club, association, or other organization makes available for the use of its members sports and athletic facilities (without regard to whether a separate charge is assessed for use of the facilities); and

(2) use of the sports and athletic facilities is not made available to the general public on the same basis as it is made available to members.

Granting of membership includes both one-time initiation fees and periodic membership dues. Sports and athletic facilities include golf courses, tennis, racquetball, handball and squash courts, basketball and volleyball facilities, running tracks, exercise equipment, swimming pools, and other similar athletic or sports facilities. The provisions of this paragraph do not apply to camps or other recreation facilities owned and operated by an exempt organization under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, for educational and social activities for young people primarily age 18 and under.

Sec. 19. Minnesota Statutes 1994, section 297A.01, is amended by adding a subdivision to read:

Subd. 21. [MIXED MUNICIPAL SOLID WASTE MANAGEMENT SERVICES.] "Mixed municipal solid waste management services" or "waste management services" means services relating to the management of mixed municipal solid waste from collection to disposal, including transportation and management at waste facilities. The definitions in section 115A.03 apply to this subdivision.

Sec. 20. Minnesota Statutes 1994, section 297A.135, subdivision 1, is amended to read:

Subdivision 1. [TAX IMPOSED.] A tax is imposed on the lease or rental in this state for not more than 28 days of a passenger automobile as defined in section 168.011, subdivision 7, a van as defined in section 168.011, subdivision 28, except for a van designed or adapted primarily for transporting property rather than passengers, or a pickup truck as defined in section 168.011, subdivision 29. The tax is imposed at the rate of 6.2 percent of the sales price as defined for the purpose of imposing the sales and use tax in this chapter. The tax does not apply to the lease or rental of a hearse or limousine used in connection with a burial or funeral service. It applies whether or not the vehicle is licensed in the state.

Sec. 21. Minnesota Statutes 1994, section 297A.15, is amended by adding a subdivision to read:

Subd. 7. [REFUND; APPROPRIATION; ADULT AND JUVENILE CORRECTIONAL FACILITIES.] (a) If construction materials and supplies described in paragraph (b) are purchased by a contractor, subcontractor, or builder as part of a lump-sum contract or similar type of contract with a price covering both labor and materials for use in the project, a refund equal to 20 percent of the taxes paid by the contractor, subcontractor, or builder must be paid to the governmental subdivision. An application must be submitted by the governmental subdivision and must include sufficient information to permit the commissioner to verify the sales taxes paid for the project. The contractor, subcontractor, or builder must furnish to the governmental subdivision a statement of the cost of the construction materials and supplies and the sales taxes paid on them. The amount required to make the refunds is annually appropriated to the commissioner. Interest must be paid on the refund at the rate in section 270.76 from 60 days after the date the refund claim is filed with the commissioner.

(b) Construction materials and supplies qualify for the refund under this section if: (1) the materials and supplies are for use in a project to construct or improve an adult or juvenile correctional facility in a county, home rule charter city, or statutory city, and (2) the project is mandated by state or federal law, rule, or regulation. The refund applies regardless of whether the materials and supplies are purchased by the city or county, or by a contractor, subcontractor, or builder under a contract with the city or county.

Sec. 22. Minnesota Statutes 1994, section 297A.25, subdivision 9, is amended to read:

Subd. 9. [MATERIALS CONSUMED IN PRODUCTION.] The gross receipts from the sale of and the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced are exempt. Seeds, trees, fertilizers, and herbicides purchased for use by farmers in the Conservation Reserve Program under United States Code, title 16, section 590h, the Integrated Farm Management Program under section 1627 of Public Law Number 101-624, the Wheat and Feed Grain Programs under sections 301 to 305 and 401 to 405 of Public Law Number 101-624, and the conservation reserve program under sections 103F.505 to 103F.531, are included in this exemption. Sales to a veterinarian of materials used or consumed in the care, medication, and treatment of agricultural production animals and horses used in agricultural production are exempt under this subdivision. Chemicals used for cleaning food processing machinery and equipment are included in this exemption. Materials, including chemicals, fuels, and electricity purchased by persons engaged in agricultural or industrial production to treat waste generated as a result of the production process are included in this exemption. Such production shall include, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing (other than by restaurants and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity and the production of road building materials. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures, used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this

exemption; however, accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months, are included within the exemption provided herein. Electricity used to make snow for outdoor use for ski hills, ski slopes, or ski trails is included in this exemption.

Sec. 23. Minnesota Statutes 1994, section 297A.25, subdivision 11, is amended to read:

Subd. 11. [SALES TO GOVERNMENT.] The gross receipts from all sales, including sales in which title is retained by a seller or a vendor or is assigned to a third party under an installment sale or lease purchase agreement under section 465.71, of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities, the University of Minnesota, state universities, community colleges, technical colleges, state academies, the Minnesota center for arts education, and school districts are exempt.

As used in this subdivision, "school districts" means public school entities and districts of every kind and nature organized under the laws of the state of Minnesota, including, without limitation, school districts, intermediate school districts, education districts, educational cooperative service units, secondary vocational cooperative centers, special education cooperatives, joint purchasing cooperatives, telecommunication cooperatives, regional management information centers, technical colleges, joint vocational technical districts, and any instrumentality of a school district, as defined in section 471.59.

Sales exempted by this subdivision include sales under section 297A.01, subdivision 3, paragraph (f), but do not include sales under section 297A.01, subdivision 3, paragraph (j), clause (vii).

Sales to hospitals and nursing homes owned and operated by political subdivisions of the state are exempt under this subdivision.

The sales to and exclusively for the use of libraries of books, periodicals, audio-visual materials and equipment, photocopiers for use by the public, and all cataloging and circulation equipment, and cataloging and circulation software for library use are exempt under this subdivision. For purposes of this paragraph "libraries" means libraries as defined in section 134.001, county law libraries under chapter 134A, the state library under section 480.09, and the legislative reference library.

Sales of supplies and equipment used in the operation of an ambulance service owned and operated by a political subdivision of the state are exempt under this subdivision provided that the supplies and equipment are used in the course of providing medical care. Sales to a political subdivision of repair and replacement parts for emergency rescue vehicles and fire trucks and apparatus are exempt under this subdivision.

Sales to a political subdivision of machinery and equipment, except for motor vehicles, used directly for mixed municipal solid waste ~~collection and disposal~~ management services at a solid waste disposal facility as defined in section 115A.03, subdivision 10, are exempt under this subdivision.

Sales to political subdivisions of chore and homemaking services to be provided to elderly or disabled individuals are exempt.

This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities.

This exemption does not apply to the leasing of a motor vehicle as defined in section 297B.01, subdivision 5, except for leases entered into by the United States or its agencies or instrumentalities.

The tax imposed on sales to political subdivisions of the state under this section applies to all

political subdivisions other than those explicitly exempted under this subdivision, notwithstanding section 115A.69, subdivision 6, 116A.25, 360.035, 458A.09, 458A.30, 458D.23, 469.101, subdivision 2, 469.127, 473.394, 473.448, 473.545, or 473.608 or any other law to the contrary enacted before 1992.

Sales exempted by this subdivision include sales made to other states or political subdivisions of other states, if the sale would be exempt from taxation if it occurred in that state, but do not include sales under section 297A.01, subdivision 3, paragraphs (c) and (e).

Sec. 24. Minnesota Statutes 1994, section 297A.25, subdivision 59, is amended to read:

Subd. 59. [FARM MACHINERY.] From July 1, 1994, until June 30, ~~1995~~ 1996, the gross receipts from the sale of used farm machinery are exempt.

Sec. 25. [297A.2574] [AGRICULTURE PROCESSING FACILITY MATERIALS; EXEMPTION.]

Subdivision 1. [EXEMPTION; DEFINITION.] Purchases of construction materials and supplies are exempt from the sales and use taxes imposed under this chapter, regardless of whether purchased by the owner or a contractor, subcontractor, or builder, if the materials and supplies are used or consumed in constructing an agriculture processing facility that meets the requirements of this section. For purposes of this section, "agriculture processing facility" means land, buildings, structures, fixtures, and improvements used or operated primarily for the processing or production of marketable products from agricultural crops, including waste and residues from agricultural crops, but not including livestock or livestock products, poultry or poultry products, or wood or wood products.

Subd. 2. [QUALIFICATIONS.] An agriculture processing facility qualifies for the exemption provided under this section if it meets each of the following requirements:

(a) The total investment in the facility must be at least \$8,500,000.

(b) The facility must be located in a municipality that has a median household income that does not exceed \$18,000 according to the 1990 federal census information on income and poverty status in 1989.

(c) The total investment in the facility must exceed an amount equal to \$12,000 per resident of the municipality in which the facility is located.

Subd. 3. [COLLECTION AND REFUND OF TAX.] The tax shall be imposed and collected as if the rates under sections 297A.02, subdivision 1, and 297A.021, applied, and then refunded in the manner provided in section 297A.15, subdivision 5.

Sec. 26. Minnesota Statutes 1994, section 297A.45, is amended to read:

297A.45 [MIXED MUNICIPAL SOLID WASTE COLLECTION AND DISPOSAL MANAGEMENT SERVICES.]

Subdivision 1. [DEFINITIONS.] The definitions in sections 115A.03 and 297A.01 apply to this section.

Subd. 2. [APPLICATION.] The taxes imposed by sections 297A.02 and 297A.021 apply to all public and private mixed municipal solid waste ~~collection and disposal~~ management services.

Notwithstanding section 297A.25, subdivision 11, a political subdivision that purchases ~~collection or disposal~~ waste management services on behalf of its citizens shall pay the taxes.

If a political subdivision provides ~~collection or disposal services~~ a waste management service to its residents at a cost in excess of the total direct charge to the residents for the service, the political subdivision shall pay the taxes based on its cost of providing the service in excess of the direct charges.

A person who transports mixed municipal solid waste generated by that person or by another person without compensation shall pay the taxes at the ~~disposal or resource recovery~~ waste facility based on the disposal charge or tipping fee.

Subd. 3. [EXEMPTIONS.] (a) The cost of a service or the portion of a service to collect and manage recyclable materials separated from mixed municipal solid waste by the waste generator is exempt from the taxes imposed in sections 297A.02 and 297A.021.

(b) The amount of a surcharge or fee imposed under section 115A.919, 115A.921, 115A.923, or 473.843 is exempt from the taxes imposed in sections 297A.02 and 297A.021.

(c) Waste from a recycling facility that separates or processes recyclable materials and that reduces the volume of the waste by at least 85 percent is exempt from the taxes imposed in sections 297A.02 and 297A.021. To qualify for the exemption under this paragraph, the waste exempted must be ~~collected and disposed of~~ managed separately from other solid waste.

(d) The following costs are exempt from the taxes imposed in sections 297A.02 and 297A.021:

(1) costs of providing educational materials and other information to residents;

(2) costs of managing solid waste other than mixed municipal solid waste, including household hazardous waste; and

(3) costs of regulatory and enforcement activities.

(e) The cost of a waste management service is exempt from the taxes imposed in sections 297A.02 and 297A.021 to the extent that the cost was previously subject to the tax.

Subd. 4. [CITY SALES TAX MAY NOT BE IMPOSED.] Notwithstanding any other law or charter provision to the contrary, a home rule charter or statutory city that imposes a general sales tax may not impose the sales tax on solid waste ~~disposal and collection~~ management services that are subject to the tax under this section. This subdivision does not apply to a tax imposed under section 297A.021.

Subd. 5. [SEPARATE ACCOUNTING.] The commissioner shall account for revenue collected from public and private mixed municipal solid waste ~~collection and disposal~~ management services under this section separately from other tax revenue collected under this chapter.

Sec. 27. Laws 1986, chapter 400, section 44, is amended to read:

Sec. 44. [DOWNTOWN TAXING AREA.]

If a bill is enacted into law in the 1986 legislative session which authorizes the city of Minneapolis to issue bonds and expend certain funds including taxes to finance the acquisition and betterment of a convention center and related facilities, which authorizes certain taxes to be levied in a downtown taxing area, then, notwithstanding the provisions of that law "downtown taxing area" shall mean the geographic area bounded by the portion of the Mississippi River between I-35W and Washington Avenue, the portion of Washington Avenue between the river and I-35W, the portion of I-35W between Washington Avenue and 8th Street South, the portion of 8th Street South between I-35W and Portland Avenue South, the portion of Portland Avenue South between 8th Street South and I-94, the portion of I-94 from the intersection of Portland Avenue South to the intersection of I-94 and the Burlington Northern Railroad tracks, the portion of the Burlington Northern Railroad tracks from I-94 to Main Street and including Nicollet Island, and the portion of Main Street to Hennepin Avenue and the portion of Hennepin Avenue between Main Street and 2nd Street S.E., and the portion of 2nd Street S.E. between Main Street and Bank Street, and the portion of Bank Street between 2nd Street S.E. and University Avenue S.E., and the portion of University Avenue S.E. between Bank Street and I-35W, and by I-35W from University Avenue S.E., to the river. The downtown taxing area excludes the area bounded on the south and west by Oak Grove Street, on the east by Spruce Place, and on the north by West 15th Street.

Sec. 28. Laws 1991, chapter 291, article 8, section 28, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] Notwithstanding Minnesota Statutes, section 469.190, 477A.016, or other law, in addition to the tax authorized in Minnesota Statutes, section 469.190, the city of Winona may, by ordinance, impose a tax of up to one percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more. The city

may, by ordinance, impose the tax authorized under this section on the camping site receipts of a municipal campground.

Fifty percent of The proceeds of this tax shall be used to retire the indebtedness of the Julius C. Wilke Steamboat Center ~~and~~. Upon retirement of the debt, 50 percent of the proceeds shall be used as directed in Minnesota Statutes, section 469.190, subdivision 3. The balance shall be used in the manner of the tax proceeds may be used to promote tourist activities, as determined by resolution of the council, for the following purposes:

(1) improvements to the levee, dockage areas, and the adjacent area, including provision of utilities and construction of facilities for ticket and souvenir sales and related office space; or

(2) as directed in Minnesota Statutes, section 469.190, subdivision 3. ~~Upon retirement of the debt, the council shall by ordinance reduce the tax by one half percent or dedicate the entire one percent in the manner directed in Minnesota Statutes, section 469.190, subdivision 3.~~

The tax shall be collected in the same manner as other taxes authorized under Minnesota Statutes, section 469.190.

Sec. 29. [REPEALER.]

(a) Minnesota Statutes 1994, section 296.0261, is repealed.

(b) Minnesota Statutes 1994, section 297A.136, is repealed.

Sec. 30. [EFFECTIVE DATE.]

Sections 1, 2, 3 to 17, and 29, paragraph (a), are effective July 1, 1995.

Section 20 is effective beginning with leases or rentals made after June 30, 1995.

Sections 18, 19, 23, and 26 are effective the day following final enactment.

Section 21 is effective retroactively for sales after May 31, 1992.

Section 22 is effective for sales made after July 1, 1995.

Section 25 is effective for sales made after March 31, 1995.

Section 28 is effective upon compliance by the governing body of the city of Winona with Minnesota Statutes, section 645.021, subdivision 3.

Section 27 is effective upon compliance by the Minneapolis city council with Minnesota Statutes, section 645.021, subdivision 3.

Section 29, paragraph (b), is effective for sales of 900 information services made after June 30, 1995.

ARTICLE 3

PROPERTY TAX FREEZE

Section 1. Minnesota Statutes 1994, section 6.745, subdivision 1, is amended to read:

Subdivision 1. [CITIES.] Annually, upon adoption of the city budget, the city council of each home rule charter or statutory city shall forward summary budget information to the office of the state auditor. The summary budget information shall be provided on forms prescribed by the state auditor. The office of the state auditor shall work with representatives of city government to develop a budget reporting form that conforms with city budgeting practices and provides the necessary summary budget information to the office of the state auditor. The summary budget data shall be provided to the office of the state auditor no later than ~~December~~ January 31 of the year ~~preceding~~ each budget year.

Sec. 2. Minnesota Statutes 1994, section 134.34, subdivision 4a, is amended to read:

Subd. 4a. [SUPPORT GRANTS.] In state fiscal years 1993, 1994, ~~and~~ 1995, and 1996, a regional library basic system support grant also may be made to a regional public library system for a participating city or county which meets the requirements under paragraph (a) ~~or~~, (b), or (c).

(a) The city or county decreases the dollar amount provided by it for operating purposes of public library service if the amount provided by the city or county is not less than the amount provided by the city or county for such purposes in the second preceding year.

(b)(1) The city or county provided for operating purposes of public library services an amount exceeding 125 percent of the state average percentage of the adjusted net tax capacity or 125 percent of the state average local support per capita; and

(2) the local government aid distribution for the current calendar year under chapter 477A has been reduced below the originally certified amount for payment in the preceding calendar year, if the dollar amount of the reduction from the previous calendar year in support for operating purposes of public library services is not greater than the dollar amount by which support for operating purposes of public library service would be decreased if the reduction in support were in direct proportion to the local government aid reduction as a percentage of the previous calendar year's revenue base as defined in section 477A.011, subdivision 27. Determination of a grant under paragraph (b) shall be based on the most recent calendar year for which data are available.

(c) In 1996, the city or county maintains the dollar amount provided by it for operating purposes of public library service at least at the same dollar amount it provided in 1995.

The city or county shall file a report with the department of education indicating the dollar amount and percentage of reduction in public library operating funds.

Sec. 3. Minnesota Statutes 1994, section 254B.02, subdivision 3, is amended to read:

Subd. 3. [RESERVE ACCOUNT.] The commissioner shall allocate money from the reserve account to counties that, during the current fiscal year, have met or exceeded the base level of expenditures for eligible chemical dependency services from local money. ~~The commissioner shall establish the base level for fiscal year 1988 as the amount of local money used for eligible services in calendar year 1986. In later years, the base level must be increased in the same proportion as state appropriations to implement Laws 1986, chapter 394, sections 8 to 20, are increased. The base level must be decreased if the fund balance from which allocations are made under section 254B.02, subdivision 1, is decreased in later years.~~ The base level of expenditures for each county is defined as 15 percent of the funds allocated to the county under subdivisions 1 and 2. The local match rate for the reserve account is the same rate as applied to the initial allocation. Reserve account payments must not be included when calculating the county adjustments made according to subdivision 2.

Sec. 4. Minnesota Statutes 1994, section 256H.09, subdivision 3, is amended to read:

Subd. 3. [CHILD CARE FUND PLAN.] Effective January 1, 1992, the county will include the plan required under this subdivision in its biennial community social services plan required in this section, for the group described in section 256E.03, subdivision 2, paragraph (h). For the period July 1, 1989, to December 31, 1991, the county shall submit separate child care fund plans required under this subdivision for the periods July 1, 1989, to June 30, 1990; and July 1, 1990, to December 31, 1991. The commissioner shall establish the dates by which the county must submit these plans. The county and designated administering agency shall submit to the commissioner an annual child care fund allocation plan. The plan shall include:

(1) a narrative of the total program for child care services, including all policies and procedures that affect eligible families and are used to administer the child care funds;

(2) the number of families that requested a child care subsidy in the previous year, the number of families receiving child care assistance, the number of families on a waiting list, and the number of families projected to be served during the fiscal year;

(3) the methods used by the county to inform eligible groups of the availability of child care assistance and related services;

- (4) the provider rates paid for all children by provider type;
- (5) the county prioritization policy for all eligible groups under the basic sliding fee program and AFDC child care program;
- (6) a report of all funds available to be used for child care assistance, ~~including demonstration of compliance with the maintenance of funding effort required under section 256H.12;~~ and
- (7) other information as requested by the department to ensure compliance with the child care fund statutes and rules promulgated by the commissioner.

The commissioner shall notify counties within 60 days of the date the plan is submitted whether the plan is approved or the corrections or information needed to approve the plan. The commissioner shall withhold a county's allocation until it has an approved plan. Plans not approved by the end of the second quarter after the plan is due may result in a 25 percent reduction in allocation. Plans not approved by the end of the third quarter after the plan is due may result in a 100 percent reduction in the allocation to the county. Counties are to maintain services despite any reduction in their allocation due to plans not being approved.

Sec. 5. Minnesota Statutes 1994, section 279.09, is amended to read:

279.09 [PUBLICATION OF NOTICE AND LIST.]

The county auditor shall cause the notice and list of delinquent real property to be published ~~once in each of two consecutive weeks~~ in the newspaper designated, the first publication of which shall be made on or before March 20 immediately following the filing of such list with the court administrator of the district court. The auditor shall deliver such list to the publisher of the newspaper designated, at least 20 days before the date upon which the list shall be published ~~for the first time~~.

Sec. 6. Minnesota Statutes 1994, section 279.10, is amended to read:

279.10 [PUBLICATION CORRECTED.]

Immediately after preparing forms for printing such notice and list, and at least five days before the first day for the publication thereof, every such publisher shall furnish proof of the proposed publication to the county auditor for correction. When such copy has been corrected, the auditor shall return the same to the printer, who shall publish it as corrected. On the first day on which such notice and list are published, the publisher shall mail a copy of the newspaper containing the same to the auditor. If during the publication of the notice and list, or within ten days after the last publication thereof, the auditor shall discover that such publication is invalid, the auditor shall forthwith direct the publisher to republish the same as corrected ~~for an additional period of two weeks~~. The publisher, if not neglectful, shall be entitled to the same compensation as allowed by law for the original publication, but shall receive no further compensation therefor if such republication is necessary by reason of the neglect of the publisher.

Sec. 7. Minnesota Statutes 1994, section 281.23, subdivision 3, is amended to read:

Subd. 3. [PUBLICATION.] As soon as practicable after the posting of the notice prescribed in subdivision 2, the county auditor shall cause to be published ~~for two successive weeks~~, in the official newspaper of the county, the notice prescribed by subdivision 2.

Sec. 8. Minnesota Statutes 1994, section 375.169, is amended to read:

375.169 [PUBLICATION OF SUMMARY BUDGET STATEMENT.]

Annually, upon adoption of the county budget, the county board shall cause a summary budget statement to be published in one of the following:

(1) the official newspaper of the county, or if there is none, in a qualified newspaper of general circulation in the county; or

(2) for a county in the metropolitan area as defined in section 473.121, subdivision 2, a county newsletter or other county mailing sent to all households in the city, or as an insert with the truth-in-taxation notice under section 275.065.

If the summary budget statement is published in a county newsletter, it must be the lead story. If the summary budget statement is published through a county newsletter or other county mailing, a copy of the newsletter or mailing shall be sent on request to any nonresident. If the summary budget statement is published by a mailing to households other than a newsletter, the color of the paper on which the summary budget statement is printed must be distinctively different than the paper containing other printed material included in the mailing. The statement shall contain information relating to anticipated revenues and expenditures in a form prescribed by the state auditor. The form prescribed shall be designed so that comparisons can be made between the current year and the budget year. A note shall be included that the complete budget is available for public inspection at a designated location within the county.

Sec. 9. Minnesota Statutes 1994, section 471.6965, is amended to read:

471.6965 [PUBLICATION OF SUMMARY BUDGET STATEMENT.]

Annually, upon adoption of the city budget, the city council shall publish a summary budget statement in either of the following:

(1) the official newspaper of the city, or if there is none, in a qualified newspaper of general circulation in the city; or

(2) for a city in the metropolitan area as defined in section 473.121, subdivision 2, a city newsletter or other city mailing sent to all taxpayers in the city, or as an insert with the truth-in-taxation notice under section 275.065.

If the summary budget statement is published in a city newsletter, it must be the lead cover story. If the summary budget statement is published by a mailing to taxpayers other than a newsletter, the color of the paper on which the summary budget statement is printed must be distinctively different than the paper containing other printed material included in the mailing.

The statement shall contain information relating to anticipated revenues and expenditures, in a form prescribed by the state auditor. The form prescribed shall be designed so that comparisons can be made between the current year and the budget year. A note shall be included that the complete budget is available for public inspection at a designated location within the city. If the summary budget statement is published through a city newsletter or other city mailing, a copy of the statement must be posted, in a common area, by the property owner of all residential nonhomestead property as defined in section 273.13, subdivision 25, paragraphs (a) and (b), clause (1).

Sec. 10. [EDUCATION FINANCE FOR THE 1996-1997 SCHOOL YEAR.]

Subdivision 1. [ADJUSTED TAX CAPACITY FOR SCHOOL YEAR 1996-1997.] Notwithstanding any other law to the contrary, for purposes of any levy authorized under Minnesota Statutes, chapter 124, 124A, 124B, 136C, or 136D, the adjusted net tax capacity of a school district, education district, intermediate school district, or technical college under Minnesota Statutes, section 124.2131, for the 1996-1997 school year shall equal the adjusted net tax capacity used for computation of its levy limits for the 1995-1996 school year.

Subd. 2. [LOCAL EFFORT TAX RATE AND EQUALIZING FACTOR.] Notwithstanding any other law to the contrary, the local effort tax rates computed under Minnesota Statutes, sections 124.226, subdivision 1, and 124A.23, for the 1996-1997 school year shall equal the local effort tax rates established at the time of levy limit certification for the 1995-1996 school year. Notwithstanding any other law to the contrary, the equalizing factor under Minnesota Statutes, section 124A.02, for the 1996-1997 school year shall equal the equalizing factor for the 1995-1996 school year.

Subd. 3. [COMPUTATION OF PUPIL UNITS FOR LEVY LIMITS.] Notwithstanding Minnesota Statutes, section 124.17, or any other law to the contrary, the number of pupil units and AFDC pupil units for a school district, education district, intermediate school district, or technical college for use in computing the levy limits of the district or technical college for the 1996-1997 school year shall be the pupil units and AFDC pupil units used for the levy limit computation of the school district, education district, intermediate school district, or technical college for the

1995-1996 school year. For purposes of computing the revenue entitlement of a school district under Minnesota Statutes, chapter 124, 124A, 124B, 136C, or 136D, for the 1996-1997 school year, the pupil units or AFDC pupil units shall be as otherwise provided under Minnesota Statutes, section 124.17. If any section of Minnesota Statutes, chapters 124, 124A, and 124B, provides that an aid entitlement is equal to the difference between the revenue entitlement and the authorized levy, then the aid entitlement for the 1996-1997 school year shall equal the difference between the revenue entitlement and authorized levies computed under this section and sections 11 to 71. If any section of Minnesota Statutes, chapters 124, 124A, and 124B, other than sections 124.321 and 124.912, subdivision 2, provide that the aid entitlement will be reduced if a district fails to exercise its full levy authority and the district failed to levy its full authority for the 1995-1996 school year, the commissioner shall assume that, absent the provisions of this act, the district would have elected to exercise the same portion of its levy authority for the 1996-1997 school year as it did in the prior year and determine the district's aid under the applicable section and the prior sentence.

Sec. 11. [TRANSITIONAL LEVIES.]

Notwithstanding Minnesota Statutes, sections 122.247, subdivision 3, and 122.533, a school district's levy under those sections for taxes payable in 1996 shall be no greater than it was for the prior year.

Sec. 12. [TRANSPORTATION AID.]

For purposes of computing transportation aid under Minnesota Statutes, section 124.225, subdivision 8a, for the 1996-1997 school year, levies shall be those computed under the provisions of sections 10 and 13 to 21.

Sec. 13. [TRANSPORTATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 2, a school district's levy for additional transportation costs as the result of leasing a school in another district shall be no greater for the 1996-1997 school year than it was for the prior year.

Sec. 14. [OFF-FORMULA ADJUSTMENT.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 3, a school district's off-formula adjustment for taxes payable in 1996 shall be no less than that computed for taxes payable in the prior year. If the resulting levy reduction is greater than that which would have otherwise occurred under Minnesota Statutes, section 124.226, subdivision 3, the district will receive additional aid equal to the difference.

Sec. 15. [TRANSPORTATION LEVY EQUITY.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 3a, a school district's aid reduction for transportation levy equity for the 1996-1997 school year shall be based on levies computed under sections 10 and 13 to 21.

Sec. 16. [NONREGULAR TRANSPORTATION COSTS LEVY.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 4, a school district's levy for nonregular transportation costs for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 17. [EXCESS TRANSPORTATION COSTS LEVY.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 5, a school district's levy for excess transportation costs for the 1996-1997 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have been authorized to levy under Minnesota Statutes, section 124.226, subdivision 5, the district shall receive additional aid equal to the difference.

Sec. 18. [BUS PURCHASES; LEVY.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 6, a school district's levy to

eliminate a projected deficit in its reserved fund balance for bus purchases in its transportation fund as of June 30 of the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 19. [CONTRACTED SERVICES LEVY.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 7, a school district's levy for taxes payable in 1996 under that subdivision shall be no greater than it was in the prior year. If the resulting levy is less than the school district would have been authorized to levy under that subdivision, the district will receive additional aid equal to the difference.

Sec. 20. [LEVY FOR POST-SECONDARY TRANSPORTATION.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 8, a school district levy for transportation of secondary students enrolled in courses provided in an agreement authorized by Minnesota Statutes, section 123.33, subdivision 7, for school year 1996-1997 shall be no greater than it was for the prior year.

Sec. 21. [LATE ACTIVITY BUSES LEVY.]

Notwithstanding Minnesota Statutes, section 124.226, subdivision 9, a school district's levy for late activity buses for the 1995-1996 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have been authorized to levy under Minnesota Statutes, section 124.226, subdivision 9, the school district shall receive additional aid equal to the difference.

Sec. 22. [BONDS.]

(a) Notwithstanding Minnesota Statutes, section 124.239, after March 30, 1995, no school district can sell bonds under that section the debt service payments of which would require a levy first becoming payable in 1996 or authorize a levy under Minnesota Statutes, section 124.239, subdivision 5, clause (b), that is not pursuant to a plan adopted prior to March 30, 1995. This restriction shall not apply to (1) refunding bonds sold to refund bonds originally sold before March 30, 1995, or (2) bonds for which the amount of the levy first becoming due in 1996 would not exceed the amount by which the school district's total levy for debt service on bonds for taxes payable in 1996 prior to issuance of those bonds is less than the municipality's total levy for debt service for bonds for taxes payable in 1995.

(b) For purposes of this section, bonds will be deemed to have been sold before March 30, 1995, if:

(1) an agreement has been entered into between the school district and a purchaser or underwriter for the sale of the bonds by that date;

(2) the issuing school district is a party to a contract or letter of understanding entered into before March 30, 1995, with the federal government that requires the school district to pay for a project, and the project will be funded with the proceeds of the bonds; or

(3) the proceeds of the bonds will be used to fund a project or acquisition with respect to which the school district has entered into a contract with a builder or supplier before March 30. Debt service payments due on bonds described in this paragraph during calendar year 1996 will be paid by the state. The amount of those payments must be repaid by the school district to the state in three equal annual installments beginning in 1997. No interest will be due on those payments if timely paid by June 15 of the year due.

Sec. 23. [CAPITAL EXPENDITURE FACILITY LEVY.]

Notwithstanding Minnesota Statutes, sections 124.243 and 124.2442, subdivision 3, a school district's capital expenditures facilities levy for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 24. [CAPITAL EXPENDITURE EQUIPMENT LEVY.]

Notwithstanding Minnesota Statutes, sections 124.244, subdivision 2, and 124.2442, a school

district's capital expenditures equipment levy for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 25. [LEVY FOR ADULT BASIC EDUCATION AID.]

Notwithstanding Minnesota Statutes, section 124.2601, school districts which did not levy for adult basic education for taxes payable in 1995, may not levy for that purpose for taxes payable in 1996.

Sec. 26. [EARLY CHILDHOOD FAMILY EDUCATION AND HOME VISITATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.2711, subdivisions 2a and 5, a school district's levy for early childhood family education and home visitation under Minnesota Statutes, section 124.2711, subdivision 5, for school year 1996-1997 shall be no greater than it was for the prior year.

Sec. 27. [COMMUNITY EDUCATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.2713, subdivision 6, 6a, or 6b, the community education levy of a school district for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 28. [LEVY FOR ADDITIONAL COMMUNITY EDUCATION REVENUE.]

Notwithstanding Minnesota Statutes, section 124.2714, a school district's levy under that section for school year 1996-1997 shall be no greater than it was for the prior year.

Sec. 29. [PROGRAMS FOR ADULTS WITH DISABILITIES; LEVY.]

Notwithstanding Minnesota Statutes, section 124.2715, subdivision 3, a school district's levy for community education programs for adults with disabilities for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 30. [EXTENDED DAY LEVY.]

Notwithstanding Minnesota Statutes, section 124.2716, a school district's levy under that section for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 31. [COOPERATION AND COMBINATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.2725, subdivisions 3 and 4, a school district's levy for cooperation and combination for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 32. [EARLY RETIREMENT AND SEVERANCE LEVY.]

Notwithstanding Minnesota Statutes, section 124.2725, subdivision 15, a school district's levy for the 1996-1997 school year for severance pay or early retirement incentives for licensed and nonlicensed staff who retire early as the result of combination or cooperation shall be no greater than it was for the prior year.

Sec. 33. [CONSOLIDATION; RETIREMENT LEVY.]

Notwithstanding Minnesota Statutes, section 124.2726, subdivision 3, a school district's levy for retirement incentives under Minnesota Statutes, section 122.23, subdivision 20, for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 34. [DISTRICT COOPERATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.2727, subdivisions 6b and 9, a school district's levy for district cooperation for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 35. [SPECIAL EDUCATION EQUALIZATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.321, subdivisions 3 and 5, a school district's special education equalization levy for the 1996-1997 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have levied under Minnesota Statutes, section 124.321, subdivisions 3 and 5, the district shall receive additional aid equal to the difference.

Sec. 36. [ALTERNATIVE DELIVERY LEVY.]

Notwithstanding Minnesota Statutes, section 124.322, subdivision 4, a school district's levy for alternative delivery of specialized instructional services for the 1996-1997 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have levied under Minnesota Statutes, section 124.322, subdivision 4, the district shall receive additional aid equal to the difference.

Sec. 37. [JOINT POWERS BOARD; EARLY RETIREMENT AND SEVERANCE LEVY.]

Notwithstanding Minnesota Statutes, section 124.4945, a school district's levy for the 1996-1997 school year for severance pay and early retirement incentives to a teacher as defined in Minnesota Statutes, section 125.12, subdivision 1, who is placed on unrequested leave as the result of a cooperative secondary facility agreement shall be no greater than it was for the prior year.

Sec. 38. [FACILITIES DOWN PAYMENT LEVY REFERENDUM.]

Notwithstanding Minnesota Statutes, section 124.82, subdivision 3, no facilities down payment levy referendum held after March 27, 1995, may authorize a levy first becoming payable in 1996.

Sec. 39. [HEALTH AND SAFETY LEVY.]

Notwithstanding Minnesota Statutes, section 124.83, subdivisions 4 and 7, a school district's levy for a health and safety program under Minnesota Statutes, section 124.83, for the 1996-1997 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have levied under Minnesota Statutes, section 124.83, subdivisions 4 and 7, the district shall receive additional aid equal to the difference.

Sec. 40. [HANDICAPPED ACCESS AND FIRE SAFETY LEVY.]

Notwithstanding Minnesota Statutes, section 124.84, subdivisions 3 and 4, a school district's levy for purposes of Minnesota Statutes, section 124.84, subdivisions 1 and 2, for the 1996-1997 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have levied under Minnesota Statutes, section 124.84, subdivision 3, the district may levy the difference in the subsequent year notwithstanding the five-year limitation in section 124.84, subdivision 3.

Sec. 41. [LEVY TO RENT OR LEASE BUILDING OR LAND.]

Notwithstanding Minnesota Statutes, section 124.91, subdivision 1, after March 30, 1995, the commissioner of education shall not authorize any school district to make any additional capital expenditure levy to rent or lease a building or land for instructional purposes if the levy for that purpose first becomes due and payable in 1996 unless the district's capital expenditure levy for taxes payable in 1996, including the levy for the new obligation, would not exceed its levy for that purpose for taxes payable in 1995.

Sec. 42. [LEVY FOR LEASE PURCHASE OR INSTALLMENT BUYS.]

(a) Except as provided in paragraphs (b) and (c), notwithstanding Minnesota Statutes, section 124.91, subdivision 3, after March 30, 1995, no school district may enter into an installment contract or a lease purchase agreement the levy for which would first become payable in 1996 unless the district's total levy for installment contracts and lease purchase agreements for taxes payable in 1996, including the levy for the new obligation, would not exceed its levy for that purpose for taxes payable in 1995.

(b) The limitation in paragraph (a) does not apply to an installment contract entered into before July 1, 1995, if it:

(1) relates to a high school construction project that was approved by the commissioner of education under Minnesota Statutes, section 121.15, before July 1, 1994; and

(2) relates at least in part to bids awarded between September 8, 1994, and February 21, 1995.

Payments due on installment contracts described in this paragraph during calendar year 1996 will be paid by the state. The amount of those payments will be repaid by the school district to the state in three equal annual installments beginning in 1997. No interest will be due on those payments if timely paid by June 15 of the year due.

(c) For purposes of this section, installment contracts or lease purchase agreements will be deemed to have been entered into before March 30, 1995, if:

(1) an agreement has been entered into between the school district and a lessor or seller by that date;

(2) the school district is a party to contract or letter of understanding entered into before March 30, 1995, with the federal government that requires the school district to pay for a project, and the project will be funded with the proceeds of the installment contracts or lease purchase agreements;
or

(3) the installment contracts or lease purchase agreements will be used to fund a project or acquisition with respect to which the school district has entered into a contract with a builder or supplier before March 30. Payments due on installment contracts or lease purchase agreements described in this paragraph during calendar year 1996 will be paid by the state. The amount of those payments must be repaid by the school district to the state in three equal annual installments beginning in 1997. No interest will be due on those payments if timely paid by June 15 of the year due.

Sec. 43. [COOPERATING DISTRICTS; CAPITAL LEVY.]

Notwithstanding Minnesota Statutes, section 124.91, subdivision 4, a school district's levy under that subdivision for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 44. [LEVY FOR INTERACTIVE TELEVISION.]

Notwithstanding Minnesota Statutes, section 124.91, subdivision 5, a school district's levy for interactive television for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 45. [ENERGY CONSERVATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.91, subdivision 6, a school district may not enter into a loan under Minnesota Statutes, sections 216C.37 or 298.292 to 298.298 after March 27, 1995, if the levy for repayment of the loan would first become payable in 1996.

Sec. 46. [LEVY FOR STATUTORY OBLIGATIONS.]

Notwithstanding Minnesota Statutes, section 124.912, subdivision 1, a school district's levy as otherwise authorized under that subdivision for the 1996-1997 school year shall be no greater than it was for the prior year. To the extent that the portion of the resulting levy for the school district's obligation under Minnesota Statutes, section 268.06, subdivision 25, and section 268.08, is less than the school district would have been otherwise authorized to levy under Minnesota Statutes, section 124.912, subdivision 1, the school district shall receive additional aid equal to the difference. To the extent that the portion of the resulting levy for judgments under Minnesota Statutes, section 127.05, is less than the school district would have been authorized to levy under Minnesota Statutes, section 124.912, subdivision 1, for this purpose, the school district may levy the difference in the subsequent year.

Sec. 47. [DESEGREGATION LEVY.]

Notwithstanding Minnesota Statutes, section 124.912, subdivision 2, a school district's levy as

otherwise authorized under that subdivision for the 1995-1996 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have levied under that subdivision, the school district shall receive additional aid equal to the difference.

Sec. 48. [RULE COMPLIANCE LEVY.]

Notwithstanding Minnesota Statutes, section 124.912, subdivision 3, a school district's levy as otherwise authorized under that subdivision for the 1995-1996 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have levied under that subdivision, the school district shall receive additional aid equal to the difference.

Sec. 49. [LEVY FOR CRIME RELATED COSTS.]

Notwithstanding Minnesota Statutes, section 124.912, subdivision 6, a school district's levy as otherwise authorized under that subdivision for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 50. [ICE ARENA LEVY.]

Notwithstanding Minnesota Statutes, section 124.912, subdivision 7, a school district's levy as otherwise authorized under that subdivision for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 51. [OUTPLACEMENT LEVY.]

Notwithstanding Minnesota Statutes, section 124.912, subdivision 8, the levy as otherwise authorized under that subdivision for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 52. [ABATEMENT LEVY.]

Notwithstanding Minnesota Statutes, section 124.912, subdivision 9, a school district's levy as otherwise authorized under that subdivision for the 1996-1997 school year shall be no greater than it was for the prior year. To the extent the portion of the resulting levy otherwise authorized under Minnesota Statutes, section 124.912, subdivision 9, paragraph (a), clause (1), is less than the school district would have been authorized to levy under that clause, the district shall receive additional aid equal to the difference. The remaining portion of the resulting levy that is less than the school district would have been authorized to levy under the remainder of Minnesota Statutes, section 124.912, subdivision 9, may be levied over a four-year period notwithstanding the three-year limitation of Minnesota Statutes, section 124.912, subdivision 9, paragraph (b).

Sec. 53. [OPERATING DEBT LEVIES.]

Notwithstanding Minnesota Statutes, section 122.531, subdivision 4a; 124.914; or Laws 1992, chapter 499, article 7, sections 25 and 26, a school district's levy as otherwise authorized under those sections for the 1996-1997 school year shall be no greater than it was for the prior year. To the extent this prevents a district from amortizing its reorganization operating debt as defined in Minnesota Statutes, section 121.915, clause (1), in five years, the district shall be permitted to levy the remainder in a subsequent year.

Sec. 54. [HEALTH INSURANCE BENEFITS LEVY.]

Notwithstanding Minnesota Statutes, section 124.916, subdivision 1, or Laws 1993, chapter 224, article 8, section 18, a school district's levy for retired employees health insurance as otherwise authorized under those provisions of law for the taxes payable in 1996 shall be no greater than it was for the prior year.

Sec. 55. [RETIREMENT LEVY.]

Notwithstanding Minnesota Statutes, section 124.916, subdivision 3, a school district's levy as otherwise authorized under that subdivision for taxes payable in 1996 shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have been authorized to levy under that subdivision, the school district shall receive additional aid equal to the difference.

Sec. 56. [MINNEAPOLIS HEALTH INSURANCE SUBSIDY.]

Notwithstanding Minnesota Statutes, section 124.916, subdivision 4, a school district's levy as otherwise authorized under that section for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 57. [LEVY FOR TACONITE PAYMENT.]

Notwithstanding Minnesota Statutes, section 124.918, subdivision 8, a school district's levy reduction as otherwise authorized under that subdivision for the 1996-1997 school year shall be no less than it was for the prior year. General education aid reduction for the 1996-1997 school year shall be governed by Minnesota Statutes, section 124A.035, subdivision 5, and the levy reduction as dictated by this section.

Sec. 58. [EQUALIZED DEBT SERVICE LEVY.]

Notwithstanding Minnesota Statutes, section 124.95, subdivision 4, a school district's levy as otherwise authorized under that subdivision for the 1996-1997 school year taxes payable in 1996 shall be based on the actual pupil units in the district for the 1992-1993 school year and the 1993 adjusted net tax of the district.

Sec. 59. [UNEQUALIZED REFERENDUM LEVY.]

Notwithstanding Minnesota Statutes, section 124A.03, subdivision 1i, a school district's unequalized referendum levy for the 1996-1997 school year shall be no greater than it was for the prior year. If the resulting levy is less than the school district would have levied under that subdivision, the school district shall receive additional aid equal to the difference.

Sec. 60. [REFERENDUM LEVY.]

(a) Except as provided in paragraph (b) or (c), notwithstanding Minnesota Statutes, section 124A.03, subdivision 2 or 2b, or 124B.03, subdivision 2, no referendum conducted after March 30, 1995, under those sections may authorize a levy first becoming payable in 1996.

(b) A referendum may authorize such a levy if the referendum provides for continuation of a referendum levy that terminates beginning with taxes payable in 1996. If the terminated levy had been based on net tax capacity, the referendum relating to taxes payable in 1996 must be based on net tax capacity and the ballot shall state the estimated referendum tax rate based on net tax capacity for taxes levied in 1996, notwithstanding Minnesota Statutes, section 124A.03, subdivisions 2 and 2a. To the extent the referendum relates to taxes payable in 1997 and subsequent years, the levies for those years are subject to Minnesota Statutes, sections 124A.03, subdivision 2a, and 124A.0311, subdivision 3, and the ballot shall also state the estimated referendum tax rate as a percentage of market value for taxes levied in 1997.

(c) A referendum may authorize such a levy if the levy required under the referendum would not result in an increase for taxes payable in 1996 in the total levy for all purposes imposed by the school district over the total levy imposed by the district for taxes payable in 1995.

Sec. 61. [REFERENDUM AUTHORITY; CONVERSION.]

Notwithstanding Minnesota Statutes, section 124A.0311, subdivisions 2 and 3, no school district may convert its referendum authority currently authorized to be levied against net tax capacity to referendum authority authorized to be levied against referendum market value effective for taxes payable in 1996.

Sec. 62. [TRAINING AND EXPERIENCE LEVY.]

Notwithstanding Minnesota Statutes, section 124A.22, subdivision 4a, a school district's training and experience levy for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 63. [SUPPLEMENTAL LEVY.]

Notwithstanding Minnesota Statutes, section 124A.22, subdivision 8a, a school district's supplemental levy for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 64. [GENERAL EDUCATION LEVY; OFF-FORMULA DISTRICTS.]

Notwithstanding Minnesota Statutes, section 124A.23, subdivision 3, an off-formula school district's levy for general education for the 1996-1997 school year shall be no greater than it was for the prior year. An off-formula school district's aid reduction for general education levy equity under Minnesota Statutes, section 124A.24, shall be computed using the levy computed under this section. If an off-formula district payments pursuant to Minnesota Statutes, section 124A.035, subdivision 4, are reduced from that received in the prior school year, the district shall receive additional aid equal to the difference.

Sec. 65. [LEVY REDUCTION.]

Notwithstanding Minnesota Statutes, section 124A.26, subdivision 2, a district's levy reduction for the 1996-1997 school year under that subdivision shall be no less than it was in the prior year. To the extent that the resulting reduction is greater than the school district would have otherwise received under that subdivision, the school district shall receive additional aid equal to the difference.

Sec. 66. [STAFF DEVELOPMENT LEVY.]

Notwithstanding Minnesota Statutes, section 124A.292, subdivision 3, a school district's levy for staff development for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 67. [SCHOOL RESTRUCTURING LEVIES.]

Notwithstanding Minnesota Statutes, section 126.019, a school district's levy under that section for taxes payable in 1996 shall be no greater than it was in the prior year. To the extent the resulting levy is less than the district would have otherwise been authorized to levy under that section, the district shall receive additional aid equal to the difference.

Sec. 68. [LEVY FOR LOCAL SHARE OF TECHNICAL COLLEGE CONSTRUCTION.]

Notwithstanding Minnesota Statutes, section 136C.411, the levy as otherwise authorized under that section for the 1996-1997 school year shall be no greater than it was for the prior year. If the resulting levy is less than is necessary for the district to pay its local share of the costs of construction in that year, the joint vocational technical district shall receive additional aid equal to the difference.

Sec. 69. [JOINT VOCATIONAL TECHNICAL DISTRICT TAX LEVY.]

Notwithstanding Minnesota Statutes, section 136C.67, a joint vocational technical district's levy under that subdivision for the 1996-1997 school year shall be no greater than it was for the prior year.

Sec. 70. [LEVY ADJUSTMENT.]

Notwithstanding any other law to the contrary, any adjustment of a school district's levy authority other than for debt redemption fund excesses under Minnesota Statutes, section 475.61, for taxes payable in 1996 shall not result in a levy that is greater than it was in 1995. If the resulting levy adjustments reduce the district's revenues below that which the district would have otherwise received in the absence of this section, the district will receive additional aid equal to the difference.

Sec. 71. [OTHER LEVY AUTHORITY.]

A school district's levy under any special law or any authority other than that contained in Minnesota Statutes, chapters 124, 124A, and 136C, shall not be greater for taxes payable in 1996 than it was for taxes payable in 1995 except for any debt service on obligations, certificates of indebtedness, capital notes, or other debt instruments issued prior to March 30, 1995, or to make payments on installment purchase contracts or lease purchase agreements entered into prior to March 30, 1995.

Sec. 72. [BENEFIT RATIO FOR RURAL SERVICE DISTRICTS.]

Notwithstanding Minnesota Statutes, section 272.67, subdivision 6, the benefit ratio used for apportioning levies to a rural service district for taxes payable in 1996 shall not be greater than that in effect for taxes payable in 1995.

Sec. 73. [PROHIBITION AGAINST INCURRING NEW DEBT.]

Subdivision 1. [GENERALLY.] (a) After March 30, 1995, no municipality as defined in Minnesota Statutes, section 475.51, or any special taxing district as defined under Minnesota Statutes, section 275.066, may sell obligations, certificates of indebtedness, or capital notes under Minnesota Statutes, chapter 475, section 412.301, or any other law authorizing obligations, certificates of indebtedness, capital notes, or other debt instruments or enter into installment purchase contracts or lease purchase agreements under Minnesota Statutes, section 465.71, or any other law authorizing installment purchase contracts or lease purchase agreements if issuing those debt instruments or entering into those contracts would require a levy first becoming due in 1996. This restriction does not apply to (1) refunding bonds sold to refund bonds originally sold before March 30, 1995, or (2) obligations for which the amount of the levy first becoming due in 1996 would not exceed the amount by which the municipality's total debt service levy for taxes payable in 1996 prior to issuance of those obligations is less than the municipality's total debt service levy for taxes payable in 1995. As used in clause (2), "obligations" includes certificates of indebtedness, capital notes, or other debt instruments or installment purchase contracts or lease purchase agreements.

(b) For purposes of this section, bonds will be deemed to have been sold before March 30, 1995, if:

(1) an agreement has been entered into between the municipality and a purchaser or underwriter for the sale of the bonds by that date;

(2) the issuing municipality is a party to contract or letter of understanding entered into before March 30, 1995, with the federal government or the state government that requires the municipality to pay for a project, and the project will be funded with the proceeds of the bonds; or

(3) the proceeds of the bonds will be used to fund a project or acquisition with respect to which the municipality has entered into a contract with a builder or supplier before March 30. Debt service payments due on bonds described in this paragraph during calendar year 1996 will be paid by the state. The amount of those payments must be repaid by the municipality to the state in three equal annual installments beginning in 1997. No interest will be due on those payments if timely paid by June 15 of the year due.

Subd. 2. [EXCEPTION.] Notwithstanding subdivision 1, certificates of indebtedness, capital notes, installment purchase contracts, lease purchase agreements or any other debt instruments, and the debt service levies for the obligations shall, for purposes of this act, be treated as if sold prior to March 30, 1995, if:

(a) The municipality or other governmental authority has satisfied any one of the following conditions prior to March 30, 1995:

(1) it has adopted a resolution or ordinance authorizing the issuance of the obligations;

(2) it has declared official intent to issue the obligations under federal tax laws and regulations;

or

(3) it has entered into a binding agreement to design or construct a project or acquire property to be financed with the obligations; and

(b) The municipality makes a finding at the time of the sale of the bonds that no levy will be required for taxes payable in 1996 to pay the debt service on the obligations because sufficient funds are available from nonproperty tax sources to pay the debt service.

Sec. 74. [ASSESSMENT LIMITATIONS.]

Subdivision 1. [1995 ASSESSMENT.] Notwithstanding Minnesota Statutes, section 273.11, or any other law to the contrary, the value of property for the 1995 assessment shall not exceed the lesser of its limited market value determined for the 1994 assessment pursuant to Minnesota Statutes, section 273.11, subdivision 1a, or its market value as otherwise determined for the 1994 assessment provided that any value attributable to new construction or improvements to the extent it does not qualify for deferral under Minnesota Statutes, section 273.11, subdivision 16, shall be added to the prior year's value used to determine its tax capacity. It is further provided that previously tax exempt property that loses its tax exempt status pursuant to Minnesota Statutes, section 272.02, subdivision 4, shall not have its assessment limited in any way under this subdivision.

Subd. 2. [1996 ASSESSMENT.] The provisions of Minnesota Statutes, section 273.11, subdivision 1a, shall govern in determining the value of property classified as agricultural homestead or nonhomestead, residential homestead or nonhomestead, or noncommercial seasonal residential for the 1996 assessment provided that "five percent" shall be substituted for "ten percent" in that section.

Sec. 75. [LEVY LIMITATION TAXES PAYABLE IN 1996.]

Subdivision 1. [TAXES PAYABLE IN 1996 PROPOSED LEVY.] Notwithstanding any other law to the contrary, for purposes of the certification required by Minnesota Statutes, section 275.065, subdivision 1, in 1995, no taxing authority other than a school district shall certify to the county auditor a proposed property tax levy or in the case of a township, a final property tax levy, greater than the amount certified to the county auditor pursuant to Minnesota Statutes, section 275.07, subdivision 1, in the prior year except as provided in subdivisions 3, 4, and 5.

Subd. 2. [TAXES PAYABLE IN 1996 FINAL LEVY.] Notwithstanding any other law to the contrary, for purposes of the certification required by Minnesota Statutes, section 275.07, subdivision 1, in 1995, no taxing authority other than a school district shall certify to the county auditor a property tax levy greater than the amount certified to the county auditor pursuant to Minnesota Statutes, section 275.07, subdivision 1, in the prior year except as provided in subdivisions 3 and 4.

Subd. 3. [SCHOOL DISTRICTS.] School district levies shall be governed by sections 10 to 71.

Subd. 4. [DEBT SERVICE EXCEPTION.] If a payable 1996 levy for debt service on obligations, certificates of indebtedness, capital notes, or other debt instruments sold prior to March 30, 1995, or to make payments on installment purchase contracts or lease purchase agreements entered into prior to March 30, 1995, exceeds the levy a taxing authority certified pursuant to Minnesota Statutes, section 275.07, subdivision 1, for taxes payable in 1995 for the same purpose, the excess may be levied notwithstanding the limitations of subdivisions 1 and 2.

Subd. 5. [ANNEXATION EXCEPTION.] The city tax rate for taxes payable in 1996 on any property annexed under chapter 414 may not be increased over the city or township tax rate in effect on the property in 1995, notwithstanding any law, municipal board order, or ordinance to the contrary. The limit on the annexing city's levy under subdivisions 1 and 2 may be increased in excess of that limit by an amount equal to the net tax capacity of the property annexed times the city or township tax rate in effect on that property for taxes payable in 1995. The levy limit of the city or township from which the property was annexed shall be reduced by the same amount.

Sec. 76. [FREEZE ON LOCAL MATCH REQUIREMENTS.]

Notwithstanding any other law to the contrary, the local funding or local match required from any city, town, or county for any state grant or program shall not be increased for calendar year 1996 above the dollar amount of the local funding or local match required for the same grant or program in 1995, regardless of the level of state funding provided; and any new local match or local funding requirements for new or amended state grants or programs shall not be effective until calendar year 1997. Nothing in this section shall affect the eligibility of a city, town, or county, for the receipt of state grants or program funds in 1996 or reduce the amount of state funding a city, town, or county would otherwise receive in 1996 if the local match requirements of the state grant or program were met in 1996.

Sec. 77. [SUSPENSION OF SALARY AND BUDGET APPEAL AUTHORIZATION.]

After April 11, 1995, no county sheriff may exercise the authority granted under Minnesota Statutes, section 387.20, subdivision 7, and no county attorney may exercise the authority granted under Minnesota Statutes, section 388.18, subdivision 6, to the extent that the salary or budget increase sought in the appeal would result in an increase in county expenditures in calendar year 1996.

Sec. 78. [SUSPENSION OF PUBLICATION AND HEARING REQUIREMENTS.]

A local taxing authority is not required to comply with the public advertisement notice of Minnesota Statutes, section 275.065, subdivision 5a, or the public hearing requirement of Minnesota Statutes, section 275.065, subdivision 6, with respect to taxes levied in 1995, payable in 1996, only.

Sec. 79. [LEVY LIMITATION TAXES PAYABLE IN 1997.]

Subdivision 1. [DEFINITION.] The "percentage increase in the implicit price deflator" means the percentage change in the implicit price deflator for state and local governments purchases of goods and services as calculated in Minnesota Statutes, section 477A.03, subdivision 3, provided that the 2.5 percent and five percent limits do not apply and that the increase can not be less than zero percent.

Subd. 2. [TAXES PAYABLE IN 1997 PROPOSED LEVY.] Notwithstanding any other law to the contrary, for purposes of the certification required by Minnesota Statutes, section 275.065, subdivision 1, in 1996, no taxing authority other than a school district or a joint vocational technical district shall certify to the county auditor a proposed property tax levy or in the case of a township, a final property tax levy, that is greater than the product of:

(1) the sum of one plus the lesser of (i) three percent, or (ii) the percentage increase in the implicit price deflator; and

(2) the amount certified to the county auditor pursuant to Minnesota Statutes, section 275.07, subdivision 1, in the prior year, except as provided in subdivisions 4 and 5.

Subd. 3. [TAXES PAYABLE IN 1997 FINAL LEVY.] Notwithstanding any other law to the contrary, for purposes of the certification required by Minnesota Statutes, section 275.07, subdivision 1, in 1996, no taxing authority other than a school district or a joint vocational technical district shall certify to the county auditor a property tax levy that is greater than the product of:

(1) the sum of one plus the lesser of (i) three percent, or (ii) the percentage increase in the implicit price deflator; and

(2) the amount certified to the county auditor pursuant to Minnesota Statutes, section 275.07, subdivision 1, in the prior year, except as provided in subdivisions 4, 5, and 6.

Subd. 4. [REFERENDA.] (a) A taxing authority other than a school district or an education district may increase its levy above the limits provided in subdivisions 2 and 3, by the amount approved by the voters residing in the jurisdiction of the authority at a referendum called for the purpose. The referendum may be called by the governing body or shall be called by the governing body upon written petition of qualified voters of the jurisdiction. The referendum shall be conducted during the calendar year before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. The referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased levy and the estimated referendum tax rate as a percentage of taxable net tax capacity in the year it is to be levied. The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the levy proposed by (petition to) the governing body of, be approved?"

(b) The governing body shall prepare and deliver by first class mail at least 15 days but no

more than 30 days prior to the day of the referendum to each taxpayer a notice of the referendum and the proposed levy increase. The governing body need not mail more than once notice to any taxpayer. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the jurisdiction of the taxing authority.

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes."

(c) A petition authorized by paragraph (a) shall be effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the jurisdiction of the taxing authority on the day the petition is filed with the governing body. A referendum invoked by petition shall be held on the date specified in paragraph (a).

(d) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(e) A bond authorization under Minnesota Statutes, section 475.59, shall be deemed to meet the requirements of this subdivision provided the ballot includes the information required in paragraph (a) and the notice required in paragraph (b) is distributed.

Subd. 5. [DEBT SERVICE EXCEPTION.] If a payable 1997 levy for debt service on obligations, certificates of indebtedness, capital notes, or other debt instruments sold prior to March 30, 1995, or to make payments on installment purchase contracts or lease purchase agreements entered into prior to March 30, 1995, exceeds the levy a taxing authority certified pursuant to Minnesota Statutes, section 275.07, subdivision 1, for taxes payable in 1996 for the same purpose, or a payable 1997 levy for general obligations exceeds any payable 1997 levy required as a condition for the issuance of such general obligations, the excess may be levied notwithstanding the limitations of subdivisions 2 and 3.

Subd. 6. [LEVY OF TOWN BEING MERGED INTO CITY.] If a town has entered into an agreement to merge with a home rule charter or statutory city, and the merger has been approved by a referendum conducted under Minnesota Statutes, section 465.84, the town's levy for taxes payable in 1997 shall not exceed the greater of (1) the amount determined under subdivisions 1 to 5, or (2) the amount established as a term of the merger agreement with the city.

Sec. 80. [FISCAL DISPARITIES FREEZE.]

Notwithstanding Minnesota Statutes, section 473F.08, subdivision 2, clause (a), the amount to be deducted from a governmental unit's net tax capacity for taxes payable in 1996 under that clause shall equal the amount deducted for taxes payable in 1995. Notwithstanding Minnesota Statutes, section 473F.08, subdivision 2, clause (b), the amount to be added to a governmental unit's net tax capacity for taxes payable in 1996 under that clause shall equal the same amount added for taxes payable in 1995. Notwithstanding Minnesota Statutes, section 473F.08, subdivision 3, the areawide portion of the levy for each governmental unit shall be determined using the local tax rate for the 1993 levy year. Notwithstanding Minnesota Statutes, section 473F.08, subdivision 6, the portion of commercial-industrial property within a municipality subject to the areawide tax rate shall be computed using the amount determined under Minnesota Statutes, sections 473F.06 and 473F.07, for taxes payable in 1995.

Sec. 81. [TAX RATE FREEZE.]

Subdivision 1. [REDUCTION OF LEVY; PAYMENT.] If in the course of determining local tax rates for taxes payable in 1996 after reductions for disparity reduction aid under Minnesota Statutes, section 275.08, subdivisions 1c and 1d, the county auditor finds the local tax rate exceeds that in effect for taxes payable in 1995, the county auditor shall reduce the local government's

levy so the local tax rate does not exceed that in effect for taxes payable in 1995. The difference between the levy as originally certified by the local government and the reduced levy shall be certified to the commissioner of revenue at the time the abstracts are submitted under Minnesota Statutes, section 275.29. That amount shall be paid to the local government on or before August 31.

Subd. 2. [APPROPRIATION.] An amount sufficient to pay the aid provided for under this section is appropriated from the general fund to the commissioner of revenue for payment to counties, cities, townships, and special taxing districts. An amount sufficient to pay the aid provided for under this section is appropriated from the general fund to the commissioner of education for payment to school districts.

Sec. 82. [PENSION LIABILITIES.]

Notwithstanding any other law or charter provision to the contrary, no levy for taxes payable in 1996 for a local police and fire relief association for the purpose of amortizing an unfunded pension liability may exceed the levy for that purpose for taxes payable in 1995.

Sec. 83. [DUTIES OF TOWNSHIP BOARD OF SUPERVISORS.]

Notwithstanding Minnesota Statutes, section 365.10, in 1995 the township board of supervisors shall adjust the levy and in 1996 the township board of supervisors may adjust the expenditures of a township below the level authorized by the electors to adjust for any reduction in the previously authorized levy of the township pursuant to section 75.

Sec. 84. [PROPERTY TAX AND EDUCATION AIDS REFORM.]

Subdivision 1. [RECOMMENDED PROGRAM.] The legislative commission on planning and fiscal policy shall prepare and recommend to the legislature a property tax reform and education aids reform program that includes:

- (1) a property tax classification and class rate system;
- (2) elementary and secondary education aids and levies; and
- (3) aids to local government.

Subd. 2. [STANDARDS.] (a) The recommended program must provide for accountability, equity, revenue adequacy, and efficiency as provided in paragraphs (b) to (e).

(b) The recommended program must provide accountability by being understandable to the taxpayer, by linking the costs of services to the taxes paid for those services, and by correlating the responsibility for raising revenues with the ability to make spending decisions.

(c) The recommended program must provide equity by minimizing large, short-term shifts in tax burdens, and by ensuring that tax burdens and aids are progressive and related to the ability to pay or raise revenue.

(d) The recommended program must provide for adequate revenue by controlling costs and the need for increased revenue, minimizing reductions or shifts in revenues available to local governments to provide needed services, and directing aids to meet needs and fund services based on established funding priorities.

(e) The program must promote efficiency by providing stable predictable property taxes and local government revenues that are competitive with those of other states and areas so that property taxes and aids have minimal impact on the economic decisions of taxpayers.

Subd. 3. [TASK FORCE.] The commission may designate a task force to advise the commission in carrying out its duties under this section. The task force may include legislators, agency and legislative staff, state and local governmental officials, educators, and taxpayers and members of the public. The task force expires on January 1, 1997.

Subd. 4. [SERVICES.] The commission may enter into contracts for the professional and other services necessary to carry out its duties under this section.

Subd. 5. [REPORT.] The commission shall report its recommendations to the legislature on or before January 1, 1997. The report shall include proposed legislation to implement the recommendations of the commission.

Sec. 85. [UNFUNDED MANDATE PROHIBITION.]

Subdivision 1. [DEFINITION.] As used in this section, "state mandates" has the meaning given in Minnesota Statutes, section 3.881.

Subd. 2. [FUNDING OF THE COST OF MANDATES.] If the fiscal note prepared by the commissioner of finance under Minnesota Statutes, section 3.982, indicates that a new or expanded mandate on a political subdivision in a bill introduced in the legislature will impose a statewide cost on counties in excess of \$500,000 or a statewide cost on cities or townships in excess of \$250,000, the political subdivisions are not required to implement the mandate unless the legislature, by appropriation enacted before the mandate is required to be implemented, provides reimbursement to the political subdivisions for the costs incurred.

Sec. 86. [SAVINGS CLAUSE.]

Notwithstanding the repealers in section 88 or any other provision in this act to the contrary, nothing in this act constitutes an impairment of any obligations, certificates of indebtedness, capital notes, or other debt instruments, including installment purchase contracts or lease purchase agreements, issued before the date of final enactment of this act, by a municipality as defined in Minnesota Statutes, section 469.174, subdivision 6, or a special taxing district as defined in Minnesota Statutes, section 275.066.

Sec. 87. [PIPESTONE COUNTY.]

Subdivision 1. [BOND AUTHORIZATION.] The county of Pipestone may issue its general obligation bonds in a principal amount of not to exceed \$598,000 to defray the expense of repair and renovation of the county courthouse and courthouse annex. The bonds shall be issued in accordance with Minnesota Statutes, chapter 475. No further election proceedings are required and Minnesota Statutes, section 275.61, shall not apply.

Subd. 2. [EFFECTIVE DATE.] This section takes effect the day after the county board of Pipestone county complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 88. [REPEALER.]

Subdivision 1. Minnesota Statutes 1994, sections 124.01; 124.05; 124.06; 124.07; 124.76; 124.82; 124.829; 124.83; 124.84; 124.85; 124.86; 124.90; 124.91; 124.912; 124.914; 124.916; 124.918; 124.95; 124.961; 124.962; 124.97; 124A.02, subdivisions 16, 23, and 24; 124A.03, subdivisions 1b, 1c, 1d, 1e, 1f, 1g, 1h, and 1i; 124A.0311; 124A.032; 124A.04; 124A.22, subdivisions 1, 2, 3, 4, 4a, 4b, 6, 6a, 8, and 9; 124A.23; 124A.24; 124A.26, subdivisions 1, 2, and 3; 124A.27; 124A.28; and 124A.29, subdivision 2, are repealed. Laws 1991, chapter 265, article 7, section 35, is repealed.

Subd. 2. Minnesota Statutes 1994, sections 273.13; 273.135; 273.136; 273.1391; 473F.001; 473F.01; 473F.02; 473F.03; 473F.05; 473F.06; 473F.07; 473F.08; 473F.09; 473F.10; 473F.11; 473F.13; 477A.011; 477A.012; 477A.0121; 477A.0122; 477A.013; 477A.0132; 477A.014; 477A.015; 477A.016; 477A.017; 477A.03; 477A.11; 477A.12; 477A.13; 477A.14; and 477A.15, are repealed.

Subd. 3. [REPEALER.] Minnesota Statutes 1994, sections 245.48; and 256H.12, subdivision 3, are repealed.

Sec. 89. [EFFECTIVE DATE.]

Sections 2 to 5 and 85, subdivision 3, are effective July 1, 1995. Section 88, subdivision 2, is effective for taxes payable in 1998, and section 88, subdivision 1, is effective for the 1998-1999 school year, provided that if the legislature does not pass and the governor does not approve legislation by the conclusion of the 1997 session that states in its body that it is replacing the provisions of the repealed chapters and sections in section 88, the repealed chapters and sections are reenacted.

Sections 10 to 71, and section 75, subdivision 3, will not become effective if a bill styled as S.F. No. 944 is enacted during the 1995 session of the legislature and that bill provides for the imposition of levies by school districts for taxes payable in 1996.

ARTICLE 4

PROPERTY TAXES

Section 1. Minnesota Statutes 1994, section 216B.16, is amended by adding a subdivision to read:

Subd. 6d. [WIND ENERGY; PROPERTY TAX.] Contracts for the purchase of electric energy produced by a wind energy conversion system installed after June 1, 1995, and before January 1, 1997, between a public utility and the owner or developer of the system must provide for the public utility to be liable for property taxes imposed on the system. The commission shall permit a public utility that is purchasing electricity produced by a wind energy conversion system installed after June 1, 1995, and before January 1, 1997, to recover in its rates payments made by the public utility for property taxes paid on the system.

Sec. 2. Minnesota Statutes 1994, section 272.02, subdivision 1, is amended to read:

Subdivision 1. All property described in this section to the extent herein limited shall be exempt from taxation:

- (1) All public burying grounds.
- (2) All public schoolhouses.
- (3) All public hospitals.
- (4) All academies, colleges, and universities, and all seminaries of learning.
- (5) All churches, church property, and houses of worship.

(6) Institutions of purely public charity except parcels of property containing structures and the structures described in section 273.13, subdivision 25, paragraph (c), clauses (1), (2), and (3), or paragraph (d), other than those that qualify for exemption under clause (25).

(7) All public property exclusively used for any public purpose.

(8) Except for the taxable personal property enumerated below, all personal property and the property described in section 272.03, subdivision 1, paragraphs (c) and (d), shall be exempt.

The following personal property shall be taxable:

(a) personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures;

(b) railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80;

(c) personal property defined in section 272.03, subdivision 2, clause (3);

(d) leasehold or other personal property interests which are taxed pursuant to section 272.01, subdivision 2; 273.124, subdivision 7; or 273.19, subdivision 1; or any other law providing the property is taxable as if the lessee or user were the fee owner;

(e) manufactured homes and sectional structures, including storage sheds, decks, and similar removable improvements constructed on the site of a manufactured home, sectional structure, park trailer or travel trailer as provided in section 273.125, subdivision 8, paragraph (f); and

(f) flight property as defined in section 270.071.

(9) Personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, and real property which is used primarily for abatement and control of air, water, or land pollution as part of an agricultural operation, as a part of a centralized treatment and recovery facility operating under a permit issued by the Minnesota pollution control agency pursuant to chapters 115 and 116 and Minnesota Rules, parts 7001.0500 to 7001.0730, and 7045.0020 to 7045.1260, as a wastewater treatment facility and for the treatment, recovery, and stabilization of metals, oils, chemicals, water, sludges, or inorganic materials from hazardous industrial wastes, or as part of an electric generation system. For purposes of this clause, personal property includes ponderous machinery and equipment used in a business or production activity that at common law is considered real property.

Any taxpayer requesting exemption of all or a portion of any real property or any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. The equipment or device shall meet standards, rules, or criteria prescribed by the Minnesota pollution control agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota pollution control agency shall upon request of the commissioner furnish information or advice to the commissioner. On determining that property qualifies for exemption, the commissioner shall issue an order exempting the property from taxation. The equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota pollution control agency remains in effect.

(10) Wetlands. For purposes of this subdivision, "wetlands" means: (i) land described in section 103G.005, subdivision 18; (ii) land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes, provided it is preserved in its natural condition and drainage of it would be legal, feasible, and economically practical for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice; or (iii) land in a wetland preservation area under sections 103F.612 to 103F.616. "Wetlands" under items (i) and (ii) include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands, but do not include woody swamps containing shrubs or trees, wet meadows, meandered water, streams, rivers, and floodplains or river bottoms. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

(11) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause. Upon receipt of an application for the exemption provided in this clause for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of the decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

(12) Property used in a continuous program to provide emergency shelter for victims of domestic abuse, provided the organization that owns and sponsors the shelter is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, notwithstanding the fact that the sponsoring organization receives funding under section 8 of the United States Housing Act of 1937, as amended.

(13) If approved by the governing body of the municipality in which the property is located, property not exceeding one acre which is owned and operated by any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders; provided the property is used primarily as a clubhouse, meeting facility, or recreational facility by the group or association and the property is not used for residential purposes on either a temporary or permanent basis.

(14) To the extent provided by section 295.44, real and personal property used or to be used primarily for the production of hydroelectric or hydromechanical power on a site owned by the

state or a local governmental unit which is developed and operated pursuant to the provisions of section 103G.535.

(15) If approved by the governing body of the municipality in which the property is located, and if construction is commenced after June 30, 1983:

(a) a "direct satellite broadcasting facility" operated by a corporation licensed by the federal communications commission to provide direct satellite broadcasting services using direct broadcast satellites operating in the 12-ghz. band; and

(b) a "fixed satellite regional or national program service facility" operated by a corporation licensed by the federal communications commission to provide fixed satellite-transmitted regularly scheduled broadcasting services using satellites operating in the 6-ghz. band.

An exemption provided by clause (15) shall apply for a period not to exceed five years. When the facility no longer qualifies for exemption, it shall be placed on the assessment rolls as provided in subdivision 4. Before approving a tax exemption pursuant to this paragraph, the governing body of the municipality shall provide an opportunity to the members of the county board of commissioners of the county in which the facility is proposed to be located and the members of the school board of the school district in which the facility is proposed to be located to meet with the governing body. The governing body shall present to the members of those boards its estimate of the fiscal impact of the proposed property tax exemption. The tax exemption shall not be approved by the governing body until the county board of commissioners has presented its written comment on the proposal to the governing body or 30 days have passed from the date of the transmittal by the governing body to the board of the information on the fiscal impact, whichever occurs first.

(16) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used in the generation and distribution of hot water for heating buildings and structures.

(17) Notwithstanding section 273.19, state lands that are leased from the department of natural resources under section 92.46.

(18) Electric power distribution lines and their attachments and appurtenances, that are used primarily for supplying electricity to farmers at retail.

(19) Transitional housing facilities. "Transitional housing facility" means a facility that meets the following requirements. (i) It provides temporary housing to individuals, couples, or families. (ii) It has the purpose of reuniting families and enabling parents or individuals to obtain self-sufficiency, advance their education, get job training, or become employed in jobs that provide a living wage. (iii) It provides support services such as child care, work readiness training, and career development counseling; and a self-sufficiency program with periodic monitoring of each resident's progress in completing the program's goals. (iv) It provides services to a resident of the facility for at least three months but no longer than three years, except residents enrolled in an educational or vocational institution or job training program. These residents may receive services during the time they are enrolled but in no event longer than four years. (v) It is owned and operated or under lease from a unit of government or governmental agency under a property disposition program and operated by one or more organizations exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992. This exemption applies notwithstanding the fact that the sponsoring organization receives financing by a direct federal loan or federally insured loan or a loan made by the Minnesota housing finance agency under the provisions of either Title II of the National Housing Act or the Minnesota housing finance agency law of 1971 or rules promulgated by the agency pursuant to it, and notwithstanding the fact that the sponsoring organization receives funding under Section 8 of the United States Housing Act of 1937, as amended.

(20) Real and personal property, including leasehold or other personal property interests, owned and operated by a corporation if more than 50 percent of the total voting power of the stock of the corporation is owned collectively by: (i) the board of regents of the University of Minnesota, (ii) the University of Minnesota Foundation, an organization exempt from federal

income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, and (iii) a corporation organized under chapter 317A, which by its articles of incorporation is prohibited from providing pecuniary gain to any person or entity other than the regents of the University of Minnesota; which property is used primarily to manage or provide goods, services, or facilities utilizing or relating to large-scale advanced scientific computing resources to the regents of the University of Minnesota and others.

(21) Wind energy conversion systems, as defined in section 216C.06, subdivision 12, installed after January 1, 1991, and used as an electric power source, are exempt to the extent provided in items (i) to (iii):

(i) systems installed after January 1, 1991, and before January 1, 1995, are exempt;

(ii) systems installed on or after January 1, 1995, located within the same county and owned by the same owner that produce in aggregate two or less megawatts of electricity, as measured by the nameplate rating, are exempt;

(iii) systems installed on or after January 1, 1995, located within the same county and owned by the same owner that produce in aggregate more than two megawatts of electricity, as measured by the nameplate rating, are taxable to the following extent:

(A) the foundation or pads are taxable upon installation; and

(B) the devices in such a system that convert wind energy to a form of usable energy and any supporting or protective structures are exempt.

(22) Containment tanks, cache basins, and that portion of the structure needed for the containment facility used to confine agricultural chemicals as defined in section 18D.01, subdivision 3, as required by the commissioner of agriculture under chapter 18B or 18C.

(23) Photovoltaic devices, as defined in section 216C.06, subdivision 13, installed after January 1, 1992, and used to produce or store electric power.

(24) Real and personal property owned and operated by a private, nonprofit corporation exempt from federal income taxation pursuant to United States Code, title 26, section 501(c)(3), primarily used for an ice arena or ice rink, and used primarily for youth and high school programs.

(25) A structure that is situated on real property that is used for:

(i) housing for the elderly or for low- and moderate-income families as defined in Title II of the National Housing Act, as amended through December 31, 1990, and funded by a direct federal loan or federally insured loan made pursuant to Title II of the act; or

(ii) housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended.

In order for a structure to be exempt under (i) or (ii), it must also meet each of the following criteria:

(A) is owned by an entity which is operated as a nonprofit corporation organized under chapter 317A;

(B) is owned by an entity which has not entered into a housing assistance payments contract under section 8 of the United States Housing Act of 1937, or, if the entity which owns the structure has entered into a housing assistance payments contract under section 8 of the United States Housing Act of 1937, the contract provides assistance for less than 90 percent of the dwelling units in the structure, excluding dwelling units intended for management or maintenance personnel;

(C) operates an on-site congregate dining program in which participation by residents is mandatory, and provides assisted living or similar social and physical support services for residents; and

(D) was not assessed and did not pay tax under chapter 273 prior to the 1991 levy, while meeting the other conditions of this clause.

An exemption under this clause remains in effect for taxes levied in each year or partial year of the term of its permanent financing.

(26) Real and personal property that is located in the Superior National Forest, and owned or leased and operated by a nonprofit organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1992, and primarily used to provide recreational opportunities for disabled veterans and their families.

(27) Manure pits and appurtenances, which may include slatted floors and pipes, installed or operated in accordance with a permit, order, or certificate of compliance issued by the Minnesota pollution control agency. The exemption shall continue for as long as the permit, order, or certificate issued by the Minnesota pollution control agency remains in effect.

(28) Notwithstanding clause (8), item (a), attached machinery and other personal property which is part of a facility containing a cogeneration system as described in section 216B.166, subdivision 2, paragraph (a), if the cogeneration system has met the following criteria: (i) the system utilizes natural gas as a primary fuel and the cogenerated steam initially replaces steam generated from existing thermal boilers utilizing coal; (ii) the facility developer is selected as a result of a procurement process ordered by the public utilities commission; and (iii) construction of the facility is commenced after July 1, 1994, and before July 1, 1997.

(29) Real property acquired by a home rule charter city, statutory city, county, town, or school district under a lease purchase agreement or an installment purchase contract during the term of the lease purchase agreement as long as and to the extent that the property is used by the city, county, town, or school district and devoted to a public use and to the extent it is not subleased to any private individual, entity, association, or corporation in connection with a business or enterprise operated for profit.

Sec. 3. Minnesota Statutes 1994, section 273.11, subdivision 16, is amended to read:

Subd. 16. [VALUATION EXCLUSION FOR CERTAIN IMPROVEMENTS.] Improvements to homestead property made before January 2, 2003, shall be fully or partially excluded from the value of the property for assessment purposes provided that:

(1) the house is at least 35 years old at the time of the improvement; and

(2) either:

(a) the assessor's estimated market value of the house on January 2 of the current year is equal to or less than \$150,000; or

(b) if the estimated market value of the house is over \$150,000 market value but is less than \$300,000 on January 2 of the current year, the property qualifies if:

(i) it is located in a city or town in which 50 percent or more of the homes were constructed before 1960 based upon the 1990 federal census, and

(ii) the city or town's median family income based upon the 1990 federal census is less than the statewide median family income based upon the 1990 federal census; or

(c) if the estimated market value of the house is over \$300,000 on January 2 of the current year, the property qualifies if:

(i) it meets the qualifications of paragraph (b), items (i) and (ii); and

(ii) it is located in a city of the first class within the metropolitan area defined in section 473.121, subdivision 2.

~~Any house which has an estimated market value of \$300,000 or more on January 2 of the current year is not eligible to receive any property valuation exclusion under this section. For purposes of determining this eligibility, "house" means land and buildings.~~

The age of a residence is the number of years that the residence has existed at its present site. In the case of an owner-occupied duplex or triplex, the improvement is eligible regardless of which portion of the property was improved.

If the property lies in a jurisdiction which is subject to a building permit process, a building permit must have been issued prior to commencement of the improvement. Any improvement must add at least \$1,000 to the value of the property to be eligible for exclusion under this subdivision. Only improvements to the structure which is the residence of the qualifying homesteader or construction of or improvements to no more than one two-car garage per residence qualify for the provisions of this subdivision. If an improvement was begun between January 2, 1992, and January 2, 1993, any value added from that improvement for the January 1994 and subsequent assessments shall qualify for exclusion under this subdivision provided that a building permit was obtained for the improvement between January 2, 1992, and January 2, 1993. Whenever a building permit is issued for property currently classified as homestead, the issuing jurisdiction shall notify the property owner of the possibility of valuation exclusion under this subdivision. The assessor shall require an application, including documentation of the age of the house from the owner, if unknown by the assessor. The application may be filed subsequent to the date of the building permit provided that the application is filed prior to the next assessment date.

After the adjournment of the 1994 county board of equalization meetings, no exclusion may be granted for an improvement by a local board of review or county board of equalization unless (1) a building permit was issued prior to the commencement of the improvement if the jurisdiction requires a building permit, and (2) an application was completed on a timely basis. No abatement of the taxes for qualifying improvements may be granted by a county board unless (1) a building permit was issued prior to commencement of the improvement if the jurisdiction requires a building permit, and (2) an application was completed on a timely basis.

The assessor shall note the qualifying value of each improvement on the property's record, and the sum of those amounts shall be subtracted from the value of the property in each year for ten years after the improvement has been made, at which time an amount equal to 20 percent of the qualifying value shall be added back in each of the five subsequent assessment years. The valuation exclusion shall terminate whenever (1) the property is sold, or (2) the property is reclassified to a class which does not qualify for treatment under this subdivision. Improvements made by an occupant who is the purchaser of the property under a conditional purchase contract do not qualify under this subdivision unless the seller of the property is a governmental entity. The qualifying value of the property shall be computed based upon the increase from that structure's market value as of January 2 preceding the acquisition of the property by the governmental entity.

The total qualifying value for a homestead may not exceed \$50,000. The total qualifying value for a homestead with a house that is less than 70 years old may not exceed \$25,000. The term "qualifying value" means the increase in estimated market value resulting from the improvement if the improvement occurs when the house is at least 70 years old, or one-half of the increase in estimated market value resulting from the improvement otherwise. The \$25,000 and \$50,000 maximum qualifying value under this subdivision may result from up to three separate improvements to the homestead. The application shall state, in clear language, that if more than three improvements are made to the qualifying property, a taxpayer may choose which three improvements are eligible, provided that after the taxpayer has made the choice and any valuation attributable to those improvements has been excluded from taxation, no further changes can be made by the taxpayer.

If 50 percent or more of the square footage of a structure is voluntarily razed or removed, the valuation increase attributable to any subsequent improvements to the remaining structure does not qualify for the exclusion under this subdivision. If a structure is unintentionally or accidentally destroyed by a natural disaster, the property is eligible for an exclusion under this subdivision provided that the structure was not completely destroyed. The qualifying value on property destroyed by a natural disaster shall be computed based upon the increase from that structure's market value as determined on January 2 of the year in which the disaster occurred. A property receiving benefits under the homestead disaster provisions under section 273.123 is not disqualified from receiving an exclusion under this subdivision. If any combination of improvements made to a structure after January 1, 1993, increases the size of the structure by 100 percent or more, the valuation increase attributable to the portion of the improvement that causes the structure's size to exceed 100 percent does not qualify for exclusion under this subdivision.

Sec. 4. Minnesota Statutes 1994, section 273.124, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] (a) Residential real estate that is occupied and used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential homestead.

Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

Dates for establishment of a homestead and homestead treatment provided to particular types of property are as provided in this section.

Property of a trustee, beneficiary, or grantor of a trust is not disqualified from receiving homestead benefits if the homestead requirements under this chapter are satisfied.

The assessor shall require proof, as provided in subdivision 13, of the facts upon which classification as a homestead may be determined. Notwithstanding any other law, the assessor may at any time require a homestead application to be filed in order to verify that any property classified as a homestead continues to be eligible for homestead status.

When there is a name change or a transfer of homestead property, the assessor may reclassify the property in the next assessment unless a homestead application is filed to verify that the property continues to qualify for homestead classification.

(b) For purposes of this section, homestead property shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner shall apply for it to the assessor by July 1 of the year when the treatment is initially sought. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

(c) Residential real estate that is occupied and used for purposes of a homestead by a relative of the owner is a homestead but only to the extent of the homestead treatment that would be provided if the related owner occupied the property. For purposes of this paragraph and paragraph (f), "relative" means a parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, or aunt. This relationship may be by blood or marriage. Property that was classified as seasonal recreational residential property at the time when treatment under this paragraph would first apply shall continue to be classified as seasonal recreational residential property for the first four assessment years beginning after the date when the relative of the owner occupies the property as a homestead will not be reclassified as a homestead unless it is occupied as a homestead by the owner; this delay prohibition also applies to property that, in the absence of this paragraph, would have been classified as seasonal recreational residential property at the time when the residence was constructed. Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative. In the case of a residence located on agricultural land, only the house, garage, and immediately surrounding one acre of land shall be classified as a homestead under this paragraph, except as provided in paragraph (d).

(d) Agricultural property that is occupied and used for purposes of a homestead by a relative of the owner, is a homestead, only to the extent of the homestead treatment that would be provided if the related owner occupied the property, and only if all of the following criteria are met:

(1) the relative who is occupying the agricultural property is a son, daughter, father, or mother of the owner of the agricultural property or a son or daughter of the spouse of the owner of the agricultural property,

(2) the owner of the agricultural property must be a Minnesota resident,

(3) the owner of the agricultural property must not receive homestead treatment on any other agricultural property in Minnesota, and

(4) the owner of the agricultural property is limited to only one agricultural homestead per family under this paragraph.

Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative qualifying under this paragraph. For purposes of this paragraph, "agricultural property" means the house, garage, other farm buildings and structures, and agricultural land.

Application must be made to the assessor by the owner of the agricultural property to receive homestead benefits under this paragraph. The assessor may require the necessary proof that the requirements under this paragraph have been met.

(e) In the case of property owned by a property owner who is married, the assessor must not deny homestead treatment in whole or in part if only one of the spouses occupies the property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2) legal separation, (3) employment or self-employment in another location as provided under subdivision 13, or (4) residence in a nursing home or boarding care facility. Homestead treatment, in whole or in part, shall not be denied to the spouse of an owner if he or she previously occupied the residence with the owner and the absence of the owner is due to one of the prior four exceptions.

(f) If an individual is purchasing property with the intent of claiming it as a homestead and is required by the terms of the financing agreement to have a relative shown on the deed as a coowner, the assessor shall allow a full homestead classification and extend full homestead credit. This provision only applies to first-time purchasers, whether married or single, or to a person who had previously been married and is purchasing as a single individual for the first time. The application for homestead benefits must be on a form prescribed by the commissioner and must contain the data necessary for the assessor to determine if full homestead benefits are warranted.

Sec. 5. Minnesota Statutes 1994, section 273.124, subdivision 13, is amended to read:

Subd. 13. [HOMESTEAD APPLICATION.] (a) A person who meets the homestead requirements under subdivision 1 must file a homestead application with the county assessor to initially obtain homestead classification.

(b) On or before January 2, 1993, each county assessor shall mail a homestead application to the owner of each parcel of property within the county which was classified as homestead for the 1992 assessment year. The format and contents of a uniform homestead application shall be prescribed by the commissioner of revenue. The commissioner shall consult with the chairs of the house and senate tax committees on the contents of the homestead application form. The application must clearly inform the taxpayer that this application must be signed by all owners who occupy the property or by the qualifying relative and returned to the county assessor in order for the property to continue receiving homestead treatment. The envelope containing the homestead application shall clearly identify its contents and alert the taxpayer of its necessary immediate response.

(c) Every property owner applying for homestead classification must furnish to the county assessor the social security number of each occupant who is listed as an owner of the property on the deed of record, the name and address of each owner who does not occupy the property, and the name and social security number of each owner's spouse who occupies the property. The application must be signed by each owner who occupies the property and by each owner's spouse who occupies the property, or, in the case of property that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

If a property owner occupies a homestead, the property owner's spouse may not claim another property as a homestead unless the property owner and the property owner's spouse file with the assessor an affidavit or other proof required by the assessor stating that the property owner's spouse does not occupy the homestead because marriage dissolution proceedings are pending, the spouses are legally separated, or the spouse's employment or self-employment at a location distant from the other spouse's place of employment requires the spouse to have a separate homestead. The assessor may require proof of employment or self-employment and employment or self-employment location, or proof of dissolution proceedings or legal separation.

If the social security number or affidavit or other proof is not provided, the county assessor shall classify the property as nonhomestead. Owners or spouses occupying residences owned by their spouses and previously occupied with the other spouse, either of whom fail to include the

other spouse's name and social security number of the homestead application or provide the affidavits or other proof requested, will be deemed to have elected to receive only partial homestead treatment of their residence. The remainder of the residence will be classified as nonhomestead residential. When an owner or spouse's name and social security number appear on homestead applications for two separate residences and only one application is signed, the owner or spouse will be deemed to have elected to homestead the residence for which the application was signed.

The social security numbers or affidavits or other proofs of the property owners and spouses are private data on individuals as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data may be disclosed to the commissioner of revenue, or, for purposes of proceeding under the revenue recapture act to recover personal property taxes owing, to the county treasurer.

(d) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The social security number of each relative occupying the property and the social security number of each owner who is related to an occupant of the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The social security number of a relative occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue.

(e) The homestead application shall also notify the property owners that the application filed under this section will not be mailed annually and that if the property is granted homestead status for the 1993 assessment, or any assessment year thereafter, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners, the spouse of the owner, or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner, the spouse of the owner, or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(f) If the homestead application is not returned within 30 days, the county will send a second application to the present owners of record. The notice of proposed property taxes prepared under section 275.065, subdivision 3, shall reflect the property's classification. Beginning with assessment year 1993 for all properties, if a homestead application has not been filed with the county by December 15, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

(g) At the request of the commissioner, each county must give the commissioner a list that includes the name and social security number of each property owner and the property owner's spouse occupying the property, or relative of a property owner, applying for homestead classification under this subdivision. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

(h) If, in comparing the lists supplied by the counties, the commissioner finds that a property owner is claiming more than one homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that had been improperly allowed. For the purpose of this section, "homestead benefits" means the tax reduction resulting from the classification as a homestead under section 273.13, the taconite homestead credit under section 273.135, and the supplemental homestead credit under section 273.1391.

The county auditor shall send a notice to the owners of the affected property, demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. The property owners may appeal the county's determination by filing a notice of appeal with the Minnesota tax court within 60 days of the date of the notice from the county. If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of taxes and penalty to the succeeding year's tax list to be collected as part of the property taxes. In the case of a manufactured home, the amount shall be certified to the current year's tax list for collection.

(i) Any amount of homestead benefits recovered by the county from the property owner shall be distributed to the county, city or town, and school district where the property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis county auditor to be deposited in the taconite property tax relief account. The total amount of penalty collected must be deposited in the county general fund.

(j) If a property owner has applied for more than one homestead and the county assessors cannot determine which property should be classified as homestead, the county assessors will refer the information to the commissioner. The commissioner shall make the determination and notify the counties within 60 days.

(k) In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners.

Sec. 6. Minnesota Statutes 1994, section 273.13, subdivision 24, is amended to read:

Subd. 24. [CLASS 3.] (a) Commercial and industrial property and utility real and personal property, except class 5 property as identified in subdivision 31, clause (1), is class 3a. It has a class rate of three percent of the first \$100,000 of market value for taxes payable in 1993 and thereafter, and 5.06 percent of the market value over \$100,000. In the case of state-assessed commercial, industrial, and utility property owned by one person or entity, only one parcel has a reduced class rate on the first \$100,000 of market value. In the case of other commercial, industrial, and utility property owned by one person or entity, only one parcel in each county has a reduced class rate on the first \$100,000 of market value, except that:

(1) if the market value of the parcel is less than \$100,000, and additional parcels are owned by the same person or entity in the same city or town within that county, the reduced class rate shall be applied up to a combined total market value of \$100,000 for all parcels owned by the same person or entity in the same city or town within the county;

(2) in the case of grain, fertilizer, and feed elevator facilities, as defined in section 18C.305, subdivision 1, or 232.21, subdivision 8, the limitation to one parcel per owner per county for the reduced class rate shall not apply, but there shall be a limit of \$100,000 of preferential value per site of contiguous parcels owned by the same person or entity. Only the value of the elevator portion of each parcel shall qualify for treatment under this clause. For purposes of this subdivision, contiguous parcels include parcels separated only by a railroad or public road right-of-way; and

(3) in the case of property owned by a nonprofit charitable organization that qualifies for tax exemption under section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1993, if the property is used as a business incubator, the limitation to one parcel per owner per county for the reduced class rate shall not apply, provided that the reduced rate applies only to the first \$100,000 of value per parcel owned by the organization. As used in this clause, a "business incubator" is a facility used for the development of nonretail businesses, offering access to equipment, space, services, and advice to the tenant businesses, for the purpose of encouraging economic development, diversification, and job creation in the area served by the organization.

To receive the reduced class rate on additional parcels under clause (1), (2), or (3), the taxpayer must notify the county assessor that the taxpayer owns more than one parcel that qualifies under clause (1), (2), or (3).

(b) Employment property defined in section 469.166, during the period provided in section

469.170, shall constitute class 3b and has a class rate of 2.3 percent of the first \$50,000 of market value and 3.6 percent of the remainder, except that for employment property located in a border city enterprise zone designated pursuant to section 469.168, subdivision 4, paragraph (c), the class rate of the first \$100,000 of market value and the class rate of the remainder is determined under paragraph (a), unless the governing body of the city designated as an enterprise zone determines that a specific parcel shall be assessed pursuant to the first clause of this sentence. The governing body may provide for assessment under the first clause of the preceding sentence only for property which is located in an area which has been designated by the governing body for the receipt of tax reductions authorized by section 469.171, subdivision 1.

(c) Structures which are (i) located on property classified as class 3a, (ii) constructed after January 2, 1995, and (iii) located in a transit zone as defined under section 473.3915, shall have a class rate of four percent on that portion of the market value in excess of \$100,000. The four percent rate shall also apply to that portion of any class 3a structure located in a transit zone constructed after January 2, 1995, even if the remainder of the structure was constructed prior to January 2, 1995. For the purposes of this paragraph, a structure shall be considered to be located in a transit zone if any portion of the structure lies within the zone.

Sec. 7. Minnesota Statutes 1994, section 273.13, subdivision 25, is amended to read:

Subd. 25. [CLASS 4.] (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. Class 4a property has a class rate of 3.5 percent of market value for taxes payable in 1992, and 3.4 percent of market value for taxes payable in 1993 and thereafter.

(b) Class 4b includes:

(1) residential real estate containing less than four units, other than seasonal residential, and recreational;

(2) manufactured homes not classified under any other provision;

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4b property has a class rate of 2.8 percent of market value for taxes payable in 1992, 2.5 percent of market value for taxes payable in 1993, and 2.3 percent of market value for taxes payable in 1994 and thereafter.

(c) Class 4c property includes:

(1) a structure that is:

(i) situated on real property that is used for housing for the elderly or for low- and moderate-income families as defined in Title II, as amended through December 31, 1990, of the National Housing Act or the Minnesota housing finance agency law of 1971, as amended, or rules promulgated by the agency and financed by a direct federal loan or federally insured loan made pursuant to Title II of the Act; or

(ii) situated on real property that is used for housing the elderly or for low- and moderate-income families as defined by the Minnesota housing finance agency law of 1971, as amended, or rules adopted by the agency pursuant thereto and financed by a loan made by the Minnesota housing finance agency pursuant to the provisions of the act.

This clause applies only to property of a nonprofit or limited dividend entity. Property is classified as class 4c under this clause for 15 years from the date of the completion of the original construction or substantial rehabilitation, or for the original term of the loan.

(2) a structure that is:

(i) situated upon real property that is used for housing lower income families or elderly or handicapped persons, as defined in section 8 of the United States Housing Act of 1937, as amended; and

(ii) owned by an entity which has entered into a housing assistance payments contract under section 8 which provides assistance for 100 percent of the dwelling units in the structure, other than dwelling units intended for management or maintenance personnel. Property is classified as class 4c under this clause for the term of the housing assistance payments contract, including all renewals, or for the term of its permanent financing, whichever is shorter; and

(3) a qualified low-income building as defined in section 42(c)(2) of the Internal Revenue Code of 1986, as amended through December 31, 1990, that (i) receives a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1990; or (ii) meets the requirements of that section and receives public financing, except financing provided under sections 469.174 to 469.179, which contains terms restricting the rents; or (iii) meets the requirements of section 273.1317. Classification pursuant to this clause is limited to a term of 15 years. The public financing received must be from at least one of the following sources: government issued bonds exempt from taxes under section 103 of the Internal Revenue Code of 1986, as amended through December 31, 1993, the proceeds of which are used for the acquisition or rehabilitation of the building; programs under section 221(d)(3), 202, or 236, of Title II of the National Housing Act; rental housing program funds under Section 8 of the United States Housing Act of 1937 or the market rate family graduated payment mortgage program funds administered by the Minnesota housing finance agency that are used for the acquisition or rehabilitation of the building; public financing provided by a local government used for the acquisition or rehabilitation of the building, including grants or loans from federal community development block grants, HOME block grants, or residential rental bonds issued under chapter 474A; or other rental housing program funds provided by the Minnesota housing finance agency for the acquisition or rehabilitation of the building.

For all properties described in clauses (1), (2), and (3) and in paragraph (d), the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents unless the owner of the property elects to have the property assessed under Laws 1991, chapter 291, article 1, section 55. If the owner of the property elects to have the market value determined on the basis of the actual restricted rents, as provided in Laws 1991, chapter 291, article 1, section 55, the property will be assessed at the rate provided for class 4a or class 4b property, as appropriate. Properties described in clauses (1)(ii), (3), and (4) may apply to the assessor for valuation under Laws 1991, chapter 291, article 1, section 55. The land on which these structures are situated has the class rate given in paragraph (b) if the structure contains fewer than four units, and the class rate given in paragraph (a) if the structure contains four or more units. This clause applies only to the property of a nonprofit or limited dividend entity.

(4) a parcel of land, not to exceed one acre, and its improvements or a parcel of unimproved land, not to exceed one acre, if it is owned by a neighborhood real estate trust and at least 60 percent of the dwelling units, if any, on all land owned by the trust are leased to or occupied by lower income families or individuals. This clause does not apply to any portion of the land or improvements used for nonresidential purposes. For purposes of this clause, a lower income family is a family with an income that does not exceed 65 percent of the median family income for the area, and a lower income individual is an individual whose income does not exceed 65 percent of the median individual income for the area, as determined by the United States Secretary of Housing and Urban Development. For purposes of this clause, "neighborhood real estate trust" means an entity which is certified by the governing body of the municipality in which it is located to have the following characteristics:

(a) it is a nonprofit corporation organized under chapter 317A;

(b) it has as its principal purpose providing housing for lower income families in a specific geographic community designated in its articles or bylaws;

(c) it limits membership with voting rights to residents of the designated community; and

(d) it has a board of directors consisting of at least seven directors, 60 percent of whom are members with voting rights and, to the extent feasible, 25 percent of whom are elected by resident members of buildings owned by the trust; and

(5) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property classified in this clause also includes the remainder of class 1c resorts. Owners of real property devoted to temporary and seasonal residential occupancy for recreation purposes and all or a portion of which was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c or 4c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located will be designated class 1c or 4c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The first \$100,000 of the market value of the remainder of the cabins or units and a proportionate share of the land on which they are located shall have a class rate of three percent. The owner of property desiring designation as class 1c or 4c property must provide guest registers or other records demonstrating that the units for which class 1c or 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, and (4) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes shall not qualify for class 1c or 4c;

(6) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this clause, a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1990. For purposes of this clause, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity;

(7) post-secondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus; and

(8) manufactured home parks as defined in section 327.14, subdivision 3.

Class 4c property has a class rate of 2.3 percent of market value, except that (i) for each parcel of seasonal residential recreational property not used for commercial purposes under clause (5) ~~has a class rate of 2.2 percent of market value for taxes payable in 1992, and for taxes payable in 1993 and thereafter,~~ the first \$72,000 of market value on each parcel has a class rate of two percent and the market value of each parcel that exceeds \$72,000 has a class rate of 2.5 percent, and (ii)

manufactured home parks assessed under clause (8) have a class rate of two percent ~~for taxes payable in 1993, 1994, and 1995 only.~~

(d) Class 4d property includes:

(1) a structure that is:

(i) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the Farmers Home Administration;

(ii) located in a municipality of less than 10,000 population; and

(iii) financed by a direct loan or insured loan from the Farmers Home Administration. Property is classified under this clause for 15 years from the date of the completion of the original construction or for the original term of the loan.

The class rates in paragraph (c), clauses (1), (2), and (3) and this clause apply to the properties described in them, only in proportion to occupancy of the structure by elderly or handicapped persons or low and moderate income families as defined in the applicable laws unless construction of the structure had been commenced prior to January 1, 1984; or the project had been approved by the governing body of the municipality in which it is located prior to June 30, 1983; or financing of the project had been approved by a federal or state agency prior to June 30, 1983. For those properties, 4c or 4d classification is available only for those units meeting the requirements of section 273.1318.

Classification under this clause is only available to property of a nonprofit or limited dividend entity.

In the case of a structure financed or refinanced under any federal or state mortgage insurance or direct loan program exclusively for housing for the elderly or for housing for the handicapped, a unit shall be considered occupied so long as it is actually occupied by an elderly or handicapped person or, if vacant, is held for rental to an elderly or handicapped person.

(2) For taxes payable in 1992, 1993, and 1994, only, buildings and appurtenances, together with the land upon which they are located, leased by the occupant under the community lending model lease-purchase mortgage loan program administered by the Federal National Mortgage Association, provided the occupant's income is no greater than 60 percent of the county or area median income, adjusted for family size and the building consists of existing single family or duplex housing. The lease agreement must provide for a portion of the lease payment to be escrowed as a nonrefundable down payment on the housing. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. The application must be accompanied by an affidavit or other proof required by the assessor to determine qualification under this clause.

(3) Qualifying buildings and appurtenances, together with the land upon which they are located, leased for a period of up to five years by the occupant under a lease-purchase program administered by the Minnesota housing finance agency or a housing and redevelopment authority authorized under sections 469.001 to 469.047, provided the occupant's income is no greater than 80 percent of the county or area median income, adjusted for family size, and the building consists of two or less dwelling units. The lease agreement must provide for a portion of the lease payment to be escrowed as a nonrefundable down payment on the housing. The administering agency shall verify the occupants income eligibility and certify to the county assessor that the occupant meets the income criteria under this paragraph. To qualify under this clause, the taxpayer must apply to the county assessor by May 30 of each year. For purposes of this section, "qualifying buildings and appurtenances" shall be defined as one or two unit residential buildings which are unoccupied and have been abandoned and boarded for at least six months.

Class 4d property has a class rate of two percent of market value except that property classified under clause (3), shall have the same class rate as class 1a property.

(e) Residential rental property that would otherwise be assessed as class 4 property under paragraph (a); paragraph (b), clauses (1) and (3); paragraph (c), clause (1), (2), (3), or (4), is assessed at the class rate applicable to it under Minnesota Statutes 1988, section 273.13, if it is

found to be a substandard building under section 273.1316. Residential rental property that would otherwise be assessed as class 4 property under paragraph (d) is assessed at 2.3 percent of market value if it is found to be a substandard building under section 273.1316.

Sec. 8. Minnesota Statutes 1994, section 273.37, is amended by adding a subdivision to read:

Subd. 3. [WIND ENERGY CONVERSION SYSTEMS.] Taxable wind energy conversion systems, situated upon land owned by another person, which are not in good faith owned, operated, and exclusively controlled by such other person, shall be listed and assessed as personal property in the town or district where situated, in the name of the owner.

Sec. 9. Minnesota Statutes 1994, section 274.01, subdivision 1, is amended to read:

Subdivision 1. [ORDINARY BOARD; MEETINGS, DEADLINES, GRIEVANCES.] (a) The town board of a town, or the council or other governing body of a city, is the board of review except in cities whose charters provide for a board of equalization. The county assessor shall fix a day and time when the board or the board of equalization shall meet in the assessment districts of the county. On or before February 15 of each year the assessor shall give written notice of the time to the city or town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings must be held between April 1 and May 31 each year. The clerk shall give published and posted notice of the meeting at least ten days before the date of the meeting. If at least 25 percent of the net tax capacity of the city or town is noncommercial seasonal recreational residential property classified under section 273.13, subdivision 25, the meeting or, if more than one meeting is scheduled, at least one of the meetings must be held on a Saturday. The Saturday meeting date must be contained on the notice of valuation of real property under section 273.121. The board shall meet at the office of the clerk to review the assessment and classification of property in the town or city. No changes in valuation or classification which are intended to correct errors in judgment by the county assessor may be made by the county assessor after the board of review or the county board of equalization has adjourned; however, corrections of errors that are merely clerical in nature or changes that extend homestead treatment to property are permitted after adjournment until the tax extension date for that assessment year. The changes must be fully documented and maintained in the assessor's office and must be available for review by any person. A copy of the changes made during this period must be sent to the county board no later than December 31 of the assessment year.

(b) The board shall determine whether the taxable property in the town or city has been properly placed on the list and properly valued by the assessor. If real or personal property has been omitted, the board shall place it on the list with its market value, and correct the assessment so that each tract or lot of real property, and each article, parcel, or class of personal property, is entered on the assessment list at its market value. No assessment of the property of any person may be raised unless the person has been duly notified of the intent of the board to do so. On application of any person feeling aggrieved, the board shall review the assessment or classification, or both, and correct it as appears just.

(c) A local board of review may reduce assessments upon petition of the taxpayer but the total reductions must not reduce the aggregate assessment made by the county assessor by more than one percent. If the total reductions would lower the aggregate assessments made by the county assessor by more than one percent, none of the adjustments may be made. The assessor shall correct any clerical errors or double assessments discovered by the board of review without regard to the one percent limitation.

(d) A majority of the members may act at the meeting, and adjourn from day to day until they finish hearing the cases presented. The assessor shall attend, with the assessment books and papers, and take part in the proceedings, but must not vote. The county assessor, or an assistant delegated by the county assessor shall attend the meetings. The board shall list separately, on a form appended to the assessment book, all omitted property added to the list by the board and all items of property increased or decreased, with the market value of each item of property, added or changed by the board, placed opposite the item. The county assessor shall enter all changes made by the board in the assessment book.

(e) If a person fails to appear in person, by counsel, or by written communication before the board after being duly notified of the board's intent to raise the assessment of the property, or if a

person feeling aggrieved by an assessment or classification fails to apply for a review of the assessment or classification, the person may not appear before the county board of equalization for a review of the assessment or classification. This paragraph does not apply if an assessment was made after the board meeting, as provided in section 273.01, or if the person can establish not having received notice of market value at least five days before the local board of review meeting.

(f) The board of review or the board of equalization must complete its work and adjourn within 20 days from the time of convening stated in the notice of the clerk, unless a longer period is approved by the commissioner of revenue. No action taken after that date is valid. All complaints about an assessment or classification made after the meeting of the board must be heard and determined by the county board of equalization. A nonresident may, at any time, before the meeting of the board of review file written objections to an assessment or classification with the county assessor. The objections must be presented to the board of review at its meeting by the county assessor for its consideration.

Sec. 10. Minnesota Statutes 1994, section 276.131, is amended to read:

276.131 [DISTRIBUTION OF PENALTIES, INTEREST, AND COSTS.]

The penalties, interest, and costs collected on special assessments and real and personal property taxes must be distributed as follows:

(1) all penalties and interest collected on special assessments against real or personal property must be distributed to the taxing jurisdiction that levied the assessment;

(2) 50 percent of all penalties and interest collected on real and personal property taxes must be distributed to the county in which the property is located, and the other 50 percent must be distributed to the school ~~district in which the property is located~~ districts within the county. The distribution to the school district must be in accordance with the provisions of section 124.10; and

(3) all costs collected by the county on special assessments and on delinquent real and personal property taxes must be distributed to the county in which the property is located.

Sec. 11. Minnesota Statutes 1994, section 279.01, subdivision 1, is amended to read:

Subdivision 1. Except as provided in subdivision 3 or 4, on May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, a penalty shall accrue and thereafter be charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer. The penalty shall be at a rate of two percent on homestead property until May 31 and four percent on June 1. The penalty on nonhomestead property shall be at a rate of four percent until May 31 and eight percent on June 1. This penalty shall not accrue until June 1 of each year, or 21 days after the postmark date on the envelope containing the property tax statements, whichever is later, on commercial use real property used for seasonal residential recreational purposes and classified as class 1c or 4c, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. Any property owner of such class 3a property who pays the first half of the tax due on the property after May 15 and before June 1, or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, shall attach an affidavit to the payment attesting to compliance with the income provision of this subdivision. Thereafter, for both homestead and nonhomestead property, on the first day of each month beginning July 1, up to and including October 1 following, an additional penalty of one percent for each month shall accrue and be charged on all such unpaid taxes provided that if the due date was extended beyond May 15 as the result of any delay in mailing property tax statements no additional penalty shall accrue if the tax is paid by the extended due date. If the tax is not paid by the extended due date, then all penalties that would have accrued if the due date had been May 15 shall be charged. When the taxes against any tract or lot exceed \$50, one-half thereof may be paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later; and, if so paid, no penalty shall attach; the remaining one-half shall be paid at any time prior to October 16 following, without penalty; but, if not so paid, then a penalty of two percent shall accrue thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the first day of November an additional penalty of four percent shall

accrue and on the first day of December following, an additional penalty of two percent shall accrue and be charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the first day of November and December following, an additional penalty of four percent for each month shall accrue and be charged on all such unpaid taxes. If one-half of such taxes shall not be paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, the same may be paid at any time prior to October 16, with accrued penalties to the date of payment added, and thereupon no penalty shall attach to the remaining one-half until October 16 following.

This section applies to payment of personal property taxes assessed against improvements to leased property, except as provided by section 277.01, subdivision 3.

A county may provide by resolution that in the case of a property owner that has multiple tracts or parcels with aggregate taxes exceeding \$50, payments may be made in installments as provided in this subdivision.

The county treasurer may accept payments of more or less than the exact amount of a tax installment due. If the accepted payment is less than the amount due, payments must be applied first to the penalty accrued for the year the payment is made. Acceptance of partial payment of tax does not constitute a waiver of the minimum payment required as a condition for filing an appeal under section 278.03 or any other law, nor does it affect the order of payment of delinquent taxes under section 280.39.

Sec. 12. Minnesota Statutes 1994, section 279.01, is amended by adding a subdivision to read:

Subd. 4. In the case of class 4c seasonal residential recreational property not used for commercial purposes, penalties shall accrue and be charged on unpaid taxes at the times and at the rates provided in subdivision 1 for homestead property.

Sec. 13. [473.3915] [TRANSIT ZONES.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the terms defined in subdivisions 2 and 3 have the meaning given them.

Subd. 2. [TRANSIT ROUTE.] "Transit route" means a route along which transportation of passengers is provided by a motor vehicle or other means of conveyance, including light rail transit, by any person operating on a regular and continuing basis as a common carrier on fixed routes and schedules. "Transit route" does not include (1) a route along which transportation is provided for children to or from school or for passengers between a common carrier terminal station and a hotel or motel, (2) transportation by common carrier railroad or by taxi, (3) transportation furnished by a person solely for that person's employees or customers, or (4) paratransit.

Subd. 3. [TRANSIT ZONE.] "Transit zone" means the area within one-quarter of a mile of a transit route that is also within the metropolitan urban service area, as determined by the council. "Transit zone" includes any light rail transit route for which funds for construction have been committed.

Subd. 4. [TRANSIT ZONES; MAP AND PLAN.] For the purposes of section 273.13, subdivision 24, the council shall designate transit zones and identify them on a detailed map and in a plan. The council shall review the map and plan once a year and revise them as necessary to indicate the current transit zones. The council shall provide each county and city assessor in the metropolitan area a copy of the current map and plan.

Sec. 14. Minnesota Statutes 1994, section 477A.011, subdivision 36, is amended to read:

Subd. 36. [CITY AID BASE.] (a) Except as provided in paragraph (b), "city aid base" means, for each city, the sum of the local government aid and equalization aid it was originally certified to receive in calendar year 1993 under Minnesota Statutes 1992, section 477A.013, subdivisions 3 and 5, and the amount of disparity reduction aid it received in calendar year 1993 under Minnesota Statutes 1992, section 273.1398, subdivision 3.

(b) A city that in 1992 or 1993 transferred an amount from governmental funds to its sewer and

water fund, which amount exceeded its net levy for taxes payable in the year in which the transfer occurred, has a "city aid base" equal to the amount the city was certified to receive in calendar year 1995 under section 477A.013.

Sec. 15. Laws 1992, chapter 511, article 2, section 45, is amended by adding a subdivision to read:

Subd. 6a. [HOUSING REDEVELOPMENT AUTHORITY; EXCEPTIONS.] The requirements of subdivisions 2, 3, 4, and 5 do not apply in order to qualify for the exemption if the student housing is owned by the local housing and redevelopment authority, the reduced cost of development due to the exemption is reflected in lower rents, and a reasonable system is used to provide priority to students in renting the dwelling units.

Sec. 16. Laws 1992, chapter 511, article 2, section 45, subdivision 7, is amended to read:

~~Subd. 7. [EXPIRATION.] This section applies to student housing approved by the state board before January 1, 1997.~~ The property tax exemption for a student housing development is limited to 20 years from the date of first occupancy. This section expires January 1, 2018.

Sec. 17. Laws 1992, chapter 511, article 2, section 46, is amended by adding a subdivision to read:

Subd. 6a. [HOUSING REDEVELOPMENT AUTHORITY; EXCEPTIONS.] The requirements of subdivisions 2, 3, 4, and 5 do not apply in order to qualify for the exemption if the student housing is owned by the local housing and redevelopment authority or by a multicounty housing and redevelopment authority on land leased from a city or school district, the reduced cost of development due to the exemption is reflected in lower rents, and a reasonable system is used to provide priority to students in renting the dwelling units.

Sec. 18. Laws 1992, chapter 511, article 2, section 46, subdivision 7, is amended to read:

~~Subd. 7. [EXPIRATION.] This section applies to student housing approved by the state board before January 1, 1997.~~ The property tax exemption for a student housing development is limited to 20 years from the date of first occupancy. This section expires January 1, 2018.

Sec. 19. [HACA REDUCTION; HENNEPIN COUNTY COURT EMPLOYEES.]

There shall be deducted from the homestead and agricultural credit aid payments to Hennepin county under Minnesota Statutes, section 273.1398, an amount equal to \$180,000 which represents the cost to the state for the assumption of two Hennepin county staff attorneys whose job function is that of court referees and whose positions should have been transferred to the state as part of the court takeover in Laws 1989, First Special Session chapter 1, article 4. One-half of the total amount shall be deducted from each of the aid payments made in 1995 to Hennepin county under Minnesota Statutes, section 273.1398. The amount of reduction made under this section shall be a permanent aid reduction.

Sec. 20. [TRANSIT ZONE MAP; DATE FIRST PRODUCED.]

The metropolitan council shall produce an initial version of the transit zone map required under section 473.3915, subdivision 4, by January 1, 1996.

Sec. 21. [APPLICATION.]

Sections 13 and 20 apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 22. [EFFECTIVE DATES.]

Section 1 is effective the day following final enactment.

Sections 2, 4, 5, and 8 are effective for taxes levied in 1995, payable in 1996, and thereafter, provided that the provisions of section 4 restricting homestead classification for seasonal recreational residential property applies to taxes payable in 1996 and thereafter regardless of the date of occupancy of the property or the date of filing of an application for homestead classification by the relative of the owner.

Section 3 is effective for improvements made in 1995 and subsequent years.

Sections 6 and 9 are effective for 1996 assessments for taxes payable in 1997 and subsequent years.

Sections 11 and 12 are effective for taxes levied in 1995, payable in 1996, and thereafter.

Section 14 is effective for aids paid in 1996 and thereafter.

Sections 15 and 16 are effective the day after the governing body of Duluth complies with Minnesota Statutes, section 645.021, subdivision 3.

Sections 17 and 18 are effective the day after the governing body of Thief River Falls complies with Minnesota Statutes, section 645.021, subdivision 3.

Section 19 is effective for aid payments made to Hennepin county in 1995 provided, however, that the aid reduction is contingent upon enactment of a law in 1995 which (i) transfers the Hennepin county positions, and (ii) provides from the general fund a funding to the state supreme court for the positions.

ARTICLE 5

PROPERTY TAX REFUND

Section 1. [13.515] [PROPERTY TAX DATA.]

The following data calculated or maintained by political subdivisions and shown on property tax statements under section 276.09 are classified as private data on individuals, pursuant to section 13.02, subdivision 12: (1) property tax refund amounts under section 276.04, subdivision 2, paragraph (c), clause (8); and (2) the property tax after deduction of the property tax refunds under section 276.04, subdivision 2, paragraph (c), clause (9).

Sec. 2. Minnesota Statutes 1994, section 270A.03, subdivision 7, is amended to read:

Subd. 7. [REFUND.] "Refund" means an individual income tax refund or political contribution refund; pursuant to chapter 290; or a property tax credit or refund; pursuant to chapter 290A, other than a refund which has been certified to or calculated by the county auditor under section 276.012.

For purposes of this chapter, lottery prizes, as set forth in section 349A.08, subdivision 8, shall be treated as refunds.

In the case of a joint property tax refund payable to spouses under chapter 290A, the refund shall be considered as belonging to each spouse in the proportion of the total refund that equals each spouse's proportion of the total income determined under section 290A.03, subdivision 3. The commissioner shall remit the entire refund to the claimant agency, which shall, upon the request of the spouse who does not owe the debt, determine the amount of the refund belonging to that spouse and refund the amount to that spouse.

Sec. 3. Minnesota Statutes 1994, section 270B.12, is amended by adding a subdivision to read:

Subd. 10. [PROPERTY TAX REFUNDS.] The commissioner may disclose to a county auditor and treasurer, and to their designated agents or employees, the property tax refund amounts for each parcel of homestead property in the county as determined by the commissioner under chapter 290A.

Sec. 4. Minnesota Statutes 1994, section 270B.12, is amended by adding a subdivision to read:

Subd. 11. [SOCIAL SECURITY NUMBERS.] For purposes of determining and administering homestead status and property tax refunds, the commissioner may disclose to a county auditor, county treasurer, county assessor, the county recorder or registrar of deeds, and their designated agents or employees, and those officials may disclose to each other and to the commissioner, the parcel identification number and the names and social security numbers of the owners of homestead property and their spouses.

Sec. 5. Minnesota Statutes 1994, section 273.124, subdivision 13, is amended to read:

Subd. 13. [HOMESTEAD APPLICATION.] (a) A person who meets the homestead requirements under subdivision 1 must file a homestead application with the county assessor to initially obtain homestead classification.

(b) On or before January 2, 1993, each county assessor shall mail a homestead application to the owner of each parcel of property within the county which was classified as homestead for the 1992 assessment year. The format and contents of a uniform homestead application shall be prescribed by the commissioner of revenue. The commissioner shall consult with the chairs of the house and senate tax committees on the contents of the homestead application form. The application must clearly inform the taxpayer that this application must be signed by all owners who occupy the property or by the qualifying relative and returned to the county assessor in order for the property to continue receiving homestead treatment. The envelope containing the homestead application shall clearly identify its contents and alert the taxpayer of its necessary immediate response.

(c) Every property owner applying for homestead classification must furnish to the county assessor the social security number of each occupant who is listed as an owner of the property on the deed of record, the name and address of each owner who does not occupy the property, and the name and social security number of each owner's spouse who occupies the property. The application must be signed by each owner who occupies the property and by each owner's spouse who occupies the property, or, in the case of property that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

If a property owner occupies a homestead, the property owner's spouse may not claim another property as a homestead unless the property owner and the property owner's spouse file with the assessor an affidavit or other proof required by the assessor stating that the property owner's spouse does not occupy the homestead because marriage dissolution proceedings are pending, the spouses are legally separated, or the spouse's employment or self-employment location requires the spouse to have a separate homestead. The assessor may require proof of employment or self-employment and employment or self-employment location, or proof of dissolution proceedings or legal separation.

If the social security number or affidavit or other proof is not provided, the county assessor shall classify the property as nonhomestead.

The social security numbers or affidavits or other proofs of the property owners and spouses are private data on individuals as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data may be disclosed to the commissioner of revenue, or, for purposes of proceeding under the revenue recapture act to recover personal property taxes owing, to the county treasurer.

(d) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The social security number of each relative occupying the property and the social security number of each owner who is related to an occupant of the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The social security number of a relative occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue.

(e) The homestead application shall also notify the property owners that the application filed under this section will not be mailed annually and that if the property is granted homestead status for the 1993 assessment, or any assessment year thereafter, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner or the relative is no longer occupying the property as a

homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(f) If the homestead application is not returned within 30 days, the county will send a second application to the present owners of record. The notice of proposed property taxes prepared under section 275.065, subdivision 3, shall reflect the property's classification. Beginning with assessment year 1993 for all properties, if a homestead application has not been filed with the county by December 15, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

(g) At the request of the commissioner, each county must give the commissioner a list that includes the name and social security number of each property owner and the property owner's spouse occupying the property, or relative of a property owner, applying for homestead classification under this subdivision. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

(h) If, in comparing the lists supplied by the counties, the commissioner finds that a property owner is claiming more than one homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that had been improperly allowed. For the purpose of this section, "homestead benefits" means the tax reduction resulting from the classification as a homestead under section 273.13, the taconite homestead credit under section 273.135, ~~and the supplemental homestead credit under section 273.1391,~~ and the property tax refunds under chapter 290A deducted on the property tax statement.

The county auditor shall send a notice to the owners of the affected property, demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. The property owners may appeal the county's determination by filing a notice of appeal with the Minnesota tax court within 60 days of the date of the notice from the county. If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of taxes and penalty to the succeeding year's tax list to be collected as part of the property taxes. In the case of a manufactured home, the amount shall be certified to the current year's tax list for collection.

(i) Any amount of homestead benefits recovered by the county from the property owner shall be distributed to the county, city or town, and school district where the property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. Any amount recovered attributable to property tax refunds reimbursed to the county by the state shall be paid to the commissioner of revenue for deposit in the fund from which it was paid. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis county auditor to be deposited in the taconite property tax relief account. The total amount of penalty collected must be deposited in the county general fund.

(j) If a property owner has applied for more than one homestead and the county assessors cannot determine which property should be classified as homestead, the county assessors will refer the information to the commissioner. The commissioner shall make the determination and notify the counties within 60 days.

(k) In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners.

Sec. 6. Minnesota Statutes 1994, section 275.065, subdivision 3, is amended to read:

Subd. 3. [NOTICE OF PROPOSED PROPERTY TAXES.] (a) The county auditor shall prepare and the county treasurer shall deliver after November 10 and on or before November 24 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes and, in the case of a town, final property taxes.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority other than a town proposes to collect for taxes payable the following year and, for a town, the amount of its final levy. It must clearly state that each taxing authority, including regional library districts established under section 134.201, and including the metropolitan taxing districts as defined in paragraph (i), but excluding all other special taxing districts and towns, will hold a public meeting to receive public testimony on the proposed budget and proposed or final property tax levy, or, in case of a school district, on the current budget and proposed property tax levy. It must clearly state the time and place of each taxing authority's meeting and an address where comments will be received by mail. The notice must include the estimated percentage increase in Minnesota personal income, provided by the commissioner of revenue under section 275.064, in a way to facilitate comparison of the proposed budget and levy increases with the increase in personal income. For 1993, the notice must clearly state that each taxing authority holding a public meeting will describe the increases or decreases of the total budget, including employee and independent contractor compensation in the prior year, current year, and the proposed budget year.

(d) The notice must state for each parcel:

(1) the market value of the property as determined under section 273.11, and used for computing property taxes payable in the following year and for taxes payable in the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) by county, city or town, school district excess referenda levy, remaining school district levy, regional library district, if in existence, the total of the metropolitan special taxing districts as defined in paragraph (i) and the sum of the remaining special taxing districts, and as a total of the taxing authorities, including all special taxing districts, the proposed or, for a town, final net tax on the property for taxes payable the following year, including separate deductions for the property tax refunds under section 290A.04, subdivisions 2 and 2h, and the actual tax for taxes payable the current year, including separate deductions for the property tax refunds under section 290A.04, subdivisions 2 and 2h. For the purposes of this subdivision, "school district excess referenda levy" means school district taxes for operating purposes approved at referendums, including those taxes based on net tax capacity as well as those based on market value. "School district excess referenda levy" does not include school district taxes for capital expenditures approved at referendums or school district taxes to pay for the debt service on bonds approved at referenda. In the case of the city of Minneapolis, the levy for the Minneapolis library board and the levy for Minneapolis park and recreation shall be listed separately from the remaining amount of the city's levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

(3) the increase or decrease in the amounts in clause (2) from taxes payable in the current year to proposed or, for a town, final taxes payable the following year, expressed as a dollar amount and as a percentage.

(e) The notice must clearly state that the proposed or final taxes do not include the following and that these items may increase the proposed tax shown on the notice:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda, school district levy referenda, and levy limit increase referenda;

(3) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;

(4) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(5) the contamination tax imposed on properties which received market value reductions for contamination.

The notice must state that the deduction for a property tax refund under section 290A.04, subdivision 2h, is contingent upon continuity in ownership of the property.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead and the homeowner provides satisfactory documentation to the county assessor that the property is owned and has been used as the owner's homestead prior to June 1 of that year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

(i) For purposes of this subdivision, subdivisions 5a and 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

(1) metropolitan council under section 473.132, 473.167, 473.249, 473.325, 473.446, 473.521, 473.547, or 473.834;

(2) metropolitan airports commission under section 473.667, 473.671, or 473.672; and

(3) metropolitan mosquito control commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy and shall be discussed at that county's public hearing.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

Sec. 7. [276.012] [COMPUTATION AND ADMINISTRATION OF PROPERTY TAX REFUNDS.]

(a) On or before October 1 each year, the commissioner of revenue shall certify to the county auditor the property tax refund amount under section 290A.04, subdivision 2, for each parcel of homestead property as defined in section 290A.04, subdivision 6, other than a manufactured home assessed under section 273.125, subdivision 8, paragraph (c), that qualifies for a refund relating to taxes payable in the current year.

(b) The county auditor shall compute the refund for purposes of the proposed property tax notice for each parcel of homestead property as defined in section 290A.03, subdivision 6, other than a manufactured home assessed under section 273.125, subdivision 8, paragraph (c), that may qualify for a refund under section 290A.04, subdivision 2h, for taxes payable in the subsequent year.

(c) After certification of the levies by taxing districts under section 275.07, the county auditor shall compute the refund for each parcel of homestead property as defined in section 290A.03, subdivision 6, other than a manufactured home assessed under section 273.125, subdivision 8, paragraph (c), that qualifies for a refund under section 290A.04, subdivision 2h, for taxes payable in the current year.

(d) The county auditor shall separately certify the amounts in paragraphs (a) and (c) to the county treasurer who shall reflect the amounts as property tax deductions on the property tax statement under section 276.04 for taxes payable in the current year, provided that to receive the refunds, the property must be classified as homestead property under section 273.13 for taxes payable in the year the refund is payable.

(e) The county auditor shall annually separately certify the costs of the property tax refunds under section 290A.04, subdivisions 2 and 2h, to the department of revenue with the abstract of tax lists under section 275.29.

Sec. 8. Minnesota Statutes 1994, section 276.04, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF TAX STATEMENTS.] (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The statement must contain the parcel identification number and a county identification number in the upper right corner of the statement. The statement must contain the qualifying tax amount to be used by the taxpayer in claiming a property tax refund under section 290A.04, subdivision 2, in the form and location determined by the commissioner of revenue. The statement must contain a tabulated statement of the dollar amount due to each taxing authority from the parcel of real property for which a particular tax statement is prepared. The dollar amounts due the county, township or municipality, the total of the metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph (i), school district excess referenda levy, remaining school district levy, and the total of other voter approved referenda levies based on market value under section 275.61 must be separately stated. The amounts due all other special taxing districts, if any, may be aggregated. For the purposes of this subdivision, "school district excess referenda levy" means school district taxes for operating purposes approved at referenda, including those taxes based on market value. "School district excess referenda levy" does not include school district taxes for capital expenditures approved at referendums or school district taxes to pay for the debt service on bonds approved at referenda. The amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The amount of market value excluded under section 273.11, subdivision 16, if any, must also be listed on the tax statement. The statement shall include the following sentence, printed in upper case letters in boldface print: "THE STATE OF MINNESOTA DOES NOT RECEIVE ANY PROPERTY TAX REVENUES. THE STATE OF MINNESOTA REDUCES YOUR PROPERTY TAX BY PAYING CREDITS AND REIMBURSEMENTS TO LOCAL UNITS OF GOVERNMENT."

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

- (1) the property's estimated market value under section 273.11, subdivision 1;
- (2) the property's taxable market value after reductions under section 273.11, subdivisions 1a and 16;
- (3) the property's gross tax, calculated by multiplying the property's gross tax capacity times the total local tax rate and adding to the result the sum of the aids enumerated in clause (3);
- (4) a total of the following aids:
 - (i) education aids payable under chapters 124 and 124A;
 - (ii) local government aids for cities, towns, and counties under chapter 477A; and
 - (iii) disparity reduction aid under section 273.1398;

(5) for homestead residential and agricultural properties, the homestead and agricultural credit aid apportioned to the property. This amount is obtained by multiplying the total local tax rate by the difference between the property's gross and net tax capacities under section 273.13. This amount must be separately stated and identified as "homestead and agricultural credit." For purposes of comparison with the previous year's amount for the statement for taxes payable in 1990, the statement must show the homestead credit for taxes payable in 1989 under section 273.13, and the agricultural credit under section 273.132 for taxes payable in 1989;

(6) any credits received under sections 273.119; 273.123; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; and

(7) the net tax payable in the manner required in paragraph (a);

(8) for eligible homestead properties, the property tax refunds under section 290A.04, subdivisions 2 and 2h, if any, shown separately as deductions on the statement; and

(9) the tax after deduction of the property tax refunds under clause (8).

(d) The commissioner of revenue shall certify to the county auditor the actual or estimated aids enumerated in clauses (3) and (4) that local governments will receive in the following year. ~~In the case of a county containing a city of the first class, for taxes levied in 1991, and for all counties for taxes levied in 1992 and thereafter,~~ The commissioner must certify this amount by September 1.

Sec. 9. Minnesota Statutes 1994, section 276.09, is amended to read:

276.09 [SETTLEMENT BETWEEN AUDITOR AND TREASURER.]

On the later of May 20 of each year or 26 calendar days after the postmark date on the envelopes containing real or personal property tax statements, the county treasurer shall make full settlement with the county auditor of all receipts collected for all purposes, from the date of the last settlement up to and including each day mentioned. The county auditor shall, within 30 days after the settlement, send an abstract of it to the state auditor in the form prescribed by the state auditor. At the settlement the treasurer shall make complete returns of the receipts on the current tax list, showing the amount collected on account of the several funds included in the list.

Settlement of receipts from the later of May 20 or the actual settlement date to December 31 of each year must be made as provided in section 276.111.

For purposes of this section, "receipts" includes all tax payments received by the county treasurer on or before the settlement date and all property tax refunds paid to the county treasurer under section 290A.07.

Sec. 10. Minnesota Statutes 1994, section 276.111, is amended to read:

276.111 [DISTRIBUTIONS AND FINAL YEAR-END SETTLEMENT.]

Within 14 business days after July 20, the county treasurer shall pay to each taxing district 100 percent of the estimated collections arising from taxes levied by and belonging to the taxing district from the settlement day determined in section 276.09 to July 25.

Within seven business days after October 15, the county treasurer shall pay to the school districts 50 percent of the estimated collections arising from taxes levied by and belonging to the school district from ~~the settlement day determined in section 276.09~~ July 25 to October 20. The remaining 50 percent of the estimated tax collections must be paid to the school district within the next seven business days. Within ten business days after November 15, the county treasurer shall pay to the school district 100 percent of the estimated collections arising from taxes levied by and belonging to the school districts from October 20 to November 20.

Within ten business days after November 15, the county treasurer shall pay to each taxing district, except any school district, 100 percent of the estimated collections arising from taxes levied by and belonging to each taxing district from ~~the settlement day determined in section 276.09~~ July 25 to November 20.

On or before January 5, the county treasurer shall make full settlement with the county auditor of all receipts collected from the settlement day determined in section 276.09 to December 31. After subtracting any tax distributions that have been made to the taxing districts in July, October, and November, the treasurer shall pay to each of the taxing districts on or before January 25, the balance of the tax amounts collected on behalf of each taxing district. Interest accrues at an annual rate of eight percent and must be paid to the taxing district if this final settlement amount is not paid by January 25. Interest must be paid upon appropriation from the general revenue fund of the county. If not paid, it may be recovered by the taxing district in a civil action.

Sec. 11. Minnesota Statutes 1994, section 289A.60, subdivision 12, is amended to read:

Subd. 12. [PENALTIES RELATING TO PROPERTY TAX REFUNDS.] (a) If the commissioner determines that a property tax refund claim is or was excessive and was filed with fraudulent intent, the claim must be disallowed in full. If the claim has been paid, the amount disallowed may be recovered by assessment and collection.

(b) If it is determined that a property tax refund claim is excessive and was negligently prepared, ten percent of the corrected claim must be disallowed. If the claim has been paid, the amount disallowed must be recovered by assessment and collection.

(c) An owner or managing agent who knowingly fails to give a certificate of rent constituting property tax to a renter, as required by section 290A.19, paragraph (a), is liable to the commissioner for a penalty of \$100 for each failure.

(d) If the owner or managing agent knowingly gives rent certificates that report total rent constituting property taxes in excess of the amount of actual rent constituting property taxes paid on the rented part of a property, the owner or managing agent is liable for a penalty equal to the greater of (1) \$100 or (2) 50 percent of the excess that is reported. An overstatement of rent constituting property taxes is presumed to be knowingly made if it exceeds by ten percent or more the actual rent constituting property taxes.

(e) No property tax refund claim based on rent paid, or on property taxes payable in the case of a manufactured home assessed under section 273.125, subdivision 8, paragraph (c), is allowed if the initial claim is filed more than one year after the original due date for filing the claim.

(f) Except as provided in paragraph (e), no property tax refund claim based on property taxes payable filed after the original due date for filing the claim may be paid. No extensions of time for filing may be granted.

Sec. 12. Minnesota Statutes 1994, section 290A.03, subdivision 13, is amended to read:

Subd. 13. [PROPERTY TAXES PAYABLE.] "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead ~~before reductions made under section 273.13~~ but after deductions made under sections 273.135, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year other than property tax refunds determined under chapter 290A. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes ~~as defined in section 274.19, subdivision 8~~ assessed under section 273.125, subdivision 8, paragraph (c), "property taxes payable" shall also include the amount of the gross rent paid in the preceding year for the site on which the homestead is located, which is attributable to the net tax paid on the site. The amount attributable to property taxes shall be determined by multiplying the net tax on the parcel by a fraction, the numerator of which is the gross rent paid for the calendar year for the site and the denominator of which is the gross rent paid for the calendar year for the parcel. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year ~~in which the tax is payable to which the "property taxes payable" used in computing the refund relate,~~ and (i) the property must have been classified as homestead property pursuant to section 273.13, subdivision 22 or 23, on or before December 15 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before ~~December~~ August 15 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

No refunds under section 290A.04, subdivision 2 or 2h, may be deducted on the property tax statement unless the property is classified as homestead property for taxes payable in the year the property tax refund is paid.

Sec. 13. Minnesota Statutes 1994, section 290A.04, subdivision 2h, is amended to read:

Subd. 2h. (a) If the gross property taxes payable on a homestead increase more than 12 percent over the net property taxes payable in the prior year on the same property that is owned and occupied by the same owner on January 2 of both years, and the amount of that increase is \$100 or more ~~for taxes payable in 1995 and 1996, a claimant who is,~~ a homeowner shall be allowed an additional refund equal to 60 percent of the amount of the increase over the greater of 12 percent of the prior year's net property taxes payable or \$100 ~~for taxes payable in 1995 and 1996.~~ This subdivision shall not apply to any increase in the gross property taxes payable attributable to improvements made to the homestead after the assessment date for the prior year's taxes.

The maximum refund allowed under this subdivision is \$1,000.

(b) For purposes of this subdivision, the following terms have the meanings given:

(1) "Net property taxes payable" means property taxes payable minus refund amounts for which the claimant qualifies pursuant to subdivision 2 and this subdivision.

(2) "Gross property taxes" means net property taxes payable determined without regard to the refund allowed under this subdivision.

~~(c) In addition to the other proofs required by this chapter, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.~~

~~(d) On or before December 1, 1995, the commissioner shall estimate the cost of making the payments provided by this subdivision for taxes payable in 1996. Notwithstanding the open appropriation provision of section 290A.23, if the estimated total refund claims for taxes payable in 1996 exceed \$5,500,000, the commissioner shall first reduce the 60 percent refund rate enough, but to no lower a rate than 50 percent, so that the estimated total refund claims do not exceed \$5,500,000. If the commissioner estimates that total claims will exceed \$5,500,000 at a 50 percent refund rate, the commissioner shall also reduce the \$1,000 maximum refund amount by enough so that total estimated refund claims do not exceed \$5,500,000.~~

~~The determinations of the revised thresholds by the commissioner are not rules subject to chapter 14.~~

~~(e) Upon request, the appropriate county official shall make available the names and addresses of the property taxpayers who may be eligible for the additional property tax refund under this section. The information shall be provided on a magnetic computer disk. The county may recover its costs by charging the person requesting the information the reasonable cost for preparing the data. The information may not be used for any purpose other than for notifying the homeowner of potential eligibility and assisting the homeowner, without charge, in preparing a refund claim.~~

Sec. 14. Minnesota Statutes 1994, section 290A.07, is amended to read:

290A.07 [TIME FOR AND MANNER OF PAYMENT.]

Subdivision 1. [GENERAL FUND.] Allowable claims filed pursuant to the provisions of this chapter and the refund under section 290A.04, subdivision 2h, shall be paid by the commissioner from the general fund as provided in this section.

Subd. 2a. [PAYMENT TO CLAIMANT.] A claimant who is a renter or a homeowner who occupies a manufactured home, as defined in section 273.125, subdivision 8, paragraph (c), shall receive full payment after August 1 and before August 15 or 60 days after receipt of the application, whichever is later.

Subd. 3. ~~[PAYMENT TO COUNTY TREASURER AS DEDUCTION ON PROPERTY TAX STATEMENT.] A claimant~~ In the case of property not included in subdivision 2a shall receive full payment after September 15 and before September 30., payment of a refund under section 290A.04, subdivision 2, is made as a deduction on the property tax statement for the homestead for taxes payable the following year, and payment of a refund under section 290A.04, subdivision 2h, is made as a deduction on the property tax statement for the homestead for taxes payable in the current year.

Subd. 4. [PAYMENT TO COUNTY TREASURER.] Annually on or before July 20, the commissioner shall pay the amount of the property tax refunds under section 290A.04, subdivisions 2 and 2h, certified by the county auditor under section 276.012, paragraph (e), to the county treasurer for settlement and distribution under sections 276.09 to 276.111.

Sec. 15. Minnesota Statutes 1994, section 290A.15, is amended to read:

290A.15 [CLAIM APPLIED AGAINST OUTSTANDING LIABILITY.]

The amount of any claim otherwise payable under this chapter may be applied by the commissioner against any delinquent tax liability of the claimant or spouse of the claimant payable to the department of revenue. This section does not apply to (1) refunds under section 290A.04, subdivision 2, that have been certified by the commissioner of revenue to the county auditor under section 276.012, or (2) refunds under section 290A.04, subdivision 2h, determined by the county auditor under section 276.012.

Sec. 16. Minnesota Statutes 1994, section 290A.18, is amended to read:

290A.18 [RIGHT TO FILE CLAIM; RIGHT TO RECEIVE CREDIT.]

Subdivision 1. [CLAIM BY SURVIVING SPOUSE OR DEPENDENT.] Except as provided in subdivision 3, if a person entitled to relief under this chapter dies prior to receiving relief, the surviving spouse or dependent of the person shall be entitled to file the claim and receive relief. If there is no surviving spouse or dependent, the right to the credit shall lapse.

Subd. 2. [CLAIMANT CANNOT BE LOCATED.] Except as provided in subdivision 3, if the commissioner cannot locate the claimant within two years from the date that the original warrant was issued, or if a claimant to whom a warrant has been issued does not cash that warrant within two years from the date the warrant was issued, the right to the credit shall lapse, and the warrant shall be deposited in the general fund.

Subd. 3. [RIGHT TO RECEIVE REFUND NOT PERSONAL TO CLAIMANT.] Property tax refunds under section 290A.04, subdivisions 2 and 2h, are paid as a deduction on the property tax statement of the property as provided in section 290A.07, subdivision 3. The right to receive the deduction is not personal to the claimant or to a surviving spouse or dependent of the claimant.

Sec. 17. [290A.26] [APPROPRIATION; COUNTY COSTS.]

\$2,650,000 is appropriated for fiscal year 1997, and \$2,370,000 is appropriated for fiscal year 1998, and each year thereafter, to the commissioner of revenue to pay counties for the costs of implementing and administering the property tax refunds for homeowners. The commissioner shall make the payments annually, on July 20 of each year. Each county auditor shall determine the county's costs and certify the costs to the commissioner at the time and in the manner directed by the commissioner. The commissioner shall review the costs, and may limit or correct them, return them to the county for changes, or request additional information or documentation. The commissioner shall apportion the available appropriation to each county in the same proportion that the county's expenses as finally determined by the commissioner are to the sum of all the counties' expenses.

Sec. 18. [1996 LEVY; TRUTH IN TAXATION NOTICE.]

For taxes payable in 1997 only, the notice of proposed property taxes under Minnesota Statutes, section 275.065, subdivision 3, shall state that beginning with property taxes payable in 1997, the homestead property tax refund calculated under Minnesota Statutes, section 290A.04, subdivision 2, and the special refund for property tax increases under Minnesota Statutes, section 290A.04, subdivision 2h, shall be paid as a deduction from the net tax on the property for all qualifying properties other than manufactured homes assessed under Minnesota Statutes, section 273.125, subdivision 8, paragraph (c). The notice shall clearly notify the taxpayer that these deductions are shown on the notice of proposed taxes for taxes payable in 1997, and that the actual tax for taxes payable in 1997 may be greater than the amount shown on the notice if the ownership or classification of the property changes before the refunds are paid. The commissioner of revenue shall prescribe the form and wording of the statement required in this section. The commissioner may prescribe that the statement be included with the notice of proposed property taxes as a separate addendum. At least five working days before distribution to the counties, the notice prescribed by the commissioner of revenue under this section must be submitted to the chairs of the senate committee on taxes and tax laws and the house tax committee for their advice and approval.

Sec. 19. [PROPERTY TAX REFUNDS FOR TAXES PAYABLE IN 1997; TRANSITION PROVISION.]

Notwithstanding the provisions of Minnesota Statutes, chapter 290A, or any other law to the contrary, the property tax refund amounts under Minnesota Statutes, section 290A.04, subdivisions 2 and 2h, relating to property taxes payable in 1996, as paid by the commissioner to the claimants under Minnesota Statutes, section 290A.07, subdivision 3, shall be the amounts certified on October 1, 1996, by the commissioner of revenue to the county auditors. The refund amounts under Minnesota Statutes, section 290A.04, subdivision 2, are the amounts that the county auditor shall show as a deduction on the property tax statement for taxes payable in 1997. The county auditor shall calculate the amounts of the refund under Minnesota Statutes, section 290A.04, subdivision 2h, for taxes payable in 1997, and show that amount as a deduction on the 1997 property tax statement.

Sec. 20. [APPROPRIATION.]

\$95,000 is appropriated for the fiscal year ending June 30, 1997, from the general fund in the state treasury to the commissioner of revenue for purposes of implementing and administering this article.

Sec. 21. [EFFECTIVE DATE.]

Sections 1 to 16 are effective for property tax refunds payable as deductions on property tax statements in 1997 and thereafter.

ARTICLE 6

ECONOMIC DEVELOPMENT

Section 1. Minnesota Statutes 1994, section 116J.556, is amended to read:

116J.556 [LOCAL MATCH REQUIREMENT.]

(a) In order to qualify for a grant under sections 116J.551 to 116J.557, the municipality must pay for at least one-half of the project costs as a local match. The municipality shall pay an amount of the project costs equal to at least 18 percent of the cleanup costs from the municipality's general fund, a property tax levy for that purpose, or other unrestricted money available to the municipality (excluding tax increments). These unrestricted moneys may be spent for project costs, other than cleanup costs, and qualify for the local match payment equal to 18 percent of cleanup costs. The rest of the local match may be paid with tax increments or any other money available to the municipality.

(b) ~~If the development authority establishes a tax increment financing district or hazardous substance subdistrict on the site to pay for part of the local match requirement, the district or subdistrict is not subject to the state aid reductions under section 273.1399. In order to qualify for the exemption from the state aid reductions, the municipality must elect, by resolution, on or~~

~~before the request for certification is filed that all tax increments from the district or subdistrict will be used exclusively to pay (1) for project costs for the site and (2) administrative costs for the district or subdistrict. the district or subdistrict must be decertified when an amount of tax increments equal to no more than three times the costs of implementing the response action plan for the site and the administrative costs for the district or subdistrict have been received, after deducting the amount of the state grant.~~

Sec. 2. [270.0683] [REPORT ON THE EFFECT OF TAX INCENTIVES UPON THE NUMBER OF JOBS.]

On a biennial basis, the commissioner of trade and economic development shall analyze the effect of all business related tax reductions or waivers on the aggregate number of jobs created and wages paid in those new jobs. The commissioner of trade and economic development shall present the results of the analysis to the legislature.

Sec. 3. [270.0684] [GOALS FOR NEW TAX EXPENDITURES.]

Each newly enacted business related tax expenditure shall include measurable goals for jobs and wages and require a biennial review conducted by the commissioner of trade and economic development for continuation based upon meeting those goals. The commissioner of trade and economic development shall report the results of the review to the legislature.

Sec. 4. Minnesota Statutes 1994, section 273.1399, subdivision 6, is amended to read:

Subd. 6. [EXEMPTION; ETHANOL PROJECTS.] (a) 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) (b) The exemption provided by this subdivision does not apply beginning for the first year after the total amount of increment for the district does not exceed \$1,000,000 exceeds \$1,500,000. The county auditor shall notify the commissioners of revenue and education of the expiration of the exemption by June 1 of the year in which the revenues from increments will exceed \$1,500,000 if all the levied taxes for that year are paid when due.~~

Sec. 5. Minnesota Statutes 1994, section 273.1399, is amended by adding a subdivision to read:

Subd. 7. [EXEMPTION; AGRICULTURAL PROCESSING FACILITIES.] 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 established to construct or expand an agricultural processing facility;

(2) the construction or expansion of the facility creates, or upon completion will create, a minimum of five permanent full-time jobs;

(3) the district is located outside of the seven-county metropolitan area, as defined in section 473.121;

(4) the tax increment financing plan was approved by a resolution of the county board;

(5) the total amount of increment for the district does not exceed \$1,500,000; and

(6) the commissioner of agriculture has certified to the county auditor that the requirements of this subdivision have been met.

For purposes of this section, "agricultural processing facility" means land, buildings, structures, fixtures, and improvements used or operated primarily for the processing or production of marketable products from agricultural crops, including waste and residues from agricultural crops, and including livestock products, poultry products, and wood products, but not the raising of livestock or poultry.

Sec. 6. Minnesota Statutes 1994, section 375.83, is amended to read:

375.83 [ECONOMIC AND AGRICULTURAL DEVELOPMENT.]

~~A county board may appropriate not more than \$50,000 annually money out of the general revenue fund of the county to be paid to any incorporated development society or organization of this state which, in the board's opinion, will use the money for the best interests of the county in promoting, advertising, improving, or developing the economic and agricultural resources of the county. The limitation on appropriations in this section does not prohibit accumulation of amounts in excess of \$50,000 in a fund to be used for the purposes of this section. The total amount accumulated in the fund must not exceed \$300,000.~~

Sec. 7. Minnesota Statutes 1994, section 469.169, subdivision 9, is amended to read:

Subd. 9. [ADDITIONAL BORDER CITY ALLOCATIONS.] In addition to tax reductions authorized in subdivisions 7 and 8, the commissioner may allocate \$1,100,000 for tax reductions to border city enterprise zones in cities located on the western border of the state, and \$300,000 to the border city enterprise zone in the city of Duluth. The commissioner shall make allocations to zones in cities on the western border by evaluating which cities' applications for allocations relate to business prospects that have the greatest positive economic impact. Allocations made under this subdivision may be used for tax reductions as provided in section 469.171, or other offsets of taxes imposed on or remitted by businesses located in the enterprise zone, but only if the municipality determines that the granting of the tax reduction or offset is necessary in order to retain a business within or attract a business to the zone. Limitations on allocations under section 469.169, subdivision 7, do not apply to this allocation. Enterprise zones that receive allocations under this subdivision may continue in effect for purposes of those allocations through December 31, 1994 1995.

Sec. 8. Minnesota Statutes 1994, section 469.169, is amended by adding a subdivision to read:

Subd. 10. [ADDITIONAL BORDER CITY ALLOCATIONS.] In addition to tax reductions authorized in subdivisions 7, 8, and 9, the commissioner may allocate \$1,500,000 for tax reductions to border city enterprise zones in cities located on the western border of the state. The commissioner shall make allocations to zones in cities on the western border on a per capita basis. Allocations made under this subdivision may be used for tax reductions as provided in section 269.171, or other offsets of taxes imposed on or remitted by businesses located in the enterprise zone, but only if the municipality determines that the granting of the tax reduction or offset is necessary in order to retain a business within or attract a business to the zone. Limitations on allocations under section 469.169, subdivision 7, do not apply to this allocation. Enterprise zones that receive allocations under this subdivision may continue in effect for purposes of those allocations through December 31, 1996.

Sec. 9. [CITY OF SPRINGFIELD; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXCEPTION.] The city of Springfield may establish a tax increment financing district for the purpose of expanding an agricultural production facility. The expansion of the facility must create or preserve a minimum of 25 jobs. The district is established under and subject to Minnesota Statutes, sections 469.174 to 469.178, except that it is exempt from the provisions of Minnesota Statutes, section 273.1399.

Subd. 2. [EFFECTIVE DATE.] Subdivision 1 is effective upon compliance by the governing body of the city of Springfield with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 10. [CITY OF ST. LOUIS PARK; ESTABLISHMENT OF SPECIAL SERVICE DISTRICTS.]

Subdivision 1. [DEFINITIONS.] (a) For the purpose of this section, the terms defined have the meanings given them.

(b) "City" means the city of St. Louis Park.

(c) "Special services" means:

(1) all services rendered or contracted for by the city, including the repair, maintenance, operation, and construction of any improvement authorized by Minnesota Statutes, section 429.021;

(2) maintenance of landscape and streetscape improvements installed by the city; and

(3) any other service provided to the public by the city as authorized by law or charter.

Subd. 2. [ESTABLISHMENT OF DISTRICTS.] The governing body of the city of St. Louis Park may adopt ordinances establishing special service districts. The provisions of Minnesota Statutes, chapter 428A, govern the establishment and operation of special service districts in the city.

Sec. 11. [TAX INCREMENT FINANCING DISTRICT EXTENSION.]

Notwithstanding Minnesota Statutes, section 469.176, subdivision 1c, the St. Louis Park economic development authority may collect and expend tax increments from the Excelsior Boulevard Redevelopment Project and Oak Park Village tax increment financing districts (Hennepin county project numbers 1300 and 1301, respectively) located within the city of St. Louis Park, after April 1, 2001, for eligible activities within the redevelopment area. The authority under this section expires August 1, 2009.

Sec. 12. [EXEMPTION FROM LGA/HACA OFFSET.]

The hazardous substance subdistrict created in the Excelsior Boulevard tax increment financing district in the city of St. Louis Park is exempt from Minnesota Statutes, section 273.1399.

Sec. 13. [CITY OF COLUMBIA HEIGHTS; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXEMPTION.] The Sheffield tax increment financing district, including area added to its geographic area pursuant to Minnesota Statutes, section 469.175, subdivision 4, is exempt from the provisions of Minnesota Statutes, section 273.1399, provided that at least five percent of the district costs are paid by the city from its general fund, a property tax levy, or other unrestricted money not including tax increments.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon approval by the governing body of the city of Columbia Heights and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 14. [CITY OF HASTINGS; DISTRICT EXTENSION.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1c, the Housing and Redevelopment Authority may collect and expend tax increments from the downtown redevelopment tax increment financing district, located within the city of Hastings, after April 1, 2001, for eligible activities within the district. The authority under this section expires December 31, 2006.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Hastings with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 15. [CITY OF HOPKINS; TAX INCREMENT DISTRICT.]

Subdivision 1. [DURATION.] Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1c, tax increment collected by the housing and redevelopment authority in and for the city of Hopkins from tax increment financing district no. 1-1 may be expended by the authority or the city of Hopkins to pay or defease (1) bonds or obligations issued within two years after the effective date of this section, or (2) bonds issued to refund the principal of the outstanding

bonds and pay associated issuance costs, provided the average maturity of the refunding bonds does not exceed the bonds refunded. Tax increment from district no. 1-1 will not be paid to the authority after August 1, 2009.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Hopkins with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 16. [COTTONWOOD COUNTY; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXCEPTIONS.] The southwest Minnesota multicounty housing redevelopment authority may establish an economic development tax increment financing district in Cottonwood county under Minnesota Statutes, sections 469.174 to 469.179, for an ethanol facility that is certified by the commissioner of revenue to qualify for state payments for ethanol development under Minnesota Statutes, section 41A.09, to the extent funds are available.

Subd. 2. [SPECIAL RULES.] (a) The district established under the authority of subdivision 1 is subject to Minnesota Statutes, sections 469.174 to 469.179, except as provided in this subdivision.

(b) Minnesota Statutes, section 273.1399, does not apply.

(c) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, tax increments from the district may be paid to the authority for up to 18 years from the date of the receipt of the first increment.

(d) The adjustment to original net tax capacity under Minnesota Statutes, section 469.177, subdivision 1, paragraph (f), does not apply.

(e) The tax rate used to determine the amount of revenues from tax increments is the sum of the local tax rates for the taxes payable year, notwithstanding contrary provisions of Minnesota Statutes, section 469.177, subdivision 1a, limiting increments to the original tax capacity rate.

(f) The county board in which the district is located shall approve, by resolution:

(1) the tax increment financing plan;

(2) amendments to the tax increment financing plan that require notice and a public hearing under Minnesota Statutes, section 469.175, subdivision 4; and

(3) any modifications, whether an amendment to the tax increment financing plan or otherwise, that change the distribution to or sharing of the revenues derived from increments with the county and school district under Minnesota Statutes, section 469.176, subdivision 2, or otherwise.

If the county board declines to approve the plan, or an amendment or a modification required to be approved under this paragraph, the action is not effective.

Subd. 3. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the southwest Minnesota multicounty housing redevelopment authority with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 17. [SWIFT COUNTY RURAL DEVELOPMENT FINANCE AUTHORITY.]

Subdivision 1. [ESTABLISHMENT.] The Swift county board may, by adopting a written enabling resolution, establish a county rural development finance authority that, subject to subdivision 2, has the following powers: powers of an economic development authority under Minnesota Statutes, sections 469.090 to 469.107; and powers of a rural development financing authority under sections 469.142 to 469.151.

Subd. 2. [ECONOMIC DEVELOPMENT AUTHORITY POWERS.] If the county rural development finance authority exercises the powers of an economic development authority, the county may exercise all of the powers relating to an economic development authority granted to a city under Minnesota Statutes, sections 469.090 to 469.108, except for the authority to issue general obligation bonds under Minnesota Statutes, section 469.102. The levy imposed by the county board under Minnesota Statutes, section 469.107, may be levied in addition to levies otherwise authorized by law. The county rural development finance authority may create and

define the boundaries of economic development districts at any place or places within the county. Minnesota Statutes, section 469.174, subdivision 10, and the contiguity requirement specified under Minnesota Statutes, section 469.101, subdivision 1, do not apply to limit the areas that may be designated as county economic development districts.

Subd. 3. [LIMIT OF POWERS.] (a) The enabling resolution may impose the following limits on the actions of the authority:

(1) that the authority may not exercise any of the powers contained in subdivision 1 unless those powers are specifically authorized in the enabling resolution; and

(2) any other limitation or control established by the county board by the enabling resolution.

(b) The enabling resolution may be modified at any time, but may not be applied in a manner that impairs contracts executed before the modification is made. All modifications to the enabling resolution must be by written resolution.

(c) Before the commencement of a project by the authority, the governing body of the municipality in which the project is to be located or the Swift county board, if the project is outside municipal corporate limits, shall by majority vote approve the project as recommended by the authority.

Subd. 4. [BOARD OF DIRECTORS.] (a) The authority consists of a board of seven directors. The directors shall be appointed by the Swift county board. Each director shall be appointed to serve for three years or until a successor is appointed and qualified. No director may serve more than two consecutive terms. The initial appointment of directors must be made so that no more than one-third of the directors' positions will require appointment in any one year due to fulfillment of their three-year appointment. The appointment of directors must be made to reflect representation of the entire county by population, appointing one director to represent each of the five county commissioner districts. The other two directors must be representatives of various county-based economic development organizations or be directors at-large. No more than two directors may reside in any one county commissioner district.

(b) Two of the directors initially appointed shall serve for terms of one year, two for two years, and three for three years. Each vacancy must be filled for the unexpired term in the manner in which the original appointment was made. A vacancy occurs if a director no longer resides in the county. No director shall be an officer, employee, director, shareholder, or member of any corporation, firm, or association with which the authority has entered into any operating lease, or other agreement. The directors may be removed by the county for the reasons and in the manner provided under Minnesota Statutes, section 469.010, and shall receive no compensation other than reimbursement for expenses incurred in the performance of their duties. Directors shall have no personal liability for obligations of the authority or the methods of enforcement and collection of the obligations.

Subd. 5. [EFFECTIVE DATE.] This section is effective upon compliance by the Swift county board with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 18. [CITY OF MORRIS; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [AUTHORIZATION.] Notwithstanding the provisions of Minnesota Statutes, section 469.175, subdivision 4, paragraph (b), the economic development authority of the city of Morris may, within one year after the effective date of this section, enlarge the geographic area of tax increment financing district No. 5 to include a parcel identified as lot 2, block 2, Morris industrial park. The district is established under and subject to Minnesota Statutes, sections 469.174 to 469.178, except:

(1) Minnesota Statutes, section 273.1399, does not apply to the enlarged geographic area of the district;

(2) the duration limit for the district and enlarged area is December 31, 2010; and

(3) the buildings to be constructed in the enlarged geographic area of the district may, notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 4c, include

space necessary for and related to the manufacturing facility located on parcels contiguous to the district.

Subd. 2. [EFFECTIVE DATE.] This section is effective after compliance by the governing body of the city of Morris under Minnesota Statutes, section 645.021, subdivision 3.

Sec. 19. [CITY OF BROOTEN; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXCEPTION.] A tax increment financing district created by the city of Brooten for the purpose of financing the construction of an agricultural processing facility as defined in article 2, section 25, is exempt from the provisions of Minnesota Statutes, section 273.1399.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Brooten with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 20. [CITY OF MANKATO; ECONOMIC DEVELOPMENT DISTRICT.]

Subdivision 1. [ESTABLISHMENT.] The city of Mankato may establish economic development tax increment financing districts that include all properties in the Eastwood Industrial Centre Industrial Park. The districts are established subject to Minnesota Statutes, sections 469.174 to 469.179, except that the provisions of Minnesota Statutes, section 273.1399, do not apply.

Subd. 2. [EXEMPTION.] Minnesota Statutes, section 273.1399, does not apply to tax increment financing district No. 19-2, located in the city of Mankato.

Subd. 3. [ESTABLISHMENT.] The city of Mankato may establish a redevelopment tax increment district that includes all properties in the area between Poplar Street and River Front Drive South. The district is subject to Minnesota Statutes, sections 469.174 to 469.178, except that Minnesota Statutes, section 273.1399, does not apply to this district.

Subd. 4. [EFFECTIVE DATE.] This section is effective after compliance by the governing body of the city of Mankato with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 21. [CITY OF GLENVILLE; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXCEPTIONS.] The city of Glenville may establish an economic development tax increment financing district for the purpose of establishing an industrial park, including acquiring land, construction of rail services, construction of roads, extension of utilities, and the construction of a sewer collection line to carry effluent from one or more locations in Glenville to the city of Albert Lea sewage treatment plant. The district is established under and subject to Minnesota Statutes, sections 469.174 to 469.179, except:

(1) Minnesota Statutes, section 273.1399, does not apply; and

(2) the city may not establish the tax increment financing district under this section unless the tax increment financing plan is approved by resolution of the governing body of the city of Albert Lea.

Subd. 2. [EFFECTIVE DATE.] This section is effective the day after compliance by the governing body of the city of Glenville with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 22. [CITY OF ALBERT LEA TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [INDUSTRIAL PROJECT; EXCEPTIONS.] The city of Albert Lea may establish economic development tax increment financing district 5-6 for industrial and manufacturing projects. The district is established under and subject to Minnesota Statutes, sections 469.174 to 469.179, except:

(1) Minnesota Statutes, section 273.1399, does not apply; and

(2) the city must pay at least five percent of the project costs from its general fund, a property tax levy, or other unrestricted money (other than tax increments).

Subd. 2. [TAX INCREMENT FINANCING DISTRICTS; EXCEPTIONS.] Minnesota Statutes, section 273.1399, does not apply to tax increment financing districts 5-3, 5-4, and 5-5, located in the city of Albert Lea.

Subd. 3. [EFFECTIVE DATE.] This section is effective the day after compliance by the governing body of the city of Albert Lea with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 23. [CITY OF OAKDALE; TAX INCREMENT DISTRICTS.]

Subdivision 1. [DURATION.] (a) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1 and 1b, tax increments from the city of Oakdale tax increment financing district number 1-2 may be collected and expended by the authority through December 31, 2011.

(b) Notwithstanding Minnesota Statutes, section 469.176, subdivisions 1 and 1b, tax increments from the city of Oakdale tax increment financing district number 9 may be collected and expended by the authority through December 31, 2004.

Subd. 2. [TAX INCREMENT DISTRICT 1-2; EXEMPTIONS AND HOUSING ACTIVITIES.] (a) Minnesota Statutes, section 273.1399, shall not apply to the city of Oakdale tax increment financing district number 1-2 during any calendar year after adoption of an amendment to the tax increment financing plan for the district, provided 15 percent of the tax increments from the district in each such calendar year is deposited in the housing development account for expenditure on housing activities pursuant to the plan as provided in paragraphs (b) and (c). The amendment must be adopted within one year of the effective date of this section.

(b) The authority must identify in the amendment to the plan the housing activities that will be assisted by the housing development account. Housing activities may include, but are not limited to, rehabilitation, acquisition, demolition, and financing of new or existing single family or multifamily housing. Housing activities listed in the plan need not be located within the district or project area, but must be activities that meet the income requirements of a qualified housing district under Minnesota Statutes, section 469.1761, subdivisions 2 and 3.

(c) Tax increments to be expended for housing activities under this subdivision must be segregated by the authority into a special account on its official books and records. The account may also receive funds from other public and private sources. The expenditure of tax increments from the account for housing activities is exempt from the provisions of Minnesota Statutes, section 469.1763, subdivisions 2, 3, and 4, and shall be disregarded for purposes of satisfying the provisions of Minnesota Statutes, section 469.1763, subdivisions 2, 3, and 4.

Subd. 3. [TAX INCREMENT DISTRICT 6; MODIFICATIONS; SPECIAL RULES.] (a) Notwithstanding the provisions of Minnesota Statutes, sections 469.174, subdivision 10, and 469.175, subdivision 4, paragraph (b), the city of Oakdale may, within one year after the effective date of this section, enlarge the geographic area of city of Oakdale tax increment financing district number 6 to include the southwest one-quarter of the southwest one-quarter of section 29, tract 29, range 21, that is also known as parcel number 57029-2001.

(b) The parcels included in the enlarged area described in paragraph (a) are subject to Minnesota Statutes, sections 469.174 to 469.179, except as provided in this subdivision.

(c) Minnesota Statutes, section 273.1399, does not apply to the district.

(d) Minnesota Statutes, section 469.1763, subdivisions 2, 3, and 4, do not apply to the district.

(e) The enlarged area shall be treated as part of a redevelopment district.

(f) The governing body of the city of Oakdale, in addition to the findings required by section 469.175, subdivision 3, shall also find:

(1) that the parcels included in the enlarged area have an estimated market value for the year in which the area is certified that is at least 40 percent less than the estimated market value of three years earlier; and

(2) that the enlarged area is occupied by buildings that are functionally obsolete and

underutilized. "Underutilized," for purposes of this subdivision, means that less than 60 percent of the useable square footage of the existing buildings are not leased.

Subd. 4. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Oakdale with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 24. [CITY OF SAINT PAUL; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXEMPTION.] Any tax increment financing districts located in the Phalen Corridor Project Area of the city of Saint Paul that are certified after the date of final enactment of this section are exempt from the provisions of Minnesota Statutes, section 273.1399.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Saint Paul with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 25. [CITY OF LAKE CITY; TAX INCREMENT DISTRICT.]

Subdivision 1. [DURATION EXTENSION.] Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, the duration of tax increment financing district number 3, located within the city of Lake City, may be extended to January 1, 2002, by resolution of the governing body of Lake City.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Lake City with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 26. [CITY OF LAKEFIELD; TAX INCREMENT FINANCING DISTRICTS.]

Subdivision 1. [REDEVELOPMENT DISTRICT.] (a) The governing body of the city of Lakefield may establish a tax increment financing district that is a redevelopment district as defined in Minnesota Statutes, section 469.174, subdivision 10, for the purpose of developing the property previously used as the municipal hospital. The district is subject to Minnesota Statutes, sections 469.174 to 469.179, except that the provisions of Minnesota Statutes, section 273.1399, do not apply.

(b) Notwithstanding Minnesota Statutes, section 469.177, subdivision 1, paragraph (d), for the district established under this subdivision, the original tax capacity of the previously tax exempt property comprising the municipal hospital equals the value of the land only, as determined by the assessor at the time of the transfer.

Subd. 2. [HOUSING DISTRICT.] The governing body of the city of Lakefield may also establish a tax increment financing district that is a housing district as defined in Minnesota Statutes, section 469.174, subdivision 11. The district is subject to Minnesota Statutes, sections 469.174 to 469.179, except that the provisions of Minnesota Statutes, section 273.1399, do not apply.

Subd. 3. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Lakefield with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 27. [CITY OF CROOKSTON; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXCEPTION.] The provisions of Minnesota Statutes, section 273.1399, do not apply to an economic development tax increment financing district in the city of Crookston, if the city establishes the district by July 1, 1996, and the district is used solely to assist a manufacturer of passenger buses to locate a manufacturing facility in the city.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon approval by the governing body of the city of Crookston and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 28. [SWIFT COUNTY; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXCEPTION.] Swift county may establish a redevelopment tax increment financing district in Torning township to facilitate the location of a manufacturing facility in the district. The district is established under and subject to Minnesota Statutes, sections 469.174 to 469.178, except that it is not subject to the provisions of Minnesota Statutes, section 273.1399.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of Swift county with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 29. [CITY OF NORTHFIELD; TAX INCREMENT DISTRICT.]

Subdivision 1. [EXEMPTIONS.] Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, the duration of the tax increment districts within development district No. 2 and development district No. 3 are extended through December 31, 1999. Notwithstanding any limitation in law on use of increments, all additional tax increment generated by the extensions may be used by the Northfield city council to defray, whether directly or through the issuance of bonds or other obligations, the reasonable costs associated with making or financing building renovations and restorations, public improvements, or other property development and redevelopment activities for the benefit of the city's central business district.

Subd. 2. [LOCAL APPROVAL.] This section is effective upon compliance by the governing body of the city of Northfield with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 30. [NORTH ST. PAUL; TAX INCREMENT DISTRICT.]

Subdivision 1. [DURATION EXTENSION.] Notwithstanding Minnesota Statutes, section 469.176, subdivision 4c, the city of North St. Paul may elect to extend the duration of tax increment financing district No. 2-2. The city may extend the duration of the district No. 2-2 until the earlier of: (1) December 31, 2010; or (2) the date when it has collected total increments from the district equal to the city's cleanup and related expenditures for the district, less any reimbursement from private parties for these costs.

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of North St. Paul with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 31. [CITIES OF CRYSTAL, FRIDLEY, AND MINNEAPOLIS; HOUSING REPLACEMENT DISTRICTS; DEFINITIONS.]

Subdivision 1. [CAPTURED NET TAX CAPACITY.] "Captured net tax capacity" means the amount by which the current net tax capacity of the improvements to real property in a housing replacement district exceeds the original net tax capacity of improvements to property in the district, including the value of property normally taxable as personal property by reason of its location on or over property owned by a tax-exempt entity. No amount of net tax capacity attributable to land is included in captured net tax capacity.

Subd. 2. [ORIGINAL NET TAX CAPACITY.] "Original net tax capacity" means the tax capacity of all taxable real property within a housing replacement district as certified by the commissioner of revenue for the previous assessment year, provided that the request by the authority for certification of a new housing replacement district has been made to the county auditor by June 30. The original net tax capacity of housing replacement districts for which requests are filed after June 30 has an original net tax capacity based on the current assessment year. In any case, the original net tax capacity must be determined together with subsequent adjustments as set forth in Minnesota Statutes, section 469.177, subdivisions 1 and 4. In determining the original net tax capacity, the net tax capacity of real property exempt from taxation at the time of the request shall be zero, except for real property which is tax exempt by reason of public ownership by the requesting authority and which has been publicly owned for less than one year prior to the date of the request for certification, in which event the net tax capacity of the property shall be the net tax capacity as most recently determined by the commissioner of revenue.

Subd. 3. [PARCEL.] "Parcel" means a tract or plat of land established prior to the certification of the district as a single unit for purposes of assessment.

Subd. 4. [AUTHORITY.] For housing replacement projects in the city of Crystal, "authority" means the Crystal economic development authority. For housing development projects in the city of Fridley, "authority" means the housing and redevelopment authority in and for the city of Fridley or a successor in interest. For housing replacement projects in the city of Minneapolis, "authority" means the Minneapolis community development agency.

Sec. 32. [ESTABLISHMENT OF HOUSING REPLACEMENT DISTRICTS.]

Subdivision 1. [CREATION OF PROJECTS.] (a) An authority may create a housing replacement project under sections 31 to 34, as provided in this section.

(b) For the cities of Crystal and Fridley, the authority may designate up to 50 parcels in the city to be included in a housing replacement district over the life of the district. No more than ten parcels may be included in the original district, with up to seven additional parcels added to the district in each of the following nine years. For the city of Minneapolis, the authority may designate up to 500 parcels in the city to be included in a housing replacement district over the life of the district.

(c) The city in which the authority is located must pay at least 25 percent of the project costs from its general fund, property tax levy, or other unrestricted money, not including tax increments.

(d) The project must have as its sole object the acquisition of parcels for the purpose of preparing the site to be sold for market rate housing. As used in this section, "market rate housing" means housing that has a market value that does not exceed 150 percent of the average market value of single-family housing in that municipality.

Subd. 2. [HOUSING REPLACEMENT DISTRICT PLAN.] To establish a housing replacement district under sections 31 to 34, an authority shall develop a housing replacement project plan which shall contain:

(1) a statement of the objectives and a description of the projects proposed by the authority for the housing replacement district;

(2) a statement of the housing replacement project plan, demonstrating the coordination of that plan with the city's comprehensive plan;

(3) estimates of the following:

(i) cost of the program, including administrative expenses;

(ii) sources of revenue to finance or otherwise pay public costs;

(iii) the most recent net tax capacity of taxable real property within the housing replacement district; and

(iv) the estimated captured net tax capacity of the housing replacement district at completion;

(4) statements of the authority's alternate estimates of the impact of the housing replacement district on the net tax capacities of all taxing jurisdictions in which the district is located in whole or in part. For purposes of one statement, the municipality shall assume that the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district, and for purposes of the second statement, the county shall assume that none of the estimated captured net tax capacity would be available to the taxing jurisdictions without creation of the district; and

(5) identification of all parcels to be included in the zone, to the extent known at the time the plan is prepared. At a minimum, the parcels that will be included in the district during its first year must be identified in the original plan. If parcels for subsequent years are not specifically identified, the plan must include the criteria that will be used by the authority to select parcels to be included in the later years.

Subd. 3. [PROCEDURE.] The provisions of Minnesota Statutes, section 469.175, subdivisions 3, 4, 5, and 6, apply to the establishment and operation of the districts created under sections 31 to 34, except as follows:

(1) the determination specified in Minnesota Statutes, section 469.175, subdivision 3, clause (1), is not required; and

(2) addition of parcels not identified in the original plan is not treated as a modification of a plan requiring an approval process provided that the parcels added are consistent with the criteria described in subdivision 2, clause (5).

Sec. 33. [LIMITATIONS.]

Subdivision 1. [DURATION LIMITS.] No tax increment shall be paid to the authority on each parcel in a housing replacement district after 20 years from date of receipt by the county of the first tax increment from that parcel.

Subd. 2. [LIMITATION ON USE OF TAX INCREMENTS.] All revenues derived from tax increments shall be used in accordance with the tax increment financing plan. The revenues shall be used solely to pay the costs of site acquisition, demolition of existing structures, site preparation, and pollution abatement on parcels identified in the plan, as well as public improvements and administrative costs directly related to those parcels.

Sec. 34. [APPLICATION OF OTHER LAWS.]

Subdivision 1. [COMPUTATION OF TAX INCREMENT.] The provisions of Minnesota Statutes, section 469.177, apply to the computation of tax increment for the housing replacement districts created under sections 31 to 34.

Subd. 2. [OTHER PROVISIONS.] References in Minnesota Statutes to tax increment financing districts created and tax increments generated under Minnesota Statutes, sections 469.174 to 469.179, other than references in Minnesota Statutes, section 273.1399, shall include housing replacement districts and tax increments subject to sections 31 to 34, provided that Minnesota Statutes, sections 469.174 to 469.179, apply only to the extent specified in sections 31 to 34.

Sec. 35. [CITY OF FAIRMONT; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXEMPTION.] The provisions of Minnesota Statutes, section 273.1399, does not apply to the economic development tax increment financing district in the city of Fairmont designated "Weigh-tronix."

Subd. 2. [EFFECTIVE DATE.] This section is effective upon compliance by the governing body of the city of Fairmont with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 36. [CITY OF BAYPORT; TAX INCREMENT FINANCING DISTRICT.]

Subdivision 1. [EXEMPTION.] The economic tax increment financing district for the city of Bayport designated as economic development district No. 2 is not subject to the provisions of Minnesota Statutes, section 273.1399.

Subd. 2. [LOCAL APPROVAL.] This section is effective upon compliance by the governing body of the city of Bayport with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 37. [CITY OF ROSEVILLE; ESTABLISHMENT OF SPECIAL SERVICE DISTRICTS.]

Subdivision 1. [DEFINITIONS.] (a) For the purpose of this section, the terms defined have the meanings given them.

(b) "City" means the city of Roseville.

(c) "Special services" means:

(1) all services rendered or contracted for by the city, including the repair, maintenance, operation, and construction of any improvement authorized by Minnesota Statutes, section 429.021;

(2) maintenance of landscape and streetscape improvements installed by the city; and

(3) any other service provided to the public by the city as authorized by law or charter.

Subd. 2. [ESTABLISHMENT OF DISTRICTS.] The governing body of the city of Roseville may adopt ordinances establishing special service districts. The provisions of Minnesota Statutes, chapter 428A, govern the establishment and operation of special service districts in the city.

Sec. 38. [ROSEVILLE; EXEMPTION FROM LGA/HACA OFFSET.]

The hazardous substance subdistrict (No. 11A) created in tax increment financing district No. 11 in the city of Roseville is exempt from Minnesota Statutes, section 273.1399.

Sec. 39. [ROSEVILLE; COMPUTATION OF TAX INCREMENT.]

Notwithstanding the provisions of Minnesota Statutes, section 469.177, subdivision 3, paragraph (c), the governing body of the city of Roseville may change its election of a method for computing tax increment for the tax increment financing district number 11 certified on March 26, 1990, and known as the Twin Lakes redevelopment district and for Roseville hazardous substance district number 11A. The governing body may change its election from the computation in Minnesota Statutes, section 469.177, subdivision 3, paragraph (b), to the computation in Minnesota Statutes, section 469.177, subdivision 3, paragraph (a), to the computation in Minnesota Statutes, section 469.177, subdivision 3, paragraph (a).

Sec. 40. [ROSEVILLE; ORIGINAL LOCAL TAX RATE.]

Notwithstanding the provisions of Minnesota Statutes, section 469.177, subdivision 1a, the original local tax rate for Roseville hazardous substance subdistrict number 11A shall be the sum of all the local tax rates that apply to the property in the subdistrict at the time the subdistrict is certified by the county auditor. The resulting tax capacity rate is the original local tax rate for the life of the subdistrict. The original local tax rate shall revert to the original local tax rate of the overlying tax increment district number 11 once the subdistrict is decertified.

Sec. 41. [REPEALER.]

Minnesota Statutes 1994, sections 273.1399; and 469.175, subdivision 7a, are repealed.

Sec. 42. [EFFECTIVE DATE.]

Sections 1 and 41 are effective for districts for which certification is requested after April 30, 1990.

Sections 2 and 3 apply to state grants, state loans, and tax increment financing authorized on or after August 1, 1995.

Section 4 is effective the day following final enactment and applies to all tax increment financing districts, regardless of when the request for certification was made.

Section 5 is effective for taxes payable in 1996, and thereafter, and applies to districts for which certification is requested after the date of final enactment.

Section 7 is effective January 1, 1995.

Sections 10 to 12 are effective the day following final enactment, after the governing body of the city of St. Louis Park complies with Minnesota Statutes, section 645.021, subdivision 3.

Sections 31 to 34 are effective, for the city of Crystal, upon compliance by the Crystal city council with Minnesota Statutes, section 645.021, subdivision 3, and, for the city of Fridley, upon compliance by the Fridley city council with Minnesota Statutes, section 645.021, subdivision 3, and, for the city of Minneapolis, upon compliance by the Minneapolis city council with Minnesota Statutes, section 645.021, subdivision 3.

Sections 37 to 40 are effective the day following final enactment, after the governing body of the city of Roseville complies with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 7

TACONITE TAX

Section 1. Minnesota Statutes 1994, section 298.01, subdivision 4, is amended to read:

Subd. 4. [OCCUPATION TAX; IRON ORE; TACONITE CONCENTRATES.] A person engaged in the business of mining or producing of iron ore or, taconite concentrates or direct reduced ore in this state shall pay an occupation tax to the state of Minnesota. The tax is determined in the same manner as the tax imposed by section 290.02, except that sections 290.05,

subdivision 1, clause (a), and 290.17, subdivision 4, do not apply. The tax is in addition to all other taxes.

Sec. 2. Minnesota Statutes 1994, section 298.227, is amended to read:

298.227 [TACONITE ECONOMIC DEVELOPMENT FUND.]

An amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, shall be held by the iron range resources and rehabilitation board in a separate taconite economic development fund for each taconite and direct reduced ore producer. Money from the fund for each producer shall be released only on the written authorization of a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The district 33 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. Each producer's joint committee may authorize release of the funds held pursuant to this section only for acquisition of equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology. Funds may be released only upon a majority vote of the representatives of the committee. If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section. Any portion of the fund which is not released by a joint committee within two years of its deposit in the fund shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection trust fund. This section is effective for taxes payable in 1993 and 1994.

Sec. 3. Minnesota Statutes 1994, section 298.24, subdivision 1, is amended to read:

Subdivision 1. (a) For concentrate produced in 1992, 1993, and 1994, and 1995 there is imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of \$2.054 per gross ton of merchantable iron ore concentrate produced therefrom.

(b) For concentrates produced in 1995 1996 and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" for the gross national product means the implicit price deflator prepared by the bureau of economic analysis of the United States Department of Commerce.

(c) The tax shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

(d) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of \$2.054 per gross ton of merchantable iron ore concentrate produced shall be imposed.

(e) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

(f)(1) Notwithstanding any other provision of this subdivision, for concentrates produced in

~~1994 through 1999~~ the first five years of a plant's production of direct reduced ore, the rate of the tax on direct reduced ore is determined under this paragraph. As used in this paragraph, "direct reduced ore" is ore that results in a product that has an iron content of at least 75 percent. The rate to be applied to direct reduced ore is 25 percent of the rate otherwise determined under this subdivision for the first 500,000 of taxable tons for the production year, and 50 percent of the rate otherwise determined for any remainder. If the taxpayer had no production in the two years prior to the the current production year, the tonnage eligible to be taxed at 25 percent of the rate otherwise determined under this subdivision is the first 166,667 tons. If the taxpayer had some production in the year prior to the current production year but no production in the second prior year, the tonnage eligible to be taxed at 25 percent of the rate otherwise determined under this subdivision is the first 333,333 tons.

(2) Production of direct reduced ore in this state is subject to the tax imposed by this section, but if that production is not produced by a producer of taconite or iron sulfides, the production of taconite or iron sulfides consumed in the production of direct reduced iron in this state is not subject to the tax imposed by this section on taconite or iron sulfides.

Sec. 4. Minnesota Statutes 1994, section 298.25, is amended to read:

298.25 [TAXES ADDITIONAL TO OTHER TAXES.]

The taxes imposed under section 298.24 shall be in addition to the occupation tax imposed upon the business of mining and producing iron ore. Except as herein otherwise provided, such taxes shall be in lieu of all other taxes upon such taconite ~~and~~, iron sulphides, ~~and~~ direct reduced ore or the lands in which they are contained, or upon the mining or quarrying thereof, or the production of concentrate or direct reduced ore therefrom, or upon the concentrate or direct reduced ore produced, or upon the machinery, equipment, tools, supplies and buildings used in such mining, quarrying or production, or upon the lands occupied by, or used in connection with, such mining, quarrying or production facilities. If electric or steam power for the mining, transportation or concentration of such taconite ~~or the~~, concentrates or direct reduced ore produced therefrom is generated in plants principally devoted to the generation of power for such purposes, the plants in which such power is generated and all machinery, equipment, tools, supplies, transmission and distribution lines used in the generation and distribution of such power, shall be considered to be machinery, equipment, tools, supplies and buildings used in the mining, quarrying, or production of taconite ~~and~~, taconite concentrates or direct reduced ore within the meaning of this section. If part of the power generated in such a plant is used for purposes other than the mining or concentration of taconite or direct reduced ore or the transportation or loading of taconite ~~or~~, the concentrates thereof or direct reduced ore, a proportionate share of the value of such generating facilities, equal to the proportion that the power used for such other purpose bears to the generating capacity of the plant, shall be subject to the general property tax in the same manner as other property; provided, power generated in such a plant and exchanged for an equivalent amount of power which is used for the mining, transportation, or concentration of such taconite ~~or~~, concentrates or direct reduced ore produced therefrom, shall be considered as used for such purposes within the meaning of this section. Nothing herein shall prevent the assessment and taxation of the surface of reserve land containing taconite and not occupied by such facilities or used in connection therewith at the value thereof without regard to the taconite or iron sulphides therein, nor the assessment and taxation of merchantable iron ore or other minerals, or iron-bearing materials other than taconite or iron sulphides in such lands in the manner provided by law, nor the assessment and taxation of facilities used in producing sulphur or sulphur products from iron sulphide concentrates, or in refining such sulphur products, under the general property tax laws. Nothing herein shall except from general taxation or from taxation as provided by other laws any property used for residential or townsite purposes, including utility services thereto.

Sec. 5. Minnesota Statutes 1994, section 298.28, subdivision 9a, is amended to read:

Subd. 9a. [TACONITE ECONOMIC DEVELOPMENT FUND.] (a) ~~10.4 cents per ton for distributions in 1993 and 15.4 cents per ton for distributions in 1994, and 11.3 cents per ton for distributions in 1996~~ shall be paid to the taconite economic development fund. No distribution shall be made under this paragraph in any year in which total industry production falls below 30 million tons.

(b) An amount equal to 50 percent of the tax under section 298.24 for concentrate sold in the form of pellet chips and fines not exceeding 5/16 inch in size and not including crushed pellets shall be paid to the taconite economic development fund. The amount paid shall not exceed \$700,000 annually for all companies. If the initial amount to be paid to the fund exceeds this amount, each company's payment shall be prorated so the total does not exceed \$700,000.

Sec. 6. Minnesota Statutes 1994, section 298.296, subdivision 4, is amended to read:

Subd. 4. [TEMPORARY LOAN AUTHORITY.] The board may recommend that up to \$10,000,000 from the corpus of the trust may be used for loans as provided in this subdivision. The money would be available for loans for construction and equipping of facilities constituting (1) a value added iron products plant, which may be either a new plant or a facility incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine or minerals processing plant for any mineral subject to the net proceeds tax imposed under section 298.015. A loan under this subdivision may not exceed \$5,000,000 for any facility. The authority to make loans under this subdivision terminates December 31, ~~1995~~ 1997.

Sec. 7. [EFFECTIVE DATE.]

This article is effective for production years beginning after December 31, 1994.

ARTICLE 8 JUDGMENT BONDS

Section 1. [16A.67] [JUDGMENT BONDS.]

Subdivision 1. [AUTHORIZATION.] The commissioner of finance, upon request of the governor, is authorized to sell and issue state bonds to fund the judgment rendered against the state by the Minnesota supreme court in Cambridge State Bank et al. v. James, 514 N.W. 2d 565, on April 1, 1994, and interest accrued thereon to fund any bond reserve determined to be necessary, and to pay costs of issuance of the bonds. The proceeds of the bonds are appropriated for these purposes. The principal amount of the bonds shall not exceed \$400,000,000. The bonds shall be sold and issued upon such terms and in such manner as the commissioner shall determine to be in the best interests of the state. The final maturity of the bonds shall be not later than June 30, 2005.

Subd. 2. [SECURITY; BONDS NOT PUBLIC DEBT.] The bonds and the interest thereon shall be payable solely from and secured by the revenues appropriated to the debt service fund established for this purpose in subdivision 3 and investment income thereon, and any bond reserve established for the bonds. The bonds are not public debt, and the full faith, credit, and taxing powers of the state are not pledged for their payment. The bonds and the interest thereon shall not be paid, directly or indirectly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege.

Subd. 3. [DEBT SERVICE FUND.] There is established in the state treasury a separate and special debt service fund. There shall be credited to the fund net proceeds of the lottery in accordance with section 349A.10, subdivision 5, money received for payment or reimbursement of health care costs in accordance with section 246.18, subdivision 7, and investment income thereon. Money appropriated to the fund and investment income thereon on hand or required to be credited to the fund shall be used and are irrevocably appropriated for the payment of the principal of and interest on the bonds when due.

Subd. 4. [COVENANTS; AGREEMENTS.] The commissioner may, for and on behalf of the state, enter into such covenants and agreements not inconsistent with subdivisions 1 to 3 and sections 246.18, subdivisions 4 and 6; and 349A.10, subdivision 5, as may be necessary or desirable to facilitate the sale and issuance of the bonds on terms favorable to the state, including, but not limited to, covenants and agreements relating to the payment of and security for the bonds, tax-exemption, and disclosure of information required by federal and state securities laws. Such covenants may include covenants to continue to operate the state lottery and to continue to seek payment by and reimbursement from nonstate sources of health care costs so long as any bonds issued pursuant to this section are outstanding. The provisions of sections 16A.672 and 16A.675 are applicable to the bonds.

Subd. 5. [LIMITATION ON USE OF GENERAL FUND.] The amount of the refund, including accrued interest, to be paid on the judgment in fiscal year 1996 from the general fund not including the proceeds of these bonds shall not exceed \$66,000,000.

Sec. 2. Minnesota Statutes 1994, section 246.18, subdivision 4, is amended to read:

Subd. 4. [COLLECTIONS DEPOSITED IN THE GENERAL FUND.] Except as provided in subdivisions 2 and 5, 6, and 7, all receipts from collection efforts for the regional treatment centers, state nursing homes, and other state facilities as defined in section 246.50, subdivision 3, must be deposited in the general fund. The commissioner shall ensure that the departmental financial reporting systems and internal accounting procedures comply with federal standards for reimbursement for program and administrative expenditures and fulfill the purpose of this paragraph.

Sec. 3. Minnesota Statutes 1994, section 246.18, is amended by adding a subdivision to read:

Subd. 6. [COLLECTIONS DEDICATED.] Except for state-operated programs and services funded through a direct appropriation from the legislature, money received within the regional treatment center system for the following state-operated services is dedicated to the commissioner for the provision of those services:

- (1) community-based residential and day training and habilitation services for mentally retarded persons;
- (2) community health clinic services;
- (3) accredited hospital outpatient department services;
- (4) certified rehabilitation agency and rehabilitation hospital services; or
- (5) community-based transitional support services for adults with serious and persistent mental illness.

This money must be deposited in the state treasury in a revolving account and money in the revolving account is appropriated to the commissioner to operate the services authorized. Any unexpended balances do not cancel but are available until spent.

Sec. 4. Minnesota Statutes 1994, section 246.18, is amended by adding a subdivision to read:

Subd. 7. [USE OF CERTAIN REIMBURSEMENT FUNDS.] Except as provided in subdivisions 2, 5, and 6, and unless otherwise required by federal law, during any period in which bonds are issued and outstanding under section 16A.67, all money received from the federal government or other nonstate source for payment or reimbursement of health care costs incurred at regional treatment centers, state nursing homes, and other state facilities as defined in section 246.50, subdivision 3, must be credited to a separate and special fund in the state treasury. Money credited to the special fund must be credited to the debt service fund established in section 16A.67 at the times and in the amounts determined by order of the commissioner of finance to be necessary to provide for the payment and security of bonds issued pursuant to section 16A.67. On or after the tenth day of each month, any money in the special fund not required to be credited to the debt service fund must be credited to the general fund.

Sec. 5. Minnesota Statutes 1994, section 349A.10, subdivision 5, is amended to read:

Subd. 5. [DEPOSIT OF NET PROCEEDS.] Within 30 days after the end of each month, the director shall deposit in the state treasury the net proceeds of the lottery, which is the balance in the lottery fund after transfers to the lottery prize fund and credits to the lottery operations account. Of the net proceeds, (1) 40 percent must be credited to the Minnesota environment and natural resources trust fund, (2) an amount determined by order of the commissioner of finance to be necessary to provide for the payment and security of bonds issued pursuant to section 16A.67 must be credited to the debt service fund established in section 16A.67, and (3) the remainder must be credited to the general fund.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 5 are effective the day following final enactment.

ARTICLE 9

BUDGET RESERVE

Section 1. Minnesota Statutes 1994, section 16A.152, subdivision 1, is amended to read:

Subdivision 1. [BUDGET RESERVE AND CASH FLOW ACCOUNT ESTABLISHED.] (a) A budget reserve and cash flow account is created in the general fund in the state treasury. The commissioner of finance shall restrict part or all of the balance before reserves in the general fund as may be necessary to fund the budget reserve and cash flow account as provided by law from time to time.

(b) The commissioner of finance shall transfer the amount necessary to bring the total amount of the budget reserve and cash flow account, including any existing balance in the account on ~~June 30, 1993~~ July 1, 1995, to ~~\$360,000,000~~ \$350,000,000. The amounts restricted shall remain in the account until drawn down under subdivision 1 or increased under subdivision 2.

ARTICLE 10

MISCELLANEOUS

Section 1. Minnesota Statutes 1994, section 270A.08, subdivision 1, is amended to read:

Subdivision 1. [NOTICE TO DEBTOR.] Not later than five days after the claimant agency has sent notification to the department pursuant to section 270A.07, subdivision 1, the claimant agency shall send a written notification to the debtor asserting the right of the claimant agency to the refund or any part thereof. If the debt, other than a debt based on child support under section 518.17 or medical support under section 518.171, is not satisfied by the debtor or decertified by the claimant agency, the claimant agency shall provide written notification to the debtor on an annual basis. If the notice is returned to the claimant agency as undeliverable, or the claimant agency has reason to believe the debtor did not receive the notice, the claimant agency shall obtain the current address of the debtor from the commissioner and resend the corrected notice.

Sec. 2. [410.325] [TAX ANTICIPATION CERTIFICATES.]

Notwithstanding a contrary provision of other law or charter, a home rule charter city may issue tax anticipation certificates in the manner and subject to the limitations applicable to statutory cities under section 412.261. The certificates may also be issued in anticipation of federal and state aids, but the total amount of certificates issued against any fund for any year with interest on them must not exceed any limits in the charter relating to the total of the anticipated tax levy and the anticipated state aids for any fund not yet collected or received.

Sec. 3. Minnesota Statutes 1994, section 465.798, is amended to read:

465.798 [SERVICE BUDGET MANAGEMENT MODEL GRANTS.]

One or more local units of governments, an association of local governments, the metropolitan council, a local unit of government acting in conjunction with an organization or a state agency, or an organization established by two or more local units of government under a joint powers agreement may apply to the board of government innovation and management for a grant to be used to develop models for innovative service budget management. The application to the board must state what other sources of funding have been considered by the local units of government to implement the project and explain why it is not possible to complete the project without assistance from the board. The board may not award a grant if it determines that the local units of government could complete the project without board assistance. A copy of the application must be provided by the units to the exclusive representatives certified under section 179A.12 to represent employees who provide the service or program affected by the application.

Proposed models may provide options to local governments, neighborhood or community organizations, or individuals for managing budgets for service delivery. A copy of the work product for which the grant was provided must be furnished to the board upon completion, and the board may disseminate it to other local units of government or interested groups. If the board finds

that the model was not completed or implemented according to the terms of the grant agreement, it may require the grantee to repay all or a portion of the grant. The board shall award grants on the basis of each qualified applicant's score under the scoring system in section 465.802. The amount of a grant under this section may not exceed \$50,000.

Sec. 4. Minnesota Statutes 1994, section 465.799, is amended to read:

465.799 [COOPERATION PLANNING GRANTS.]

Two or more local government units; an association of local governments; a local unit of government acting in conjunction with the metropolitan council, an organization, or a state agency; or an organization formed by two or more local units of government under a joint powers agreement may apply to the board of government innovation and cooperation for a grant to be used to develop a plan for intergovernmental cooperation in providing services. The application to the board must state what other sources of funding have been considered by the local units of government to implement the project and explain why it is not possible to complete the project without assistance from the board. The board may not award a grant if it determines that the local units of government could complete the project without board assistance. A copy of the application must be submitted by the applicants to the exclusive representatives certified under section 179A.12 to represent employees who provide the service or program affected by the application.

The plan may include model contracts or agreements to be used to implement the plan. A copy of the work product for which the grant was provided must be furnished to the board upon completion, and the board may disseminate it to other local units of government or interested groups. If the board finds that the grantee has failed to implement the plan according to the terms of the agreement, it may require the grantee to repay all or a portion of the grant. The board shall award grants on the basis of each qualified applicant's score under the scoring system in section 465.802. The amount of a grant under this section may not exceed \$50,000.

Sec. 5. Minnesota Statutes 1994, section 465.801, is amended to read:

465.801 [SERVICE SHARING GRANTS.]

Two or more local units of government; an association of local governments; a local unit of government acting in conjunction with the metropolitan council, an organization, or a state agency; or an organization established by two or more local units of government under a joint powers agreement may apply to the board of government innovation and cooperation for a grant to be used to meet the start-up costs of providing shared services or functions. Agreements solely to make joint purchases are not sufficient to qualify under this section. The application to the board must state what other sources of funding have been considered by the local units of government to implement the project and explain why it is not possible to complete the project without assistance from the board. The board may not award a grant if it determines that the local units of government could complete the project without board assistance. A copy of the application must be provided by the applicants to the exclusive representatives certified under section 179A.12 to represent employees who provide the service or program affected by the application.

The proposal must include plans fully to integrate a service or function provided by two or more local government units. A copy of the work product for which the grant was provided must be furnished to the board upon completion, and the board may disseminate it to other local units of government or interested groups. If the board finds that the grantee has failed to implement the plan according to the terms of the agreement, it may require the grantee to repay all or a portion of the grant. The board shall award grants on the basis of each qualified applicant's score under the scoring system in section 465.802. The amount of a grant under this section may not exceed \$100,000.

Sec. 6. Minnesota Statutes 1994, section 465.81, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] Sections 465.81 to 465.87 establish procedures to be used by counties, cities, or towns that adopt by resolution an agreement providing a plan to provide combined services during an initial two-year cooperation period that may not exceed two years and then to merge into a single unit of government over the succeeding two-year period.

Sec. 7. Minnesota Statutes 1994, section 465.82, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF PLAN.] The plan shall must state:

- (1) the specific cooperative activities the units will engage in during the first two years of the venture;
- (2) the steps to be taken to effect the merger of the governmental units, ~~beginning in the third year of the process,~~ with completion no later than four years after the process begins;
- (3) the steps by which a single governing body will be created. ~~Notwithstanding any other law to the contrary, all current members of the governing bodies of the local government units that propose to combine under sections 465.81 to 465.87 may serve on the initial governing body of the combined unit, until a gradual reduction in membership is achieved by foregoing election of new members when terms expire until the number permitted by other law is reached;~~
- (4) changes in services provided, facilities used, administrative operations and staffing to effect the preliminary cooperative activities and the final merger and a two-, five-, and ten-year projection of expenditures for each unit if it combined and if it remained separate;
- (5) treatment of employees of the merging governmental units, specifically including provisions for reassigning employees, dealing with unions, and providing financial incentives to encourage early retirements;
- (6) financial arrangements for the merger, specifically including responsibility for debt service on outstanding obligations of the merging entities;
- (7) ~~two-, five-, and ten year projections prepared by the department of revenue at the request of the local government unit, of revenues, expenditures, and property taxes for each unit if it combined and if it remained separate; one- and two-year impact analysis, prepared by the granting state agency at the request of the local government unit, of major state aid revenues received for each unit if it combined and if it remained separate. This would also include an impact analysis, prepared by the department of revenue, of property tax revenue implications, if any, associated with tax increment financing districts and fiscal disparities resulting from the merger;~~
- (8) procedures for a referendum to be held ~~prior to the year of~~ before the proposed combination to approve combining the local government units, specifically stating whether a majority of those voting in each district proposed for combination or a majority of those voting on the question in the entire area proposed for combination would be needed to pass the referendum; and
- (9) a time schedule for implementation.

Notwithstanding clause (3) or any other law to the contrary, all current members of the governing bodies of the local governmental units that propose to combine under sections 465.81 to 465.87 may serve on the initial governing body of the combined unit until a gradual reduction in membership is achieved by foregoing election of new members when terms expire until the number permitted by other law is reached.

Sec. 8. Minnesota Statutes 1994, section 465.84, is amended to read:

465.84 [REFERENDUM.]

During the first or second year of cooperation, and after approval of the plan by the department board under section 465.83, a referendum on the question of combination shall must be conducted. The referendum shall must be on a date called by the governing bodies of the units that propose to combine. The referendum shall must be conducted 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 year. If the referendum fails again, the same question may not be submitted. Referendums shall be conducted on the same date in all local government units.

Sec. 9. Minnesota Statutes 1994, section 465.85, is amended to read:

465.85 [COUNTY AUDITOR TO PREPARE PLAT.]

Upon the request of two or more local government units that have adopted a resolution to cooperate and combine, the county auditor shall prepare a plat. If the proposed combined local government unit is located in more than one county, the request shall must be submitted to the county auditor of the county that has the greatest land area in the proposed district. The plat must show:

- (1) the boundaries of each of the present units;
- (2) the boundaries of the proposed unit;
- (3) the boundaries of proposed election districts, if requested; and
- (4) other information deemed pertinent by the governing bodies or the county auditor.

Sec. 10. Minnesota Statutes 1994, section 465.87, is amended to read:

465.87 [AIDS TO COOPERATING AND COMBINING UNITS.]

Subdivision 1. [ELIGIBILITY.] A local government unit is eligible to apply for aid under this section if the board has approved its plan to cooperate and combine under section 465.83.

Subd. 1a. [ADDITIONAL ELIGIBILITY.] A local government unit is eligible to apply for aid under this section if it has combined with another unit of government in accordance with any process within chapter 414 that results in the elimination of at least one local government unit and a copy of the municipal board's order combining the two units of government is forwarded to the board. If two units of government cooperate in the orderly annexation of the entire area of a third unit of government that has a population of at least 8,000, the two units of government are each eligible for the amount of aid specified in subdivision 2.

Subd. 1b. [APPLICATION PROCEDURES.] A local government unit covered by subdivision 1 may submit an application to the board along with the final plan for cooperation and combination required by section 465.83. A local government unit covered by subdivision 1a may submit an application to the board after the issuance of the municipal board's order combining the two units of government. The application must be on a form prescribed by the board and must specify the total amount of aid requested up to the maximum authorized by subdivision 2. The application must also include a detailed explanation of the need for the aid and provide a budget indicating how the requested aid would be used.

Subd. 1c. [AID AWARD.] The board may grant or deny an application for aid made by a local government under subdivision 1b. The board may also grant aid to an applicant in an amount that is less than the amount requested by the applicant. The board shall base its decision on the following criteria:

- (1) whether the local government unit has adequately demonstrated that the requested aid is essential to accomplishing the proposed combination;
- (2) whether the activities to be funded by the requested aid are directly related to the combination;
- (3) whether other sources of funding for the activities identified in the application, including short-term cost savings, are available to the applicant as a direct result of the combination; and
- (4) whether there are competing needs for the funding available to the board that would provide a greater public benefit than would be realized by the combination or activities described in the application.

The board may award money to an applicant for a period not to exceed four years. Any funding awarded for a period beyond the biennium in which an award is made, however, is contingent on future appropriations to the board.

Subd. 2. [AMOUNT OF AID.] The annual amount of aid to be paid to each eligible local government unit is equal to may not exceed the following per capita amounts, based on the combined population of the units, not to exceed \$100,000 per year for any unit as estimated by the state demographer, or \$100,000, whichever is less.

Combined Population after Combination	Aid Per Capita
0 - 2,500	\$25
2,500 - 5,000	20
5,000 - 20,000	15
over 20,000	10

Payments shall must be made on the dates provided for payments of local government aid under section 477A.013, beginning in the year during which a combination in any form is expected to be ordered by the municipal board as evidenced in resolutions adopted by July 1 by the affected local government units declaring their intent to combine, or during which substantial cooperative activities under the plan initially occur, unless those activities begin after July 1, in which case the initial aid payment shall must be made in the following calendar year. Payments to a local government unit that qualifies for aid pursuant to subdivision 1a must be made on the dates provided for payments of local government aids under section 477A.013, beginning in the calendar year during which a combination in any form is expected to be ordered by the Minnesota municipal board as evidenced in a resolution adopted by July 1 by the affected local government units declaring their intent to combine. The resolutions must certify that the combination agreement addressing all issues relative to the combination is substantially complete. The total amount of aid paid may not exceed the amount appropriated to the board for purposes of this section.

Subd. 3. [TERMINATION OF AID; RECAPTURE.] If a second referendum under section 465.84 fails, or if an initial referendum fails and the governing body does not schedule a second referendum within one year after the first has failed, or if one or more of the local government units that proposed to combine terminates its participation in the cooperation or combination, no additional aid will may be paid under this section. The amount previously paid under this section to a unit must be repaid if the governing body of the unit acts to terminate its current level of participation in the plan. The amount previously paid to the unit must be repaid in annual installments equal to the total amount paid to the unit for all years under ~~subdivision~~ subdivisions 1c and 2, divided by the number of years when payments were made.

Sec. 11. [465.88] [CONSOLIDATION STUDY GRANTS.]

A local unit of government with a population no greater than 2,500 involved in a consolidation proceeding initiated by the municipal board on its own motion under section 414.041, subdivision 1, may apply to the board for a grant under this section. The grant may not exceed \$20,000. A grant under this section must be used to cover costs associated with the consolidation proceeding.

Sec. 12. [APPROPRIATION.]

\$3,000,000 is appropriated from the general fund to the board of government innovation and cooperation, \$1,500,000 to be available for the fiscal year ending June 30, 1996, and \$1,500,000 to be available for the fiscal year ending June 30, 1997. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 13. [EFFECTIVE DATE.]

Section 2 is effective the day following final enactment."

Renumber the articles in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Hottinger moved to amend H.F. No. 602, as amended pursuant to Rule 49, adopted by the Senate March 20, 1995, as follows:

(The text of the amended House File is identical to S.F. No. 513.)

Page 22, line 14, delete "filing a notice of appeal" and insert "serving copies of a petition for

review with county officials as provided in section 278.01 and filing a proof of service as provided in section 278.01"

Page 22, line 16, delete everything after the period

Page 22, delete lines 17 and 18

Page 22, line 19, delete everything before "If" and insert "The appeal shall be governed by the tax court procedures provided in chapter 271, for cases relating to the tax laws as defined in section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and 278.03, but including section 278.05, subdivision 2."

Page 26, line 34, delete "filing a notice of appeal" and insert "serving copies of a petition for review with county officials as provided in section 278.01 and filing a proof of service as provided in section 278.01"

Page 26, line 36, delete everything after the period

Page 27, delete lines 1 and 2

Page 27, line 3, delete everything before the period and insert "The appeal shall be governed by the tax court procedures provided in chapter 271, for cases relating to the tax laws as defined in section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and 278.03, but including section 278.05, subdivision 2"

Page 31, line 10, strike "filing a notice of appeal" and insert "serving copies of a petition for review with county officials as provided in section 278.01 and filing a proof of service as provided in section 278.01"

Page 31, lines 11 to 15, delete the new language and insert "The appeal shall be governed by the tax court procedures provided in chapter 271, for cases relating to the tax laws as defined in section 271.01, subdivision 5; disregarding sections 273.125, subdivision 5, and 278.03, but including section 278.05, subdivision 2."

The motion prevailed. So the amendment was adopted.

Mr. Hottinger then moved to amend the Johnson, D.J. amendment to H.F. No. 602, adopted by the Senate April 12, 1995, as follows:

Page 54, line 24, delete "conducted under Minnesota Statutes, section 465.84"

The motion prevailed. So the amendment to the amendment was adopted.

Ms. Olson moved to amend the Johnson, D.J. amendment to H.F. No. 602, adopted by the Senate April 12, 1995, as follows:

Page 4, after line 17, insert:

"Sec. 2. Minnesota Statutes 1994, section 290.06, is amended by adding a subdivision to read:

Subd. 25. [1995 FILING CREDIT.] A taxpayer who is required to file a Minnesota individual income tax return pursuant to section 289A.08, subdivision 1, for the tax year beginning after December 31, 1994, may take against the tax due from the taxpayer under this chapter a credit of \$62 for a married couple filing a joint return or \$31 for any other taxpayer. If the amount of the credit which a taxpayer would be eligible to receive pursuant to this subdivision exceeds the taxpayer's tax liability under chapter 290, the excess amount of the credit shall be refunded to the taxpayer. The commissioner is not required to factor this credit into the withholding tax tables provided under section 290.92, subdivision 2a, clause (3)."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate for the balance of the proceedings on H.F. No. 602. The Sergeant at Arms was instructed to bring in the absent members.

Ms. Reichgott Junge moved to amend the Olson amendment to H.F. No. 602 as follows:

Page 1, delete lines 3 to 17 and insert:

"Page 59, after line 16, insert:

"Section 1. Minnesota Statutes 1994, 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 section 124.914, subdivision 1.

(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 ~~37.4~~ 44.4 percent for fiscal year ~~1994~~ 1996 and thereafter 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) ~~37.4~~ 44.4 percent for fiscal year ~~1994~~ 1996 and thereafter 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;

(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;

(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 1994, section 121.904, subdivision 4c, is amended to read:

Subd. 4c. [~~PROPERTY TAX SHIFT REDUCTION CHANGE IN LEVY RECOGNITION PERCENT.~~] (a) Money appropriated under section 16A.152, subdivision 2, must be used to reduce the levy recognition percent specified in subdivision 4a, clauses (b)(2) and (b)(3), for taxes payable in the succeeding calendar year.

(b) The levy recognition percent shall equal the result of the following computation: the current levy recognition percent, times the ratio of

(1) the statewide total amount of levy recognized in June of the year in which the taxes are payable pursuant to subdivision 4a, clause (b), excluding those levies that are shifted for revenue recognition but are not included in the computation of the adjustment to aids under section 124.155, subdivision 1, reduced by the difference between the amount of money appropriated under section 16A.152, subdivision 2, and the amount required for the adjustment payment under clause (d), to

(2) the statewide total amount of the levy recognized in June of the year in which the taxes are payable pursuant to subdivision 4a, clause (b), excluding those levies that are shifted for revenue recognition but are not included in the computation of the adjustment to aids under section 124.155, subdivision 1.

The result shall be rounded up to the nearest one-tenth of a percent. However, in no case shall the levy recognition percent be reduced below zero or increased above the current levy recognition percent.

(c) The commissioner of finance must certify to the commissioner of education the levy recognition percent computed under this subdivision by January 5 of each year. The commissioner of education must notify school districts of a change in the levy recognition percent by January 15.

(d) For fiscal years 1994 and 1995, when the levy recognition percent is increased or decreased as provided in this subdivision, a special aid adjustment shall be made to each school district with an operating referendum levy:

(i) When the levy recognition percent is increased from the prior fiscal year, the commissioner of education shall calculate the difference between (1) the amount of the levy under section 124A.03, that is recognized as revenue for the current fiscal year according to subdivision 4a; and (2) the amount of the levy, under section 124A.03, that would have been recognized as revenue for the current fiscal year had the percentage according to subdivision 4a, not been increased. The commissioner shall reduce other aids due the district by the amount of the difference. This aid reduction shall be in addition to the aid reduction required because of the increase pursuant to this subdivision of the levy recognition percent.

(ii) When the levy recognition percent is reduced as provided in this subdivision from the prior fiscal year, a special adjustment payment shall be made to each school district with an operating referendum levy that received an aid reduction under Laws 1991, chapter 265, article 1, section 31, or Laws 1992, chapter 499, article 1, section 22 when the levy recognition percent was last increased. The special adjustment payment shall be in addition to the additional payments required because of the reduction pursuant to this subdivision of the levy recognition percent. The amount of the special adjustment payment shall be computed by the commissioner of education such that any remaining portion of the aid reduction these districts received that has not been repaid is repaid on a proportionate basis as the levy recognition percent is reduced from 50 percent to 31 percent. The special adjustment payment must be included in the state aid payments to school districts according to the schedule specified in section 124.195, subdivision 3. An additional adjustment shall be made on June 30, 1995, for the final payment otherwise due July 1, 1995, under Minnesota Statutes 1992, section 136C.36.

(e) The commissioner of finance shall transfer from the general fund to the education aids appropriations specified by the commissioner of education, the amounts needed to finance the additional payments required because of the reduction pursuant to this subdivision of the levy recognition percent. Payments to a school district of additional state aids resulting from a reduction in the levy recognition percent must be included in the cash metering of payments made according to section 124.195 after January 15, and must be paid in a manner consistent with the percent specified in that section."

The question was taken on the adoption of the Reichgott Junge amendment to the Olson amendment.

The roll was called, and there were yeas 54 and nays 8, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kramer	Moe, R.D.	Reichgott Junge
Beckman	Hanson	Krentz	Mondale	Riveness
Berg	Hottinger	Kroening	Morse	Robertson
Bertram	Janezich	Laidig	Murphy	Runbeck
Betzold	Johnson, D.E.	Langseth	Novak	Sams
Chandler	Johnson, D.J.	Larson	Oliver	Samuelson
Chmielewski	Johnson, J.B.	Lesewski	Olson	Spear
Cohen	Johnston	Lessard	Pappas	Terwilliger
Dille	Kelly	Marty	Piper	Vickerman
Finn	Kleis	Merriam	Pogemiller	Wiener
Flynn	Knutson	Metzen	Ranum	

Those who voted in the negative were:

Belanger	Limmer	Ourada	Scheevel	Stevens
Kiscaden	Neuville	Pariseau		

The motion prevailed. So the amendment to the amendment was adopted.

The question was taken on the Olson amendment, as amended. The motion prevailed. So the amendment, as amended, was adopted.

Mr. Belanger moved to amend the Johnson, D.J. amendment to H.F. No. 602, adopted by the Senate April 12, 1995, as follows:

Pages 25 to 59, delete article 3

Renumber the articles in sequence

Amend the title accordingly

The question was taken on the adoption of the amendment to the amendment.

The roll was called, and there were yeas 29 and nays 37, as follows:

Those who voted in the affirmative were:

Belanger	Johnston	Laidig	Neuville	Runbeck
Berg	Kelly	Larson	Oliver	Scheevel
Day	Kiscaden	Lesewski	Olson	Spear
Dille	Kleis	Limmer	Ourada	Stevens
Frederickson	Knutson	Marty	Pariseau	Terwilliger
Johnson, D.E.	Kramer	Merriam	Robertson	

Those who voted in the negative were:

Anderson	Finn	Kroening	Novak	Sams
Beckman	Flynn	Langseth	Pappas	Samuelson
Berglin	Hanson	Lessard	Piper	Solon
Bertram	Hottinger	Metzen	Pogemiller	Vickerman
Betzold	Janezich	Moe, R.D.	Price	Wiener
Chandler	Johnson, D.J.	Mondale	Ranum	
Chmielewski	Johnson, J.B.	Morse	Reichgott Junge	
Cohen	Krentz	Murphy	Riveness	

The motion did not prevail. So the amendment to the amendment was not adopted.

Mr. Berg moved to amend the Johnson, D.J. amendment to H.F. No. 602, adopted by the Senate April 12, 1995, as follows:

Page 154, after line 15, insert:

"Section 1. Minnesota Statutes 1994, section 270.60, subdivision 1, is amended to read:

Subdivision 1. [TAXES PAID BY INDIANS.] The commissioner of revenue is authorized to enter into a tax refund agreement with the governing body of any federally recognized Indian reservation in Minnesota. The agreement may provide for a mutually agreed upon amount as a refund to the governing body of any sales or excise tax paid by the total resident Indian population on or adjacent to a reservation into the state treasury, ~~or for an amount which measures the economic value of an agreement by the tribal government to pay the equivalent of the state sales tax on items included in the sales tax base but exempt on the reservation,~~ notwithstanding any other law which limits the refundment of taxes. The total resident Indian population on or adjacent to a reservation shall be defined according to the United States Department of the Interior, Bureau of Indian Affairs, as determined and stated in its Report on Service Population and Labor Force. The amount of the tax estimated to have been paid must be based on a reasonable estimate of per capita expenditures or consumption."

Page 154, after line 32, insert:

"Sec. 3. Minnesota Statutes 1994, section 297.03, subdivision 4, is amended to read:

Subd. 4. [STAMPS; DESIGN, PRINTING.] The commissioner shall adopt the design of two stamps. One stamp shall be designed for application to cigarette packages destined for retail sale on an Indian reservation which is a party to an agreement pursuant to section 270.60, ~~subdivision 2,~~ and only to those packages. A second stamp shall be designed for all other cigarette packages subject to the provisions of this chapter. The commissioner shall arrange for the printing thereof in such amounts and denominations as the commissioner deems necessary."

Page 163, after line 22, insert:

"Sec. 15. [REPEALER.]

Minnesota Statutes 1994, section 270.60, subdivision 2, is repealed."

Page 163, after line 24, insert:

"Sections 1, 3, and 15 are effective for all agreements entered into after June 30, 1995."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment to the amendment.

The roll was called, and there were yeas 27 and nays 37, as follows:

Those who voted in the affirmative were:

Beckman	Dille	Kroening	Neuville	Scheevel
Belanger	Johnston	Laidig	Novak	Solon
Berg	Kelly	Langseth	Oliver	Stevens
Bertram	Kiscaden	Larson	Ourada	
Chandler	Kramer	Lesewski	Pariseau	
Chmielewski	Krentz	Lessard	Runbeck	

Those who voted in the negative were:

Anderson	Hottinger	Marty	Pappas	Sams
Berglin	Janezich	Merriam	Piper	Samuelson
Betzold	Johnson, D.E.	Metzen	Pogemiller	Spear
Cohen	Johnson, D.J.	Moe, R.D.	Price	Terwilliger
Finn	Johnson, J.B.	Mondale	Ranum	Wiener
Flynn	Kleis	Morse	Reichgott Junge	
Frederickson	Knutson	Murphy	Riveness	
Hanson	Limmer	Olson	Robertson	

The motion did not prevail. So the amendment to the amendment was not adopted.

Mr. Johnson, D.J. moved to amend the Johnson, D.J. amendment to H.F. No. 602, adopted by the Senate April 12, 1995, as follows:

Page 50, line 10, delete "3 and 4" and insert "4 and 5"

The motion prevailed. So the amendment to the amendment was adopted.

Ms. Krentz moved to amend the Johnson, D.J. amendments to H.F. No. 602, adopted by the Senate April 12, 1995, as follows:

Page 50, line 10, delete "and 4" and insert "to 6"

Page 50, after line 32, insert:

"Subd. 6. [INCREASE AUTHORIZED.] Notwithstanding the limitation of subdivision 1, a taxing authority other than a school district may increase its levy for taxes payable in 1996 over that certified to the county pursuant to Minnesota Statutes, section 275.07, subdivision 1, in the prior year by an amount equal to the taxing authority's net tax capacity pursuant to section 74, subdivision 1, times its tax rate for taxes payable in 1995 less the taxing authority's levy under subdivision 1."

The motion prevailed. So the amendment to the amendments was adopted.

Mr. Metzen moved to amend the first Johnson, D.J. amendment to H.F. No. 602, adopted by the Senate April 12, 1995, as follows:

Page 87, line 27, strike "two" and insert "1.8" and after "percent" insert "for taxes payable in 1997 and thereafter"

Page 98, after line 6, insert:

"Sec. 21. [COMPUTATION OF TAX RATES.]

In computing the basic transportation tax rate under Minnesota Statutes, section 124.226, subdivision 1, and the general education tax rate under Minnesota Statutes, section 124A.23, subdivision 1, the commissioner shall, notwithstanding Minnesota Statutes, section 124.2131, subdivision 1, use adjusted net tax capacities that do not reflect the class rate reduction in section 7. Notwithstanding the dollar amounts specified in Minnesota Statutes, section 124.226, subdivision 1, and section 124A.23, subdivision 1, the resulting rate shall be applied to the adjusted net tax capacities as computed under Minnesota Statutes, section 124.2131, for purposes of determining the basic transportation levy under Minnesota Statutes, section 124.226, subdivision 1, and the general education levy under Minnesota Statutes, section 124A.23, subdivision 2. The equalization factor under Minnesota Statutes, section 124A.02, shall be computed using the tax rate computed under this section."

Re-number the sections in sequence and correct the internal references

Amend the title accordingly

Ms. Runbeck moved to amend the Metzen amendment to H.F. No. 602 as follows:

Page 1, line 4, delete "1997" and insert "1996"

The question was taken on the adoption of the Runbeck amendment to the Metzen amendment.

Mr. Moe, R.D. moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 31 and nays 33, as follows:

Those who voted in the affirmative were:

Belanger	Kiscaden	Lesewski	Ourada	Stevens
Bertram	Kleis	Lessard	Pariseau	Terwilliger
Dille	Knutson	Limmer	Robertson	Wiener
Frederickson	Kramer	Neuville	Runbeck	
Johnson, D.E.	Kroening	Novak	Sams	
Johnston	Laidig	Oliver	Samuelson	
Kelly	Larson	Olson	Scheevel	

Those who voted in the negative were:

Anderson	Cohen	Johnson, J.B.	Mondale	Ranum
Beckman	Finn	Krentz	Morse	Reichgott Junge
Berg	Flynn	Langseth	Murphy	Riveness
Berglin	Hanson	Marty	Pappas	Solon
Betzold	Hottinger	Merriam	Piper	Spear
Chandler	Janezich	Metzen	Pogemiller	
Chmielewski	Johnson, D.J.	Moe, R.D.	Price	

The motion did not prevail. So the amendment to the amendment was not adopted.

The question recurred on the adoption of the Metzen amendment.

The roll was called, and there were yeas 43 and nays 22, as follows:

Those who voted in the affirmative were:

Beckman	Janezich	Krentz	Mondale	Samuelson
Belanger	Johnson, D.E.	Kroening	Neuville	Scheevel
Bertram	Johnson, D.J.	Laidig	Novak	Solon
Betzold	Johnson, J.B.	Langseth	Ourada	Stevens
Chandler	Johnston	Larson	Pogemiller	Terwilliger
Cohen	Kelly	Lessard	Reichgott Junge	Vickerman
Dille	Kleis	Limmer	Riveness	Wiener
Frederickson	Knutson	Marty	Robertson	
Hanson	Kramer	Metzen	Sams	

Those who voted in the negative were:

Anderson	Flynn	Moe, R.D.	Pappas	Runbeck
Berg	Hottinger	Morse	Pariseau	Spear
Berglin	Kiscaden	Murphy	Piper	
Chmielewski	Lesewski	Oliver	Price	
Finn	Merriam	Olson	Ranum	

The motion prevailed. So the amendment to the amendment was adopted.

Mr. Neuville moved to amend the first Johnson, D.J. amendment to H.F. No. 602, adopted by the Senate April 12, 1995, as follows:

Page 143, after line 36, insert:

"Sec. 41. [FARIBAULT ECONOMIC DEVELOPMENT AUTHORITY; EXEMPTIONS FROM TAX INCREMENT FINANCING RESTRICTIONS.]

Subdivision 1. [AUTHORIZATION.] The Faribault economic development authority may create an economic development tax increment financing district as provided in this section.

Subd. 2. [SPECIAL RULES.] (a) The district is subject to Minnesota Statutes, sections 469.174 to 469.179, except as provided in this subdivision.

(b) Minnesota Statutes, section 273.1399 does not apply.

(c) Notwithstanding Minnesota Statutes, section 469.176, subdivision 1b, tax increments from the district may be paid to the authority for up to 15 years from the date of the receipt of the first increment from the district.

(d) Notwithstanding Minnesota Statutes, section 469.176, subdivision 4, the Faribault economic development authority may agree to pay revenues derived from the tax increments from the district for any costs provided in the tax increment plan for the district, including assistance to companies locating or expanding within the boundaries of the district for any costs related to the companies' operations, including the costs of acquiring, constructing, and equipping a new or expanded facility and financing costs and interest expenses associated with the location or expansion of the companies' operations within the district, as reasonably determined by the authority.

Revenues derived from tax increments from the district may also be used to provide

improvements, loans, or interest rate subsidies, for a project which is established by a Faribault regional treatment center employee, or which gives hiring preference to displaced regional treatment center employees. No revenues may be used to subsidize the operating cost of any such enterprise.

(e) The limitations on expenditures of revenue outside districts under Minnesota Statutes, section 469.1763, subdivisions 2, 3, and 4, do not apply to this district or to tax increment district No. 3 Central.

Subd. 3. [LOCAL APPROVAL.] This section is effective upon compliance by the governing body of the city of Faribault with Minnesota Statutes, section 645.021, subdivision 3."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment to the amendment was adopted.

Ms. Lesewski moved to amend the first Johnson, D.J. amendment to H.F. No. 602, adopted by the Senate April 12, 1995, as follows:

Page 59, delete section 1

Page 65, delete lines 33 to 36 and insert:

"(21) (A) Wind energy conversion systems, as defined in section 216C.06, subdivision 12, installed after January 1, 1991, and including the foundation or support pad, which are (i) used as an electric power source; (ii) located within one county and owned by the same owner; and (iii) produce one megawatt or less of electricity as measured by nameplate ratings, are exempt.

(B) With respect to a wind energy conversion system installed after January 1, 1995, that is located within one county and owned by the same owner, but is not exempt under clause (A) because it produces more than one megawatt of electricity as measured by nameplate ratings, the devices in the system that convert wind energy to a form of usable energy, including any associated supporting or protective structures that are not part of a foundation or support pad, are exempt for the first five assessment years after they have been constructed. Turbines, blades, transformers, and related equipment are exempt without any time limitation."

Page 66, delete lines 1 to 16

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment to the amendment.

The roll was called, and there were yeas 25 and nays 37, as follows:

Those who voted in the affirmative were:

Belanger	Johnson, D.E.	Kramer	Neuville	Robertson
Berg	Johnston	Laidig	Oliver	Runbeck
Bertram	Kiscaden	Larson	Olson	Stevens
Dille	Kleis	Lesewski	Ourada	Terwilliger
Frederickson	Knutson	Limmer	Pariseau	Vickerman

Those who voted in the negative were:

Anderson	Hanson	Langseth	Novak	Sams
Beckman	Hottinger	Lessard	Pappas	Scheevel
Berglin	Janezich	Marty	Piper	Solon
Betzold	Johnson, D.J.	Merriam	Pogemiller	Spear
Chandler	Johnson, J.B.	Metzen	Price	Wiener
Cohen	Kelly	Moe, R.D.	Ranum	
Finn	Krentz	Mondale	Reichgott Junge	
Flynn	Kroening	Morse	Riveness	

The motion did not prevail. So the amendment to the amendment was not adopted.

Mr. Pogemiller moved to amend the first Johnson, D.J. amendment to H.F. No. 602, adopted by the Senate April 12, 1995, as follows:

Page 19, after line 20, insert:

"Sales of telephone services and equipment to the department of administration that are used to provide telecommunications services through the intertechnologies revolving fund are exempt under this subdivision."

Page 163, line 17, delete "\$3,000,000" and insert "\$2,000,000"

Page 163, lines 18 and 20, delete "\$1,500,000" and insert "\$1,000,000"

The motion prevailed. So the amendment to the amendment was adopted.

Ms. Kiscaden moved to amend the first Johnson, D.J. amendment to H.F. No. 602, adopted by the Senate April 12, 1995, as follows:

Page 5, after line 21, insert:

"Sec. 3. Minnesota Statutes 1994, section 295.52, subdivision 1, is amended to read:

Subdivision 1. [HOSPITAL TAX.] A tax is imposed on each hospital equal to ~~two~~ one percent of its gross revenues.

Sec. 4. Minnesota Statutes 1994, section 295.52, subdivision 1a, is amended to read:

Subd. 1a. [SURGICAL CENTER TAX.] A tax is imposed on each surgical center equal to ~~two~~ one percent of its gross revenues.

Sec. 5. Minnesota Statutes 1994, section 295.52, subdivision 1b, is amended to read:

Subd. 1b. [PHARMACY TAX.] A tax is imposed on each pharmacy equal to ~~two~~ one percent of its gross revenues.

Sec. 6. Minnesota Statutes 1994, section 295.52, subdivision 2, is amended to read:

Subd. 2. [PROVIDER TAX.] A tax is imposed on each health care provider equal to ~~two~~ one percent of its gross revenues.

Sec. 7. Minnesota Statutes 1994, section 295.52, subdivision 3, is amended to read:

Subd. 3. [WHOLESALE DRUG DISTRIBUTOR TAX.] A tax is imposed on each wholesale drug distributor equal to ~~two~~ one percent of its gross revenues.

Sec. 8. Minnesota Statutes 1994, section 295.52, subdivision 4, is amended to read:

Subd. 4. [USE TAX; PRESCRIPTION DRUGS.] A person that receives prescription drugs for resale or use in Minnesota, other than from a wholesale drug distributor that paid the tax under subdivision 3, is subject to a tax equal to ~~two~~ one percent of the price paid. Liability for the tax is incurred when prescription drugs are received in Minnesota by the person."

Page 10, after line 15, insert:

"Sec. 24. Minnesota Statutes 1994, section 297.02, subdivision 1, is amended to read:

Subdivision 1. [RATES.] A tax is hereby imposed upon the sale of cigarettes in this state or having cigarettes in possession in this state with intent to sell and upon any person engaged in business as a distributor thereof, at the following rates, subject to the discount provided in section 297.03:

(1) On cigarettes weighing not more than three pounds per thousand, ~~24~~ 36.5 mills on each such cigarette;

(2) On cigarettes weighing more than three pounds per thousand, 48 73 mills on each such cigarette.

On July 1, 1997, and July 1 of each subsequent odd-numbered year, the rate of the tax imposed under this subdivision in the previous year is increased by the following amounts:

(1) On cigarettes weighing not more than three pounds per thousand, 3.5 mills on each such cigarette; and

(2) On cigarettes weighing more than three pounds per thousand, seven mills on each such cigarette.

Sec. 25. [297.026] [FLOOR STOCKS TAX.]

Subdivision 1. [CIGARETTES.] A floor stocks tax is imposed on every person engaged in business in this state as a distributor, retailer, subjobber, vendor, manufacturer, or manufacturer's representative of cigarettes, on the stamped cigarettes in the person's possession or under the person's control at 12:01 a.m. on July 1, 1995. The tax is imposed at the following rates, subject to the discounts in section 297.03:

(1) on cigarettes weighing not more than three pounds per thousand, 20 mills on each cigarette; and

(2) on cigarettes weighing more than three pounds per thousand, 40 mills on each cigarette.

Each distributor, by July 8, 1995, shall file a report with the commissioner, in the form the commissioner prescribes, showing the cigarettes on hand at 12:01 a.m. on July 1, 1995, and the amount of tax due on the cigarettes. The tax imposed by this section is due and payable by August 1, 1995, and after that date bears interest at the rate of one percent a month.

Each retailer, subjobber, vendor, manufacturer, or manufacturer's representative shall file a return with the commissioner, in the form the commissioner prescribes, showing the cigarettes on hand at 12:01 a.m. on July 1, 1995, and pay the tax due thereon by August 11, 1995. Tax not paid by the due date bears interest at the rate of one percent a month.

Subd. 2. [DEPOSIT OF PROCEEDS.] The revenue from the tax imposed under this section shall be deposited by the commissioner in the state treasury and credited to the health care access account.

Subd. 3. [SUBSEQUENT FLOOR STOCK TAXES.] On July 1, 1997, and July 1 of each subsequent odd-numbered year, the floor stocks tax as contained in subdivisions 1 and 2 shall be imposed on the increased tax amount, except that the amount of tax imposed and the dates shall correspond to the appropriate year and tax rate increase resulting from that specific year's increase.

Sec. 26. Minnesota Statutes 1994, section 297.03, subdivision 5, is amended to read:

Subd. 5. [SALE OF STAMPS.] The commissioner shall sell stamps to any person licensed as a distributor at a discount of ~~40~~ 80 percent from the face amount of the stamps for the first \$1,500,000 of such stamps purchased in any fiscal year; and at a discount of ~~60~~ 45 percent on the remainder of such stamps purchased in any fiscal year. The commissioner shall not sell stamps to any other person. The commissioner may prescribe the method of shipment of the stamps to the distributor as well as the quantities of stamps purchased.

Sec. 27. Minnesota Statutes 1994, section 297.13, subdivision 1, is amended to read:

Subdivision 1. [CIGARETTE TAX APPORTIONMENT.] Revenues received from taxes, penalties, and interest under sections 297.01 to 297.13 and from license fees and miscellaneous sources of revenue shall be deposited by the commissioner of revenue in the state treasury and credited as follows:

(a) first to the general obligation special tax bond debt service account in each fiscal year the amount required to increase the balance on hand in the account on each December 1 to an amount

equal to the full amount of principal and interest to come due on all outstanding bonds whose debt service is payable primarily from the proceeds of the tax to and including the second following July 1; and

(b) the revenue produced by 12.5 mills of the tax on cigarettes weighing not more than three pounds per thousand, and 25 mills of the tax on cigarettes weighing more than three pounds per thousand must be credited to the health care access account in the state treasury; and

(c) after the requirements of paragraph paragraphs (a) and (b) have been met:

(1) the revenue produced by one mill of the tax on cigarettes weighing not more than three pounds a thousand and two mills of the tax on cigarettes weighing more than three pounds a thousand must be credited to the Minnesota future resources fund;

(2) the balance of the revenues derived from taxes, penalties, and interest under sections 297.01 to 297.13 and from license fees and miscellaneous sources of revenue shall be credited to the general fund.

Sec. 28. Minnesota Statutes 1994, section 297.32, subdivision 1, is amended to read:

Subdivision 1. A tax is hereby imposed upon all tobacco products in this state and upon any person engaged in business as a distributor thereof, at the rate of ~~35~~ 52 percent of the wholesale sales price of such tobacco products. Such tax shall be imposed at the time the distributor (1) brings, or causes to be brought, into this state from without the state tobacco products for sale; (2) makes, manufactures, or fabricates tobacco products in this state for sale in this state; or (3) ships or transports tobacco products to retailers in this state, to be sold by those retailers.

The rate of the tax imposed under this subdivision and subdivision 2 is increased on July 1, 1997, and July 1 of each subsequent odd-number year thereafter by a percentage equal to the percentage increase in the rate of the tax imposed on cigarettes under section 297.02, subdivision 1.

Sec. 29. Minnesota Statutes 1994, section 297.32, subdivision 2, is amended to read:

Subd. 2. A tax is hereby imposed upon the use or storage by consumers of tobacco products in this state, and upon such consumers, at the rate of ~~35~~ 52 percent of the cost of such tobacco products.

The tax imposed by this subdivision shall not apply if the tax imposed by subdivision 1 on such tobacco products has been paid.

This tax shall not apply to the use or storage of tobacco products in quantities of:

1. not more than 50 cigars;
2. not more than ten oz. snuff or snuff powder;
3. not more than one lb. smoking or chewing tobacco or other tobacco products not specifically mentioned herein, in the possession of any one consumer.

Sec. 30. Minnesota Statutes 1994, section 297.32, subdivision 9, is amended to read:

Subd. 9. Revenue derived from the taxes imposed by this section must be deposited by the commissioner in the following manner:

(1) 35 percent of the revenue must be deposited in the state treasury and credited to the health care access account; and

(2) 65 percent must be deposited in the state treasury and credited to the general fund."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Ms. Piper requested division of the amendment as follows:

First portion:

Page 5, after line 21, insert:

"Sec. 3. Minnesota Statutes 1994, section 295.52, subdivision 1, is amended to read:

Subdivision 1. [HOSPITAL TAX.] A tax is imposed on each hospital equal to ~~two~~ one percent of its gross revenues.

Sec. 4. Minnesota Statutes 1994, section 295.52, subdivision 1a, is amended to read:

Subd. 1a. [SURGICAL CENTER TAX.] A tax is imposed on each surgical center equal to ~~two~~ one percent of its gross revenues.

Sec. 5. Minnesota Statutes 1994, section 295.52, subdivision 1b, is amended to read:

Subd. 1b. [PHARMACY TAX.] A tax is imposed on each pharmacy equal to ~~two~~ one percent of its gross revenues.

Sec. 6. Minnesota Statutes 1994, section 295.52, subdivision 2, is amended to read:

Subd. 2. [PROVIDER TAX.] A tax is imposed on each health care provider equal to ~~two~~ one percent of its gross revenues.

Sec. 7. Minnesota Statutes 1994, section 295.52, subdivision 3, is amended to read:

Subd. 3. [WHOLESALE DRUG DISTRIBUTOR TAX.] A tax is imposed on each wholesale drug distributor equal to ~~two~~ one percent of its gross revenues.

Sec. 8. Minnesota Statutes 1994, section 295.52, subdivision 4, is amended to read:

Subd. 4. [USE TAX; PRESCRIPTION DRUGS.] A person that receives prescription drugs for resale or use in Minnesota, other than from a wholesale drug distributor that paid the tax under subdivision 3, is subject to a tax equal to ~~two~~ one percent of the price paid. Liability for the tax is incurred when prescription drugs are received in Minnesota by the person."

ReNUMBER the sections in sequence and correct the internal references

Amend the title accordingly

Second portion: The remainder of the amendment.

The question was taken on the adoption of the second portion of the Kiscaden amendment.

The roll was called, and there were yeas 17 and nays 48, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Kiscaden	Piper	Stevens
Berglin	Flynn	Marty	Price	
Betzold	Frederickson	Merriam	Ranum	
Cohen	Hottinger	Pappas	Spear	

Those who voted in the negative were:

Beckman	Johnson, D.J.	Langseth	Neuville	Runbeck
Belanger	Johnson, J.B.	Larson	Novak	Sams
Berg	Johnston	Lesewski	Oliver	Samuelson
Bertram	Kelly	Lessard	Olson	Scheevel
Chandler	Kleis	Limmer	Ourada	Solon
Day	Knutson	Metzen	Pariseau	Terwilliger
Finn	Kramer	Moe, R.D.	Pogemiller	Vickerman
Hanson	Krentz	Mondale	Reichgott Junge	Wiener
Janezich	Kroening	Morse	Riveness	
Johnson, D.E.	Laidig	Murphy	Robertson	

The motion did not prevail. So the second portion of the amendment to the amendment was not adopted.

Ms. Kiscaden withdrew the first portion of the amendment to the amendment.

Mr. Larson moved to amend the first Johnson, D.J. amendment to H.F. No. 602, adopted by the Senate April 12, 1995, as follows:

Page 68, after line 23, insert:

"Sec. 3. Minnesota Statutes 1994, section 272.115, subdivision 1, is amended to read:

Subdivision 1. Whenever any real estate is sold for a consideration in excess of \$1,000, whether by warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor, grantee or the legal agent of either shall file a certificate of value with the county auditor in the county in which the property is located when the deed or other document is presented for recording. Contract for deeds are subject to recording under section 507.235, subdivision 1. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration thereof, paid or to be paid, including the amount of any lien or liens assumed. The items and value of personal property transferred with the real property must be listed and deducted from the sale price. The certificate of value shall include the classification to which the property belongs for the purpose of determining the fair market value of the property. The certificate shall include financing terms and conditions of the sale which are necessary to determine the actual, present value of the sale price for purposes of the sales ratio study. The commissioner of revenue shall promulgate administrative rules specifying the financing terms and conditions which must be included on the certificate. Pursuant to the authority of the commissioner of revenue in section 270.066, the certificate of value must include the social security number or the federal employer identification number of the grantors and grantees. The identification numbers of the grantors and grantees are private data on individuals or nonpublic data as defined in section 13.02, subdivisions 9 and 12, but, notwithstanding that section, the private or nonpublic data may be disclosed to the commissioner of revenue for purposes of tax administration."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment to the amendment was adopted.

Mr. Larson then moved to amend the first Johnson, D.J. amendment to H.F. No. 602, adopted by the Senate April 12, 1995, as follows:

Page 68, after line 23, insert:

"Sec. 3. Minnesota Statutes 1994, section 273.11, subdivision 1a, is amended to read:

Subd. 1a. [LIMITED MARKET VALUE.] In the case of all property classified as agricultural homestead or nonhomestead, residential homestead or nonhomestead, or noncommercial seasonal recreational residential, the assessor shall compare the value with that determined in the preceding assessment. The amount of the increase entered in the current assessment shall not exceed ~~the greater of (1) ten percent of the value in the preceding assessment, or (2) one third of the difference between the current assessment and the preceding assessment~~ an amount equal to the value determined for the preceding assessment year, multiplied by the rate of increase in the consumer price index for all urban consumers as determined by the United States Bureau of Labor Statistics. This limitation shall not apply to increases in value due to improvements. For purposes of this subdivision, the term "assessment" means the value prior to any exclusion under subdivision 16.

For the first assesment year after the sale or conveyance of property for which the actual market value is less than the value determined under this subdivision, the market value of the property will be increased to its actual market value.

The provisions of this subdivision shall be in effect ~~only~~ for assessment years ~~1993 through 1997~~ 1996 and thereafter.

For purposes of the assessment/sales ratio study conducted under section 124.2131, and the computation of state aids paid under chapters 124, 124A, and 477A, market values and net tax capacities determined under this subdivision and subdivision 16, shall be used."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment to the amendment was adopted.

Mr. Knutson moved to amend the first Johnson, D.J. amendment to H.F. No. 602, adopted by the Senate April 12, 1995, as follows:

Page 36, delete section 26

Page 36, delete section 29

Page 38, delete section 39

Pages 38 and 39, delete section 40

Page 41, delete section 49

Pages 45 and 46, delete section 66

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Frederickson requested division of the amendment as follows:

First portion:

Page 36, delete section 26

Second portion:

Page 36, delete section 29

Third portion:

Page 38, delete section 39

Fourth portion:

Pages 38 and 39, delete section 40

Fifth portion:

Page 41, delete section 49

Sixth portion:

Pages 45 and 46, delete section 66

The question was taken on the adoption of the first portion of the amendment to the amendment.

The roll was called, and there were yeas 31 and nays 34, as follows:

Those who voted in the affirmative were:

Belanger	Johnston	Larson	Oliver	Spear
Berg	Kelly	Lesewski	Olson	Stevens
Cohen	Kiscaden	Limmer	Ourada	Terwilliger
Day	Kleis	Marty	Pariseau	
Dille	Knutson	Merriam	Robertson	
Frederickson	Kramer	Metzen	Runbeck	
Johnson, D.E.	Laidig	Neuville	Scheevel	

Those who voted in the negative were:

Anderson	Finn	Krentz	Murphy	Riveness
Beckman	Flynn	Kroening	Pappas	Sams
Berglin	Hanson	Langseth	Piper	Samuelson
Bertram	Hottinger	Lessard	Pogemiller	Solon
Betzold	Janezich	Moe, R.D.	Price	Vickerman
Chandler	Johnson, D.J.	Mondale	Ranum	Wiener
Chmielewski	Johnson, J.B.	Morse	Reichgott Junge	

The motion did not prevail. So the first portion of the amendment to the amendment was not adopted.

The question was taken on the adoption of the second portion of the amendment to the amendment.

The roll was called, and there were yeas 33 and nays 33, as follows:

Those who voted in the affirmative were:

Belanger	Johnston	Larson	Oliver	Scheevel
Berg	Kelly	Lesewski	Olson	Spear
Cohen	Kiscaden	Limmer	Ourada	Stevens
Day	Kleis	Marty	Pariseau	Terwilliger
Dille	Knutson	Merriam	Riveness	Wiener
Frederickson	Kramer	Metzen	Robertson	
Johnson, D.E.	Laidig	Neuville	Runbeck	

Those who voted in the negative were:

Anderson	Finn	Krentz	Murphy	Reichgott Junge
Beckman	Flynn	Kroening	Novak	Sams
Berglin	Hanson	Langseth	Pappas	Samuelson
Bertram	Hottinger	Lessard	Piper	Solon
Betzold	Janezich	Moe, R.D.	Pogemiller	Vickerman
Chandler	Johnson, D.J.	Mondale	Price	
Chmielewski	Johnson, J.B.	Morse	Ranum	

The motion did not prevail. So the second portion of the amendment to the amendment was not adopted.

The question was taken on the adoption of the third portion of the amendment to the amendment.

The roll was called, and there were yeas 27 and nays 39, as follows:

Those who voted in the affirmative were:

Belanger	Kiscaden	Lesewski	Olson	Spear
Betzold	Kleis	Limmer	Ourada	Stevens
Day	Knutson	Marty	Pariseau	Terwilliger
Frederickson	Kramer	Merriam	Robertson	
Johnson, D.E.	Laidig	Neuville	Runbeck	
Johnston	Larson	Oliver	Scheevel	

Those who voted in the negative were:

Anderson	Dille	Kelly	Morse	Reichgott Junge
Beckman	Finn	Krentz	Murphy	Riveness
Berg	Flynn	Kroening	Novak	Sams
Berglin	Hanson	Langseth	Pappas	Samuelson
Bertram	Hottinger	Lessard	Piper	Solon
Chandler	Janezich	Metzen	Pogemiller	Vickerman
Chmielewski	Johnson, D.J.	Moe, R.D.	Price	Wiener
Cohen	Johnson, J.B.	Mondale	Ranum	

The motion did not prevail. So the third portion of the amendment to the amendment was not adopted.

The question was taken on the adoption of the fourth portion of the amendment to the amendment.

The roll was called, and there were yeas 27 and nays 38, as follows:

Those who voted in the affirmative were:

Belanger	Johnston	Larson	Olson	Spear
Bertram	Kiscaden	Lesewski	Ourada	Stevens
Betzold	Kleis	Limmer	Pariseau	Terwilliger
Day	Knutson	Merriam	Robertson	
Frederickson	Kramer	Neuville	Runbeck	
Johnson, D.E.	Laidig	Oliver	Scheevel	

Those who voted in the negative were:

Anderson	Finn	Krentz	Murphy	Riveness
Beckman	Flynn	Kroening	Novak	Sams
Berg	Hanson	Langseth	Pappas	Samuelson
Berglin	Hottinger	Lessard	Piper	Solon
Chandler	Janezich	Metzen	Pogemiller	Vickerman
Chmielewski	Johnson, D.J.	Moe, R.D.	Price	Wiener
Cohen	Johnson, J.B.	Mondale	Ranum	
Dille	Kelly	Morse	Reichgott Junge	

The motion did not prevail. So the fourth portion of the amendment to the amendment was not adopted.

The question was taken on the adoption of the fifth portion of the amendment to the amendment.

The roll was called, and there were yeas 31 and nays 34, as follows:

Those who voted in the affirmative were:

Belanger	Johnson, D.E.	Laidig	Olson	Spear
Berg	Johnston	Larson	Ourada	Stevens
Bertram	Kelly	Lesewski	Pariseau	Terwilliger
Cohen	Kiscaden	Limmer	Robertson	
Day	Kleis	Merriam	Runbeck	
Dille	Knutson	Neuville	Sams	
Frederickson	Kramer	Oliver	Scheevel	

Those who voted in the negative were:

Anderson	Flynn	Kroening	Murphy	Reichgott Junge
Beckman	Hanson	Langseth	Novak	Riveness
Berglin	Hottinger	Lessard	Pappas	Samuelson
Betzold	Janezich	Metzen	Piper	Solon
Chandler	Johnson, D.J.	Moe, R.D.	Pogemiller	Vickerman
Chmielewski	Johnson, J.B.	Mondale	Price	Wiener
Finn	Krentz	Morse	Ranum	

The motion did not prevail. So the fifth portion of the amendment to the amendment was not adopted.

The question was taken on the adoption of the sixth portion of the amendment to the amendment.

The roll was called, and there were yeas 24 and nays 40, as follows:

Those who voted in the affirmative were:

Belanger	Kiscaden	Laidig	Merriam	Runbeck
Day	Kleis	Larson	Neuville	Scheevel
Frederickson	Knutson	Lesewski	Oliver	Stevens
Johnson, D.E.	Kramer	Lessard	Pariseau	Terwilliger
Johnston	Kroening	Limmer	Robertson	

Those who voted in the negative were:

Anderson	Chandler	Hanson	Krentz	Murphy
Beckman	Chmielewski	Hottinger	Langseth	Novak
Berg	Cohen	Janezich	Metzen	Olson
Berglin	Dille	Johnson, D.J.	Moe, R.D.	Pappas
Bertram	Finn	Johnson, J.B.	Mondale	Piper
Betzold	Flynn	Kelly	Morse	Pogemiller

Price
Ranum

Reichgott Junge
Riveness

Sams
Samuelson

Solon
Spear

Vickerman
Wiener

The motion did not prevail. So the sixth portion of the amendment to the amendment was not adopted.

Mr. Oliver moved to amend the first Johnson, D.J. amendment to H.F. No. 602, adopted by the Senate April 12, 1995, as follows:

Page 79, after line 21, insert:

"Sec. 6. Minnesota Statutes 1994, section 273.13, subdivision 22, is amended to read:

Subd. 22. [CLASS 1.] (a) Except as provided in subdivision 23, real estate which is residential and used for homestead purposes is class 1. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first \$72,000 of market value of class 1a property has a net class rate of one percent of its market value for taxes payable in 1995; 1.1 percent for taxes payable in 1996; 1.2 percent for taxes payable in 1997; 1.3 percent for taxes payable in 1998; 1.4 percent for taxes payable in 1999; and 1.5 percent for taxes payable in 2000, and thereafter, and a gross class rate of 2.17 percent of its market value. ~~For taxes payable in 1992, the market value of class 1a property that exceeds \$72,000 but does not exceed \$115,000 has a class rate of two percent of its market value; and the market value of class 1a property that exceeds \$115,000 has a class rate of 2.5 percent of its market value. For taxes payable in 1993 and thereafter,~~ The market value of class 1a property that exceeds \$72,000 has a class rate of two percent for taxes payable in 1995; 1.9 percent for taxes payable in 1996; 1.8 percent for taxes payable in 1997; 1.7 percent for taxes payable in 1998; 1.6 percent for taxes payable in 1999; and 1.5 percent for taxes payable in 2000, and thereafter.

(b) Class 1b property includes homestead real estate or homestead manufactured homes used for the purposes of a homestead by

(1) any blind person, or the blind person and the blind person's spouse; or

(2) any person, hereinafter referred to as "veteran," who:

(i) served in the active military or naval service of the United States; and

(ii) is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair; and

(iii) has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, or the surviving spouse of the deceased veteran for as long as the surviving spouse retains the special housing unit as a homestead; or

(3) any person who:

(i) is permanently and totally disabled and

(ii) receives 90 percent or more of total income from

(A) aid from any state as a result of that disability; or

(B) supplemental security income for the disabled; or

(C) workers' compensation based on a finding of total and permanent disability; or

(D) social security disability, including the amount of a disability insurance benefit which is converted to an old age insurance benefit and any subsequent cost of living increases; or

(E) aid under the federal Railroad Retirement Act of 1937, United States Code Annotated, title 45, section 228b(a)5; or

(F) a pension from any local government retirement fund located in the state of Minnesota as a result of that disability; or

(4) any person who is permanently and totally disabled and whose household income as defined in section 290A.03, subdivision 5, is 150 percent or less of the federal poverty level.

Property is classified and assessed under clause (4) only if the government agency or income-providing source certifies, upon the request of the homestead occupant, that the homestead occupant satisfies the disability requirements of this paragraph.

Property is classified and assessed pursuant to clause (1) only if the commissioner of economic security certifies to the assessor that the homestead occupant satisfies the requirements of this paragraph.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$32,000 market value of class 1b property has a net class rate of .45 percent of its market value and a gross class rate of .87 percent of its market value. The remaining market value of class 1b property has a gross or net class rate using the rates for class 1 or class 2a property, whichever is appropriate, of similar market value.

(c) Class 1c property is commercial use real property that abuts a lakeshore line and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort or a partner in a partnership that owns the resort, even if the title to the homestead is held by the corporation or partnership. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property has a class rate of one percent of total market value for taxes payable in 1993 and thereafter with the following limitation: the area of the property must not exceed 100 feet of lakeshore footage for each cabin or campsite located on the property up to a total of 800 feet and 500 feet in depth, measured away from the lakeshore."

Page 89, after line 36, insert:

"Sec. 9. Minnesota Statutes 1994, 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) "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 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; 1996 to 2000 the class rates applied to class 1a, 1b, and the part of class 2a with the same class rates as 1a, shall be the rates applied to the property the year prior to the year the aid is payable; 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. "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), (2), and (3), 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.

(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.

(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.

(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 total previous net tax capacity of the unique taxing jurisdiction.

(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 net tax capacity based 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" 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 equalized school levies.

(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.

(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.

(k) "Growth adjustment factor" means the household adjustment factor in the case of counties. In the case of cities, towns, school districts, and special taxing districts, the growth adjustment factor equals one. The growth adjustment factor cannot be less than one.

(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.

(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.

(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."

Page 98, after line 21, insert:

"Section 6 is effective for taxes levied in 1995, payable in 1996, and thereafter. Section 9 is effective for aids paid in 1996, and thereafter."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment to the amendment.

The roll was called, and there were yeas 7 and nays 55, as follows:

Those who voted in the affirmative were:

Dille
Johnston

Kiscaden
Limmer

Oliver

Pariseau

Runbeck

Those who voted in the negative were:

Anderson	Flynn	Kramer	Moe, R. D.	Reichgott Junge
Belanger	Frederickson	Krentz	Mondale	Riveness
Berg	Hanson	Kroening	Morse	Sams
Berglin	Hottinger	Laidig	Murphy	Samuelson
Bertram	Janezich	Langseth	Neuville	Scheevel
Betzold	Johnson, D.E.	Larson	Ourada	Solon
Chandler	Johnson, D.J.	Lesewski	Pappas	Spear
Chmielewski	Johnson, J.B.	Lessard	Piper	Stevens
Cohen	Kelly	Marty	Pogemiller	Terwilliger
Day	Kleis	Merriam	Price	Vickerman
Finn	Knutson	Metzen	Ranum	Wiener

The motion did not prevail. So the amendment to the amendment was not adopted.

Mr. Finn moved to amend the first Johnson, D.J. amendment to H.F. No. 602, adopted by the Senate April 12, 1995, as follows:

Page 154, after line 15, insert:

"Section 1. Minnesota Statutes 1994, section 60A.15, subdivision 1, is amended to read:

Subdivision 1. [DOMESTIC AND FOREIGN COMPANIES.] (a) On or before April 1, June 1, and December 1 of each year, every domestic and foreign company, including town and farmers' mutual insurance companies, domestic mutual insurance companies, marine insurance companies, health maintenance organizations, integrated service networks, community integrated service networks, and nonprofit health service plan corporations, shall pay to the commissioner of revenue installments equal to one-third of the insurer's total estimated tax for the current year. Except as provided in paragraphs ~~(b) and (e)~~ (d) and (e), installments must be based on a sum equal to two percent of the premiums described in paragraph ~~(e)~~ (b).

~~(b) For town and farmers' mutual insurance companies and mutual property and casualty insurance companies other than those (i) writing life insurance, or (ii) whose total assets on December 31, 1989, exceeded \$1,600,000,000, the installments must be based on an amount equal to the following percentages of the premiums described in paragraph (e):~~

~~(1) for premiums paid after December 31, 1988, and before January 1, 1992, one percent; and~~

~~(2) for premiums paid after December 31, 1991, one half of one percent.~~

~~(e) Installments under paragraph (a), ~~(b)~~, or ~~(e)~~ (d), or (e) are percentages of gross premiums less return premiums on all direct business received by the insurer in this state, or by its agents for it, in cash or otherwise, during such year.~~

~~(d) (c) Failure of a company to make payments of at least one-third of either (1) the total tax paid during the previous calendar year or (2) 80 percent of the actual tax for the current calendar year shall subject the company to the penalty and interest provided in this section, unless the total tax for the current tax year is \$500 or less.~~

~~(e) (d) For health maintenance organizations, nonprofit health services plan corporations, integrated service networks, and community integrated service networks, the installments must be based on an amount equal to one percent of premiums described in paragraph ~~(e)~~ (b) that are paid after December 31, 1995.~~

~~(e) For insurance other than fire, lightning, sprinkler leakage and extended coverage insurance and automobile insurance written by town and farmers' mutual insurance companies and mutual property and casualty insurance companies other than those (i) writing life insurance, or (ii) whose total assets on December 31, 1989, exceeded \$1,600,000,000, the installments must be based on an amount equal to one-half of one percent of the percentages of the premiums described in paragraph (b).~~

~~(f) Premiums under medical assistance, the MinnesotaCare program, and the Minnesota comprehensive health insurance plan are not subject to tax under this section.~~

Sec. 2. Minnesota Statutes 1994, section 69.021, subdivision 2, is amended to read:

Subd. 2. [REPORT OF PREMIUMS.] Each insurer, including township and farmers mutual insurers where applicable, shall return to the commissioner with its annual financial statement the reports described in subdivision 1 certified by its secretary and president or chief financial officer. The Minnesota Firetown Premium Report shall contain a true and accurate statement of the total premium for all gross direct fire, lightning, sprinkler leakage, and extended coverage insurance of all domestic mutual insurers and the total premiums for all gross direct fire, lightning, sprinkler leakage and extended coverage insurance of all other insurers, less return premiums and dividends received by them on that business written or done during the preceding calendar year upon property located within the state or brought into the state for temporary use. The fire and extended coverage portion of multiperil and multiple peril package premiums and all other combination premiums shall be determined by applying percentages determined by the commissioner or by rating bureaus recognized by the commissioner. The Minnesota Aid to Police Premium Report shall contain a true and accurate statement of the total premiums, less return premiums and dividends, on all direct business received by such insurer in this state, or by its agents for it, in cash or otherwise, during the preceding calendar year, with reference to insurance written for perils described in section 69.011, subdivision 1, clause (f), ~~except that domestic mutual insurance companies must not file a report.~~"

Page 163, after line 23, insert:

"Sections 1 and 2 are effective retroactively to January 1, 1995."

Page 163, line 24, delete "2" and insert "4"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment to the amendment was adopted.

Mr. Neuville moved to amend the Reichgott Junge amendment to H.F. No. 602, adopted by the Senate April 12, 1995, as follows:

Page 1, delete lines 4 to 36 and insert:

"Page 1, line 8, delete "FEDERAL UPDATE" and insert "INCOME TAX"

Page 4, after line 17, insert:

"Sec. 2. Minnesota Statutes 1994, section 290.06, is amended by adding a subdivision to read:

Subd. 25. [CREDIT FOR DEPENDENTS.] An individual taxpayer may take a credit against the tax due under this chapter in an amount equal to \$60 for each dependent of the taxpayer who is 18 years of age or less at the close of the taxable year. If the credit provided under this subdivision exceeds the individual's tax liability under chapter 290 for the taxable year, the commissioner of revenue shall refund the excess amount of the credit to the taxpayer."

Page 4, after line 35, insert:

"Sec. 5. [EFFECTIVE DATE.]

Section 2 is effective for taxable years beginning after December 31, 1994."

Page 2, delete lines 1 to 36

Page 3, delete lines 1 to 36

Page 4, delete lines 1 to 29

The question was taken on the adoption of the amendment to the amendment.

The roll was called, and there were yeas 28 and nays 35, as follows:

Those who voted in the affirmative were:

Belanger	Frederickson	Kramer	Olson	Scheevel
Berg	Johnson, D.E.	Larson	Ourada	Stevens
Chmielewski	Johnston	Lesewski	Pariseau	Terwilliger
Day	Kiscaden	Limmer	Robertson	Vickerman
Dille	Kleis	Neuville	Runbeck	
Finn	Knutson	Oliver	Sams	

Those who voted in the negative were:

Anderson	Hanson	Kroening	Mondale	Ranum
Berglin	Hottinger	Langseth	Morse	Reichgott Junge
Bertram	Janezich	Lessard	Murphy	Riveness
Betzold	Johnson, D.J.	Marty	Pappas	Samuelson
Chandler	Johnson, J.B.	Merriam	Piper	Solon
Cohen	Kelly	Metzen	Pogemiller	Spear
Flynn	Krentz	Moe, R.D.	Price	Wiener

The motion did not prevail. So the amendment to the amendment was not adopted.

Mr. Scheevel moved to amend the first Johnson, D.J. amendment to H.F. No. 602, adopted by the Senate April 12, 1995, as follows:

Page 20, line 12, strike "From July 1, 1994, until June"

Page 20, line 13, strike "30," and delete "1996" and strike the second comma

The motion did not prevail. So the amendment to the amendment was not adopted.

Mr. Dille moved to amend the first Johnson, D.J. amendment to H.F. No. 602, adopted by the Senate April 12, 1995, as follows:

Page 51, after line 27, insert:

"Sec. 79. [PREVAILING WAGE REDUCTION.]

Notwithstanding any other law to the contrary, any taxing authority that is subject to this article and required to pay a prevailing wage set under Minnesota Statutes, sections 177.41 to 177.44, or any other provision during calendar year 1996, may reduce the wages paid by ten percent of the amount otherwise required. Wages required to be paid under binding contracts entered into before April 11, 1995, are not subject to this section."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Johnson, D.J. questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

Ms. Runbeck moved to amend the Metzen amendment to H.F. No. 602, adopted by the Senate April 12, 1995, as follows:

Page 1, delete lines 3 to 23 and insert:

"Page 87, delete lines 22 to 28 and insert "value, except that (i) each parcel of seasonal residential recreational property not used for commercial purposes under clause (5) has a class rate of ~~2.2 percent of market value for taxes payable in 1992, and for taxes payable in 1993 and thereafter,~~ as follows: the first \$72,000 of market value on each parcel has a class rate of ~~two~~ 1.8 percent for taxes payable in 1996, 1.6 percent for taxes payable in 1997, and 1.5 percent for taxes payable in 1998 and thereafter, and the market value of each parcel that exceeds \$72,000 has a class rate of ~~2.5~~ 2.3 percent for taxes payable in 1996, 2.1 percent for taxes payable in 1997, and two percent for taxes payable in 1998 and thereafter, and (ii)"

Page 89, after line 36, insert:

"Sec. 8. Minnesota Statutes 1994, 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) "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 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 for aid payable in 1997 the class rate for class 4c noncommercial seasonal residential recreational property is 1.8 percent on the first \$72,000 of market value and 2.3 percent on the market value of each parcel that exceeds \$72,000, and for aid payable in 1998 the class rate for class 4c noncommercial seasonal residential recreational property is 1.6 percent on the first \$72,000 of market value and 2.1 percent on the market value of each parcel that exceeds \$72,000, 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. "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), (2), and (3), 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.

(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.

(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.

(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 total previous net tax capacity of the unique taxing jurisdiction.

(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 net tax capacity based 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" 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 equalized school levies.

(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.

(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.

(k) "Growth adjustment factor" means the household adjustment factor in the case of counties. In the case of cities, towns, school districts, and special taxing districts, the growth adjustment factor equals one. The growth adjustment factor cannot be less than one.

(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.

(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.

(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."

The question was taken on the adoption of the amendment to the amendment.

The roll was called, and there were yeas 30 and nays 32, as follows:

Those who voted in the affirmative were:

Belanger	Johnston	Kroening	Olson	Sams
Bertram	Kelly	Lesewski	Ourada	Samuelson
Day	Kiscaden	Limmer	Pariseau	Scheevel
Dille	Kleis	Metzen	Rivness	Stevens
Frederickson	Knutson	Novak	Robertson	Terwilliger
Johnson, D.E.	Kramer	Oliver	Runbeck	Wiener

Those who voted in the negative were:

Anderson	Finn	Krentz	Murphy	Reichgott Junge
Berg	Flynn	Lessard	Neuville	Solon
Berglin	Hanson	Marty	Pappas	Spear
Betzold	Hottinger	Merriam	Piper	Vickerman
Chandler	Janezich	Moe, R.D.	Pogemiller	
Chmielewski	Johnson, D.J.	Mondale	Price	
Cohen	Johnson, J.B.	Morse	Ranum	

The motion did not prevail. So the amendment to the amendment was not adopted.

Pursuant to Rule 22, Mr. Terwilliger moved to be excused from voting on H.F. No. 602. The motion prevailed.

H.F. No. 602 was read the third time, as amended, and placed on its final passage.

Mr. Moe, R.D. moved that those not voting be excused from voting. The motion prevailed.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 44 and nays 17, as follows:

Those who voted in the affirmative were:

Anderson	Finn	Krentz	Murphy	Reichgott Junge
Belanger	Flynn	Kroening	Neuville	Rivness
Berglin	Frederickson	Larson	Novak	Sams
Bertram	Hanson	Lesewski	Pappas	Samuelson
Betzold	Hottinger	Lessard	Pariseau	Solon
Chandler	Janezich	Metzen	Piper	Spear
Chmielewski	Johnson, D.J.	Moe, R.D.	Pogemiller	Vickerman
Cohen	Johnson, J.B.	Mondale	Price	Wiener
Dille	Kelly	Morse	Ranum	

Those who voted in the negative were:

Day	Kleis	Marty	Ourada	Stevens
Johnson, D.E.	Knutson	Merriam	Robertson	
Johnston	Kramer	Oliver	Runbeck	
Kiscaden	Limmer	Olson	Scheevel	

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

MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate revert to the Orders of Business of Reports of Committees and Second Reading of Senate Bills. The motion prevailed.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 897, 882 and 503. The motion prevailed.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 897: A bill for an act relating to waters; planning, development, review, reporting, and coordination of surface and groundwater management in the metropolitan area; amending Minnesota Statutes 1994, sections 103B.205, by adding a subdivision; 103B.211, subdivision 1; 103B.231, subdivisions 3, 4, 6, 7, 8, 9, 11, and by adding a subdivision; 103B.235, subdivision 3; 103B.241, subdivision 1; 103B.245, subdivisions 1 and 4; 103B.251, subdivisions 3 and 7; 103B.255, subdivisions 6, 7, 8, 9, 10, and 12; 103B.311, subdivisions 4 and 6; 103B.3369, subdivisions 5 and 6; and 103B.355; proposing coding for new law in Minnesota Statutes, chapter 103B; repealing Minnesota Statutes 1994, sections 103B.211, subdivision 4; 103B.227, subdivision 6; 103B.231, subdivisions 5 and 12; and 103B.3365.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, delete section 1 and insert:

"Section 1. Minnesota Statutes 1994, section 103B.205, is amended by adding a subdivision to read:

Subd. 10b. [STATE REVIEW AGENCIES.] "State review agencies" means the commissioners of natural resources, the pollution control agency, agriculture, and health."

Page 5, line 15, delete everything after "plans"

Page 5, line 16, delete everything before the period and insert "required under this chapter"

Page 9, line 10, delete "department of natural resources, the"

Page 9, line 11, delete "pollution control agency, the department of health" and insert "state review agencies"

Page 9, line 23, delete "any"

Page 9, line 24, delete "provision to the contrary in"

Page 10, line 25, after "STATE" insert "REVIEW"

Page 10, delete line 31

Page 10, line 32, delete "the department of health" and insert "state review agencies"

Page 11, line 13, before "review" insert "state"

Page 11, line 15, before the second "review" insert "state"

Page 13, line 1, delete "any provision to the"

Page 13, line 2, delete "contrary in"

Page 16, line 2, delete "any"

Page 16, line 3, delete "provision to the contrary in"

Page 18, line 7, delete "department of natural resources,"

Page 18, line 8, delete "the pollution control agency, the department of health" and insert "state review agencies"

Page 18, line 23, delete "any"

Page 18, line 24, delete "provision to the contrary in"

Page 19, line 12, delete "department of"

Page 19, delete line 13

Page 19, line 14, delete "of health" and insert "state review agencies"

Page 19, lines 33 and 35, before "review" insert "state"

Page 22, line 28, after "to" insert "watershed management organizations in the seven-county metropolitan area or" and strike "only" and delete "in greater Minnesota and to counties and"

Page 22, delete line 29

Page 22, line 30, delete "metropolitan area"

Page 24, after line 8, insert:

"Sec. 29. [REVISOR INSTRUCTION.]

In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall renumber section 103B.205, subdivision 10a, as subdivision 10b, and shall renumber section 103B.205, subdivision 10b, as subdivision 10a."

Page 24, line 10, delete "103B.211, subdivision 4;"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 15, delete "103B.211, subdivision 4;"

And when so amended the bill do pass.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Ms. Flynn from the Committee on Judiciary, to which was re-referred

S.F. No. 836: A bill for an act relating to commerce; rental-purchase agreements; regulating the cost of lease services; providing for the application of certain other law; amending Minnesota Statutes 1994, sections 325F.84, by adding a subdivision; 325F.85; and 325F.91, by adding a subdivision.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 325F.84, subdivision 3, is amended to read:

Subd. 3. [CASH PRICE.] "Cash price" means ~~an amount equal to the equivalent fair market value for goods offered under a consumer credit sale as provided under section 325G.15 of the property.~~ "Fair market value" means the price at which retail sellers are selling and retail buyers

are buying the same or substantially similar property for cash in the same trade area in which the lessor's place of business is located. Cash price may be evidenced as provided in section 325F.931.

Sec. 2. Minnesota Statutes 1994, section 325F.91, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED RENTAL AGREEMENT PROVISIONS.] A rental-purchase agreement may not contain a provision:

- (1) requiring a confession of judgment;
- (2) authorizing a lessor or an agent of the lessor to commit a breach of the peace in the repossession of property;
- (3) waiving a defense, counterclaim, or right the lessee may have against the lessor or an agent of the lessor;
- (4) requiring the payment of a late charge unless a lease payment is delinquent for more than two business days for a weekly lease or three business days for a monthly lease, and the charge or fee shall not be in an amount more than the greater of five percent of the delinquent lease payment or \$3;
- (5) requiring a separate payment in addition to lease payments in order to acquire ownership of the property, other than by exercising an early purchase option pursuant to section 325F.93; ~~and~~
- (6) authorizing a lessor to charge a penalty for early termination of a rental-purchase agreement; or
- (7) disclosing or requiring a cash price not complying with section 325F.84, subdivision 3.

Sec. 3. Minnesota Statutes 1994, section 325F.91, is amended by adding a subdivision to read:

Subd. 2a. [FINANCE CHARGES.] A lessor may contract for and receive a finance charge on the cash price only in an amount not to exceed an annual percentage rate of 36 percent, including the cost of lease services.

Sec. 4. [325F.931] [RECORDS AND EVIDENCE OF CASH PRICE.]

(a) A lessor shall maintain records that establish that the price disclosed as the cash price in a rental-purchase agreement is the cash price as defined in section 325F.84, subdivision 3. A copy of each rental-purchase agreement and of the records required by this subdivision must be maintained for two years following the termination of the agreement.

(b) Evidence of the cash price of new property may include published prices or advertisements by retailers of substantially similar products selling in the same trade area in which the lessor's business is located, if the prices were published or disseminated within the 90-day period preceding the date of the rental-purchase agreement, or an amount equal to twice the documented actual cost, including freight charges, of the rental purchase property from an unaffiliated wholesaler, distributor, or manufacturer.

Sec. 5. Minnesota Statutes 1994, section 325F.97, subdivision 2, is amended to read:

Subd. 2. [APPLICATION OF OTHER LAW.] A violation of section 325F.90, 325F.91, or 325F.93 shall be treated as a violation of section 325F.69. The remedies provided by section 325F.90, 325F.91, or 325F.93 are cumulative and shall not be construed as restricting any remedy that is otherwise available. Section 334.01 does not apply to rental-purchase agreements made pursuant to sections 325F.84 to 325F.97.

Sec. 6. [REPEALER.]

Minnesota Statutes 1994, section 325F.91, subdivision 2, is repealed."

Delete the title and insert:

"A bill for an act relating to commerce; rental-purchase agreements; regulating cash price and finance charges; providing for the application of certain other law; amending Minnesota Statutes 1994, sections 325F.84, subdivision 3; 325F.91, subdivision 1, and by adding a subdivision; and 325F.97, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 325F; repealing Minnesota Statutes 1994, section 325F.91, subdivision 2."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Ms. Flynn from the Committee on Judiciary, to which was re-referred

S.F. No. 1204: A bill for an act relating to insurance; no-fault auto; regulating rental vehicle coverages; determining when a vehicle is rented; modifying the right to compensation for loss of use of a damaged rented motor vehicle; providing for limits of liability for motor vehicle lessors; amending Minnesota Statutes 1994, section 65B.49, subdivision 5a.

Reports the same back with the recommendation that the bill be amended as follows:

Page 4, line 4, before "liable" insert "vicariously" and delete "basic"

Page 4, line 5, delete "economic losses or other"

Page 4, line 7, delete "\$100,000" and insert "\$250,000"

Page 4, line 8, delete "\$300,000" and insert "\$500,000"

Page 4, line 10, delete "\$10,000" and insert "\$20,000"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Ms. Flynn from the Committee on Judiciary, to which was re-referred

S.F. No. 347: A bill for an act relating to landlords and tenants; regulating certain tenant screening practices; amending Minnesota Statutes 1994, section 504.30, subdivision 4, and by adding a subdivision.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, lines 1 to 9, delete the new language

Page 2, line 14, delete "an"

Page 2, lines 15 to 19, reinstate the stricken language

And when so amended the bill do pass. Amendments adopted. Report adopted.

Ms. Flynn from the Committee on Judiciary, to which was referred

S.F. No. 732: A bill for an act relating to commerce; enacting the revised article 8 of the uniform commercial code proposed by the national conference of commissioners on uniform state laws; regulating investment securities; amending Minnesota Statutes 1994, sections 336.1-105; 336.1-206; 336.4-104; 336.5-114; 336.9-103; 336.9-105; 336.9-106; 336.9-203; 336.9-301; 336.9-302; 336.9-304; 336.9-305; 336.9-306; 336.9-309; 336.9-312; and 336.10-104; proposing coding for new law in Minnesota Statutes, chapter 336; repealing Minnesota Statutes 1994, sections 336.8-101; 336.8-102; 336.8-103; 336.8-104; 336.8-105; 336.8-106; 336.8-107; 336.8-108; 336.8-201; 336.8-202; 336.8-203; 336.8-204; 336.8-205; 336.8-206; 336.8-207; 336.8-208; 336.8-301; 336.8-302; 336.8-303; 336.8-304; 336.8-305; 336.8-306; 336.8-307; 336.8-308; 336.8-309; 336.8-310; 336.8-311; 336.8-312; 336.8-313; 336.8-314; 336.8-315; 336.8-316; 336.8-317; 336.8-318; 336.8-319; 336.8-320; 336.8-321; 336.8-401; 336.8-402; 336.8-403; 336.8-404; 336.8-405; 336.8-406; 336.8-407; and 336.8-408.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Ms. Flynn from the Committee on Judiciary, to which was re-referred

S.F. No. 1091: A bill for an act relating to transportation; expanding authority of commissioner of transportation to regulate providers of special transportation service; classifying data; providing for administrative fees and penalties; amending Minnesota Statutes 1994, sections 13.99, by adding subdivisions; 174.30, subdivisions 2, 3, 4, 6, and by adding subdivisions; and 174.315.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 910: A bill for an act relating to telecommunications; eliminating the telecommunication access for communication-impaired persons board; creating telecommunication access duties for the departments of public service and human services; amending Minnesota Statutes 1994, sections 237.50, subdivision 4; 237.51, subdivisions 1, 5, and by adding a subdivision; 237.52, subdivisions 2, 4, and 5; 237.53, subdivisions 1, 3, 5, and 7; 237.54, subdivision 2; and 237.55; repealing Minnesota Statutes 1994, sections 237.50, subdivision 2; 237.51, subdivisions 2, 3, 4, and 6; and 237.54, subdivision 1.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 33, strike ", including emergency rules,"

Page 4, line 30, delete ", using fund proceeds," and insert "contract with the message relay service operator to"

Page 7, after line 2, insert:

"Sec. 14. Minnesota Statutes 1994, section 256C.24, subdivision 3, is amended to read:

Subd. 3. [ADVISORY COMMITTEE.] The commissioner of human services shall appoint an advisory committee of ~~eight~~ nine persons for each regional service ~~center~~ area. Members shall include persons who are deaf and hard of hearing, persons who are communication-impaired, parents of children who are deaf and hard of hearing, parents of communication-impaired children, and representatives of county and regional human services, including representatives of private service providers. At least 50 percent of the members must be deaf or hard of hearing or communication-impaired. Committee members shall serve for a three-year term and shall serve no more than two consecutive terms. The commissioner of human services shall designate one member as chair. The commissioner of human services shall assign staff to serve as ex officio members of the committee. The compensation, removal of members, and filling of vacancies on the committee shall be as provided in section 15.0575."

Page 7, line 9, delete everything before the period and insert "applies only to the classified positions"

Page 7, after line 9, insert:

"Sec. 16. [REPORT.]

The department of public service shall make a report to the legislature by February 15, 1997, comparing:

(1) the telecommunication relay system management performance of the telecommunication access for communication-impaired persons board and the system's relay operator for 1994; and

(2) the telecommunication relay system management performance of the department of public service and the system's relay operator for 1996."

ReNUMBER the sections in sequence

Amend the title as follows:

Page 1, line 6, after the semicolon, insert "specifying the membership of regional service for deaf and hard of hearing advisory committees;"

Page 1, line 10, delete "and" and after "237.55" insert "; and 256C.24, subdivision 3"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 705: A bill for an act relating to economic development; requiring private businesses with state financial assistance to pay a livable wage and increase employment; proposing coding for new law in Minnesota Statutes, chapter 177.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [177.255] [STATE ASSISTANCE; EMPLOYMENT; POVERTY LEVEL WAGE.]

Subdivision 1. [APPLICATION.] (a) This section applies to any for profit corporation, partnership, limited liability company, or sole proprietorship that does not meet the definition of a small business in section 645.445 and that receives state assistance in the form of a state grant, state loan, or tax increment financing, if:

(1) the sum of all three types of assistance exceeds \$25,000 in a fiscal year; and

(2) the purpose of the assistance is economic development or job growth.

(b) The state assistance recipient must:

(1) produce a net increase in jobs in Minnesota within two years of receiving the state assistance. If without state assistance the recipient would decrease their number of employees, then the state assistance recipient must show a net retention in the number of jobs or lose the assistance; and

(2) pay every employee at least a poverty level wage when they are hired to work in a job created by an economic development project or job growth project which receives assistance from a state grant, a state loan, or tax increment financing. For purposes of this section, a poverty level wage on an annualized basis is equal to 100 percent of the federal poverty level for a family of four. The commissioner of trade and economic development shall determine whether or not any job created is a result of an economic development project or a job growth project which receives assistance from a state grant, state loan, or tax increment financing.

If the state assistance recipient fails to comply with clause (2), the recipient shall pay the local human service agency an amount equal to two times the difference between the wage required under clause (2) and the wage actually paid.

For the purpose of this section a state grant or loan includes a loan or grant from the iron range resources and rehabilitation board or any of the funds it controls.

Subd. 2. [ON-THE-JOB TRAINING EXEMPTION.] (a) The requirement to pay at least a poverty level wage under subdivision 1 does not apply to an employee engaged in on-the-job training. For purposes of this section, on-the-job training means:

(1) an apprenticeship program for an apprentice defined by section 178.06;

(2) a preapprenticeship program that assists learners to explore occupational areas and assess their skills and interests in those areas, and acquire knowledge and skills necessary to succeed in youth apprenticeship programs; or

(3) a training program, not to exceed six months, that is offered to an individual while

employed in productive work that provides training, technical and other related skills, and personal skills that are essential to the full and adequate performance of the employment.

(b) An employer must pay at least a poverty level wage to an employee who would otherwise be exempt under paragraph (a), clause (1), (2), or (3), if:

(1) any other individual has been laid off by the employer from the position to be filled by the employee engaged in on-the-job training or from any substantially equivalent position; or

(2) the employer has terminated the employment of any regular employee or otherwise reduced the number of employees with the intention of replacing the employee by hiring an employee who is not required to receive at least a poverty level wage.

Subd. 3. [APPLICATION FOR ON-THE-JOB TRAINING EXEMPTION.] An employer seeking exemption under subdivision 2 must:

(1) notify the commissioner of labor and industry. The commissioner must certify that the on-the-job training program meets the criteria stated in subdivision 2; and

(2) describe the program in writing, retain a copy, and provide a copy to the commissioner of labor and industry and to the employee.

Subd. 4. [EMPLOYER EXEMPTIONS.] The requirement to pay at least a poverty level wage under subdivision 1 does not apply to the following types of state assistance:

(1) tax increment financing for redevelopment activities, including assistance financed with increments (i) from districts defined as redevelopment districts or renewal and renovation districts under section 469.174, or (ii) from another type of district used to pay for redevelopment activities as defined in section 469.176, subdivision 4;

(2) state grant and state loan assistance to businesses located in districts which meet the criteria of a redevelopment district or renewal and renovation district defined in section 469.174;

(3) tax increment assistance financed by districts defined as housing districts under section 469.174;

(4) tax increment assistance financed by districts created as hazardous substance subdistricts under section 469.175;

(5) state grant and state loan assistance for the removal or remediation of a hazardous substance, hazardous waste, pollutant, or contaminant, including human waste, as defined by section 115B.02;

(6) loan or loan guarantee assistance from the tourism loan program under section 116J.617; and

(7) grant assistance from contamination cleanup grants under section 116J.552.

Subd. 5. [EMPLOYEE EXEMPTION.] This section does not apply to an employee who is a blind or disabled eligible individual as that term is defined in United States Code, title 42, section 1382, paragraph (a).

Sec. 2. [270.0683] [REPORT ON THE EFFECT OF TAX INCENTIVES UPON THE NUMBER OF JOBS.]

On a biennial basis, the commissioner of revenue shall analyze the effect of all business related tax reductions or waivers on the aggregate number of jobs created and wages paid in those new jobs. The commissioner of revenue shall present the results of their analysis to the legislature.

Sec. 3. [270.0684] [GOALS FOR NEWLY LEGISLATED TAX EXPENDITURES.]

Each new legislated business related tax expenditure shall include measurable goals for jobs and wages and require a biennial review conducted by the commissioner of revenue for continuation based upon meeting those goals. The commissioner of revenue shall report the results of the review to the legislature.

Sec. 4. [EFFECTIVE DATE; APPLICABILITY.]

Sections 1 to 3 apply to state grants, state loans, and tax increment financing authorized on or after August 1, 1995."

Delete the title and insert:

"A bill for an act relating to economic development; requiring private businesses with state financial assistance to pay at least a poverty level wage and increase employment; proposing coding for new law in Minnesota Statutes, chapters 177; and 270."

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Solon from the Committee on Commerce and Consumer Protection, to which was referred

S.F. No. 558: A bill for an act relating to commerce; requiring inspections of, reports on, and training for tobacco retailers and employees; proposing coding for new law in Minnesota Statutes, chapter 461.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 325F.76, is amended by adding a subdivision to read:

Subd. 2a. [DISPLAY ALLOWANCE.] "Display allowance" means any credit, payment of money, or value given to a seller of cigarettes, smokeless tobacco products, cigars, pipe tobacco, or other tobacco products in exchange for the seller's agreement to display or place the tobacco products in any prescribed manner, format, or location.

Sec. 2. [325F.775] [DISPLAY ALLOWANCES PROHIBITED.]

No manufacturer or distributor of cigarettes or other tobacco products may directly or indirectly pay or give any display allowance to a retail seller of cigarettes or other tobacco products.

Sec. 3. Minnesota Statutes 1994, section 325F.78, is amended to read:

325F.78 [REMEDIES.]

The attorney general may institute a civil action in the name of the state of Minnesota in the district court for an injunction prohibiting any violation of section 325F.77 or 325F.775. The court, upon notice to the defendant of not less than five days, and upon proof that defendant has engaged in the practice prohibited by section 325F.77 or 325F.775, may enjoin the future commission of the practice. The court may impose a civil penalty in an amount not to exceed \$5,000 for each violation. The attorney general may recover costs and disbursements, including costs of investigation and reasonable attorneys fees.

Sec. 4. Minnesota Statutes 1994, section 461.12, is amended to read:

461.12 [MUNICIPAL CIGARETTE TOBACCO LICENSE.]

Subdivision 1. [AUTHORIZATION.] The A town board or the governing body of each town and a home rule charter and or statutory city may license and regulate the retail sale at retail of cigarettes, cigarette paper, or cigarette wrappers tobacco and fix the establish a license fee for sales. The town or city may charge a uniform annual fee for all sellers or different annual fees for different classes of sellers. It may provide for the punishment of any violation of the regulations, and make other provisions for the regulation of the sale of cigarettes within its jurisdiction as are permitted by law. The county board may make like provisions for licensing and regulating the sale of cigarettes in shall license and regulate the sale of tobacco in unorganized territory of the county and in a town or a home rule charter or statutory city if the town or city does not license or

regulate retail tobacco sales. The provisions of this section shall not apply to the licensing of sale of cigarettes in cars of common carriers.

Subd. 2. [LICENSEES; PENALTIES.] If a licensee or employee of a licensee is found to have sold tobacco to a person under the age of 18 years, and the licensee has not conducted a training program under section 461.17, the licensee shall be subject to an administrative penalty of no more than \$50. An administrative penalty of no more than \$200 shall be imposed for a second violation at the same location occurring within 24 months of the initial violation, except that an administrative penalty of no more than \$100 shall be imposed against a licensee that has conducted a training program under section 461.17. An administrative penalty of no more than \$400 shall be imposed for a third violation at the same location occurring within 24 months of the initial violation, except that an administrative penalty of no more than \$200 shall be imposed against a licensee that has conducted a training program under section 461.17. If a fourth violation at the same location occurs within 24 months of the initial violation, the licensee's authority to sell tobacco at that location shall be suspended for no more than seven days. Additional violations at the same location that occur within 24 months of the initial violation shall be subject to the penalties described for a fourth violation. No suspension or penalty may take effect until the licenseholder has been given reasonable notice of an alleged violation and has been afforded an opportunity for a hearing before the town board, the governing body of a home rule charter or statutory city, or the county board. A decision that a violation has occurred must be in writing and based on the record compiled at the hearing. A decision may be appealed to the district court in the county in which the sale occurred.

Subd. 3. [ADMINISTRATIVE PENALTY; INDIVIDUALS.] The local government unit shall impose on any individual who sells tobacco to a person under the age of 18 years an administrative penalty of no more than \$50 and on any individual under 18 who attempts to purchase, purchases, or possesses tobacco, an administrative penalty of no more than \$50. Before the penalty may be imposed, the individual must be given reasonable notice of an alleged violation and afforded an opportunity for a hearing before the governing body of a home rule charter or statutory city, the town board, or the county board. A decision that a violation has occurred must be in writing and based on the record compiled at the hearing. A decision may be appealed to the district court in the county where the sale, purchase, or possession occurred.

Subd. 4. [DEFENSE.] It is a defense to the charge of selling tobacco to a person under the age of 18 years in violation of subdivision 2 or 3, that the licensee or individual, in making the sale, reasonably and in good faith relied upon representation of proof of age described in section 340A.503, subdivision 6, paragraph (a).

Subd. 5. [EFFECT ON LOCAL ORDINANCE.] This section does not preempt a local ordinance which provides for more restrictive regulation of retail tobacco sales.

Sec. 5. [461.16] [TOBACCO SALES LOCATIONS; INSPECTIONS, REPORTS.]

Each statutory or home rule charter city and, in those areas of each county outside of the cities, the county, shall coordinate annual, random, unannounced inspections at locations where tobacco products are sold to test compliance with section 609.685 and to conform with the requirements of federal law. The inspections shall be performed by local units of government. A person no younger than 15 and no older than 17 shall assist in the tests of compliance only under the supervision of a law officer and only with the written consent of a parent. Each city or county which performs compliance checks shall report results to the commissioner of human services. The commissioner shall annually submit the report required by United States Code, title 42, section 300x-26, and otherwise ensure the state's compliance with that law and any regulations adopted to implement it.

Sec. 6. [461.17] [TOBACCO PRODUCT SALESPERSONS; TRAINING.]

Subdivision 1. [TRAINING PROGRAM.] The employer at each retail location where tobacco products are sold shall conduct a training program for the individuals who sell tobacco products at the location that instructs them about the law, the related penalties, and the employer's policy with regard to tobacco sales. The employer shall maintain a written record of training provided to each employee and the record shall be made available to inspectors on demand. If an inspection at any location discloses a violation of section 609.685, notice shall be given to the employer, and the employees shall be retrained as provided by this section.

Subd. 2. [SIGNAGE.] Each licensee shall display on the premises at each location where tobacco products are sold, language stating that the sale of tobacco to persons under age 18 is prohibited by law."

Delete the title and insert:

"A bill for an act relating to commerce; requiring inspections of, reports on, and training for tobacco retailers and employees; establishing administrative penalties; defining display allowance; prohibiting payment of display allowance; establishing penalties; amending Minnesota Statutes 1994, sections 325F.76, by adding a subdivision; 325F.78; and 461.12; proposing coding for new law in Minnesota Statutes, chapters 325F; and 461."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Spear from the Committee on Crime Prevention, to which was referred

S.F. No. 882: A bill for an act relating to crime; expanding the scope of the patterned sex offender sentencing law; requiring training for judges, prosecutors, peace officers, and sex offender assessors on sentencing laws applicable to repeat and patterned sex offenders; amending Minnesota Statutes 1994, sections 480.30; and 609.1352, subdivisions 1, 3, and 5; proposing coding for new law in Minnesota Statutes, chapter 388.

Reports the same back with the recommendation that the bill be amended as follows:

Pages 2 and 3, delete section 3 and insert:

"Sec. 3. Minnesota Statutes 1994, section 609.1352, is amended by adding a subdivision to read:

Subd. 1a. [STATUTORY MAXIMUMS LENGTHENED.] If the factfinder determines, at the time of the trial or the guilty plea, that a predatory offense was motivated by, committed in the course of, or committed in furtherance of sexual contact or penetration, as defined in section 609.341, and the court is imposing a sentence under subdivision 1, the statutory maximum imprisonment penalty for the offense is 40 years, notwithstanding the statutory maximum imprisonment penalty otherwise provided for the offense."

Page 4, lines 20 to 22, reinstate the stricken language and delete the new language

Page 5, lines 1 and 2, reinstate the stricken language and delete the new language

Page 5, after line 6, insert:

"Sec. 6. Minnesota Statutes 1994, section 609.341, subdivision 11, is amended to read:

Subd. 11. (a) "Sexual contact," for the purposes of sections 609.343, subdivision 1, clauses (a) to (f), and 609.345, subdivision 1, clauses (a) to (e), and (h) to ~~(k)~~ (l), includes any of the following acts committed without the complainant's consent, except in those cases where consent is not a defense, and committed with sexual or aggressive intent:

(i) the intentional touching by the actor of the complainant's intimate parts, or

(ii) the touching by the complainant of the actor's, the complainant's, or another's intimate parts effected by coercion or the use of a position of authority, or by inducement if the complainant is under 13 years of age or mentally impaired, or

(iii) the touching by another of the complainant's intimate parts effected by coercion or the use of a position of authority, or

(iv) in any of the cases above, the touching of the clothing covering the immediate area of the intimate parts.

(b) "Sexual contact," for the purposes of sections 609.343, subdivision 1, clauses (g) and (h), and 609.345, subdivision 1, clauses (f) and (g), includes any of the following acts committed with sexual or aggressive intent:

- (i) the intentional touching by the actor of the complainant's intimate parts;
- (ii) the touching by the complainant of the actor's, the complainant's, or another's intimate parts;
- (iii) the touching by another of the complainant's intimate parts; or
- (iv) in any of the cases listed above, touching of the clothing covering the immediate area of the intimate parts.

(c) "Sexual contact with a person under 13" means the intentional touching of the complainant's bare genitals or anal opening by the actor's bare genitals or anal opening with sexual or aggressive intent or the touching by the complainant's bare genitals or anal opening of the actor's or another's bare genitals or anal opening with sexual or aggressive intent.

Sec. 7. Minnesota Statutes 1994, section 609.746, subdivision 1, is amended to read:

Subdivision 1. [SURREPTITIOUS INTRUSION; OBSERVATION DEVICE.] (a) A person is guilty of a misdemeanor who:

- (1) enters upon another's property;
- (2) surreptitiously gazes, stares, or peeps in the window or any other aperture of a house or place of dwelling of another; and
- (3) does so with intent to intrude upon or interfere with the privacy of a member of the household.

(b) A person is guilty of a misdemeanor who:

- (1) enters upon another's property;
- (2) surreptitiously installs or uses any device for observing, photographing, recording, amplifying, or broadcasting sounds or events through the window or any other aperture of a house or place of dwelling of another; and
- (3) does so with intent to intrude upon or interfere with the privacy of a member of the household.

(c) A person is guilty of a misdemeanor who:

- (1) surreptitiously gazes, stares, or peeps in the window or other aperture of a hotel sleeping room or tanning booth occupied by another; and
- (2) does so with intent to intrude upon or interfere with the privacy of an occupant of the hotel sleeping room or tanning booth.

(d) A person is guilty of a misdemeanor who:

- (1) surreptitiously installs or uses any device for observing, photographing, recording, amplifying, or broadcasting sounds or events through the window or other aperture of a hotel sleeping room or tanning booth occupied by another; and
- (2) does so with intent to intrude upon or interfere with the privacy of an occupant of the hotel sleeping room or tanning booth.

(e) A person is guilty of a gross misdemeanor if the person violates this subdivision after a previous conviction under this subdivision or section 609.749.

~~(d) Paragraph (b) does~~ (f) Paragraphs (b) and (d) do not apply to law enforcement officers or corrections investigators, or to those acting under their direction, while engaged in the performance of their lawful duties.

Sec. 8. Minnesota Statutes 1994, section 617.23, is amended to read:

617.23 [INDECENT EXPOSURE; PENALTIES.]

Every (a) A person is guilty of a misdemeanor who shall in any public place, or in any place where others are present:

(1) willfully and lewdly expose exposes the person's body, or the private parts thereof, in any public place, or in any place where others are present, or shall procure;

(2) procures another to expose private parts, and every person who shall be guilty of; or

(3) engages in any open or gross lewdness or lascivious behavior, or any public indecency other than hereinbefore behavior specified, shall be guilty of a misdemeanor in clause (1) or (2) or this clause.

(b) A person is guilty of a gross misdemeanor if:

(1) the person violates this section in the presence of a minor under the age of 16; or

(2) the person violates this section after having been previously convicted of violating this section, sections 609.342 to 609.3451, or a statute from another state in conformity with any of those sections.

Sec. 9. Minnesota Statutes 1994, section 626.13, is amended to read:

626.13 [SERVICE; PERSONS MAKING.]

A search warrant may in all cases be served anywhere within the issuing judge's county by any of the officers mentioned in its directions, but by no other person, except in aid of the officer on the officer's requiring it, the officer being present and acting in its execution. If the warrant is to be served by an agent of the bureau of criminal apprehension, an agent of the division of gambling enforcement, a state patrol trooper, or a conservation officer, the agent, state patrol trooper, or conservation officer shall notify the chief of police of an organized full-time police department of the municipality or, if there is no such local chief of police, the sheriff or a deputy sheriff of the county in which service is to be made prior to execution.

Sec. 10. Minnesota Statutes 1994, section 626.84, subdivision 2, is amended to read:

Subd. 2. [SCOPE.] Notwithstanding sections 12.03, subdivision 4, 12.25, or any other law to the contrary, no individual employed or acting as an agent of any political subdivision shall be authorized to carry a firearm when on duty unless the individual:

(1) has been licensed under sections 626.84 to 626.863; or

(2) has served in Minnesota as a peace officer, meets the current peace officer firearms training requirements, and serves as an investigator in a felony prosecution office.

Nothing herein shall be construed as requiring licensure of a security guard as that term is defined in section 626.88, subdivision 1, clause (c).

Sec. 11. Minnesota Statutes 1994, section 628.26, is amended to read:

628.26 [LIMITATIONS.]

(a) Indictments or complaints for murder may be found or made at any time after the death of the person killed.

(b) Indictments or complaints for violation of section 609.42, subdivision 1, clause (1) or (2), shall be found or made and filed in the proper court within six years after the commission of the offense.

(c) Indictments or complaints for violation of sections 609.342 to 609.345 if the victim was under the age of 18 years at the time the offense was committed, shall be found or made and filed in the proper court within seven years after the commission of the offense or, if the victim failed to report the offense within this limitation period, within three years after the offense was reported to law enforcement authorities.

(d) Indictments or complaints for violation of sections 609.342 to 609.344 if the victim was 18 years old or older at the time the offense was committed, shall be found or made and filed in the proper court within seven years after the commission of the offense.

(e) Indictments or complaints for violation of sections 609.466 and 609.52, subdivision 2, clause (3)(c) shall be found or made and filed in the proper court within six years after the commission of the offense.

(f) Indictments or complaints for violation of section 609.52, subdivision 2, clause (3), items (a) and (b), (4), (15), or (16), 609.631, or 609.821, where the value of the property or services stolen is more than \$35,000, shall be found or made and filed in the proper court within five years after the commission of the offense.

(g) Except for violations relating to false material statements, representations or omissions, indictments or complaints for violations of section 609.671 shall be found or made and filed in the proper court within five years after the commission of the offense.

(h) Indictments or complaints for violation of sections 609.561 to 609.563, shall be found or made and filed in the proper court within five years after the commission of the offense.

(i) In all other cases, indictments or complaints shall be found or made and filed in the proper court within three years after the commission of the offense.

(j) The limitations periods contained in this section shall exclude any period of time during which the defendant was not an inhabitant of or usually resident within this state.

(k) The limitations periods contained in this section for an offense shall not include any period during which the alleged offender participated under a written agreement in a pretrial diversion program relating to that offense.

(l) The limitations periods contained in this section shall not include any period of time during which physical evidence relating to the offense was undergoing DNA analysis, as defined in section 299C.155, unless the defendant demonstrates that the prosecuting or law enforcement agency purposefully delayed the DNA analysis process in order to gain an unfair advantage."

Page 5, line 8, delete "5" and insert "8"

Page 5, line 9, after the period, insert "Section 11 is effective August 1, 1995, and applies to crimes committed on or after that date, and to crimes committed before that date if the limitations period for the offense did not expire before August 1, 1995."

Renumber the sections in sequence

Delete the title and insert:

"A bill for an act relating to crime; expanding the scope of the patterned sex offender sentencing law; requiring training for judges, prosecutors, peace officers, and sex offender assessors on sentencing laws applicable to repeat and patterned sex offenders; expanding the interference with privacy crime to include persons who intrude on the privacy of occupants of hotel sleeping rooms and tanning booths; increasing penalties for committing the crime of indecent exposure in the presence of a child under the age of 16; clarifying where service of a search warrant may be made; expanding the authority of agents of a political subdivision to carry firearms when on duty; tolling the statute of limitations while physical evidence relating to a crime is undergoing DNA analysis; amending Minnesota Statutes 1994, sections 480.30; 609.1352, subdivisions 3, 5, and by adding a subdivision; 609.341, subdivision 11; 609.746, subdivision 1; 617.23; 626.13; 626.84, subdivision 2; and 628.26; proposing coding for new law in Minnesota Statutes, chapter 388."

And when so amended the bill do pass.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Ms. Flynn from the Committee on Judiciary, to which was re-referred

S.F. No. 503: A bill for an act relating to state government; providing for the Minnesota collection enterprise; imposing duties and providing powers; providing for the disclosure of certain data; imposing a collection penalty; appropriating money; amending Minnesota Statutes 1994, sections 8.16, by adding a subdivision; 16D.02, subdivision 6, and by adding a subdivision; 16D.04, subdivisions 1 and 3; 16D.06; and 16D.08, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 16D.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 20, after "collection" insert "and exclude the power to subpoena personal appearance of witnesses unless the attorney general is so authorized by other statute or court rule"

Page 3, line 1, reinstate the stricken "a"

Page 3, lines 2 and 3, delete the new language and reinstate the stricken language

Page 5, line 33, delete "by referring the debt on" and insert "when referred by the commissioner"

Pages 7 and 8, delete section 10 and insert:

"Sec. 10. [16D.13] [VENUE.]

Subdivision 1. [AUTHORIZATION.] The commissioner or the attorney general may bring an action to recover debts owed to the state in Ramsey county district court or Ramsey county conciliation court at the discretion of the state. In order to bring a cause of action under this section in any county other than the county where the debtor resides or where the cause of action arose, the commissioner or the attorney general must notify the debtor as provided in subdivisions 2 to 4, unless that venue is authorized by other law.

Subd. 2. [CONCILIATION COURT; CLAIMS FOR \$2,500 OR LESS.] (a) Before bringing a conciliation court action for a claim for \$2,500 or less under this section in any county other than where the debtor resides or where the cause of action arose, the commissioner or the attorney general shall send a form by first class mail to the debtor's last known address notifying the debtor of the intent to bring an action in Ramsey county. The commissioner or attorney general must enclose a form for the debtor to use to request that the action not be brought in Ramsey county and a self-addressed, postage paid envelope. The form must advise the debtor of the right to request that the action not be brought in Ramsey county and that the debtor has 30 days from the date of the form to make this request.

(b) If the debtor timely returns the form requesting the action not be brought in Ramsey county, the commissioner or attorney general may only file the action in the county of the debtor's residence, the county where the cause of action arose, or as provided by other law. The commissioner or attorney general shall notify the debtor of the action taken. If the debtor does not timely return the form, venue is as chosen by the commissioner or attorney general as authorized under this section.

(c) If a judgment is obtained in Ramsey county conciliation court when the form was sent by first class mail under this subdivision and the debtor reasonably demonstrates that the debtor did not reside at the address where the form was sent or that the debtor did not receive the form, the commissioner or the attorney general shall vacate the judgment without prejudice and return any funds collected as a result of enforcement of the judgment. Evidence of the debtor's correct address include, but are not limited to, a driver's license, homestead declaration, school registration, utility bills, or a lease or rental agreement.

Subd. 3. [CONCILIATION COURT CLAIMS EXCEEDING \$2,500.] (a) In order to bring a conciliation court claim that exceeds \$2,500 under this section in a county other than where the debtor resides or where the cause of action arose, the commissioner or the attorney general shall serve with the conciliation court claim a change of venue form for the debtor to use to request that venue be changed and a self-addressed, postage paid return envelope. This form must advise the

debtor that the form must be returned within 30 days of the date of service or venue will remain in Ramsey county.

(b) If the debtor timely returns the change of venue form requesting a change of venue, the commissioner or attorney general shall change the venue of the action to the county of the debtor's residence, the county where the cause of action arose, as provided by other law, or dismiss the action. The commissioner or attorney general must notify the debtor of the action taken. If the debtor does not timely return the form, venue is as chosen by the commissioner or attorney general as authorized under this section. The commissioner or the attorney general shall file the signed return receipt card or the proof of service with the court.

Subd. 4. [DISTRICT COURT.] (a) In order to bring a district court action under this section in any county other than where the debtor resides or where the cause of action arose, the commissioner or attorney general shall serve the change of venue form with the summons and complaint or petition commencing the collection action. Two copies of the form must be served along with a self-addressed, postage paid return envelope. The form must advise the debtor that the form must be returned within 20 days of the date of service or venue will remain in Ramsey county. If the debtor timely returns the change of venue form, the time to answer the summons and complaint or petition runs from the date of debtor's request for change of venue.

(b) If the debtor timely returns the change of venue form requesting that the action not be brought in Ramsey county, the commissioner or attorney general shall change the venue of the action to the county of the debtor's residence, the county where the cause of action arose, as provided by other law, or dismiss the action. The commissioner or attorney general shall notify the debtor of the action taken. If the debtor is served the form to change venue along with the district court summons and complaint or petition, in accordance with court rules, but does not return the form within the statutory timelines, venue is as chosen by the commissioner or attorney general as authorized under this section. The commissioner or attorney general shall file the proof of service along with the summons and complaint or petition commencing the lawsuit.

Subd. 5. [FEES.] No court filing fees, docketing fees, or release of judgment fees may be assessed against the state for collection actions filed under this chapter."

Page 8, line 32, delete "that" and insert "tax refunds, earned income tax credit, child care tax credit, prejudgment debts of \$5,000 or less," and before "or" insert a comma

Page 8, line 34, after "setoff" insert "under this chapter"

Page 9, line 4, before "The" insert "Before setoff,"

Page 9, line 8, delete "The"

Page 9, delete line 9

Page 9, line 10, delete everything before "The" and insert "For debts owed to the state that have not been reduced to judgment, if no opportunity to be heard or administrative appeal process has yet been made available to the debtor to contest the validity or accuracy of the debt, before setoff for a prejudgment debt, the notice to the debtor must advise that the debtor has a right to make a written request for a contested case hearing on the validity of the debt or the right to setoff."

Page 9, delete section 13 and insert:

"Sec. 13. Minnesota Statutes 1994, section 491A.01, subdivision 8, is amended to read:

Subd. 8. [JURISDICTION; ~~MULTIPLE DEFENDANTS VENUE.~~] The conciliation court also has jurisdiction to determine a civil action commenced against ~~two~~ one or more defendants in the county in which one or more of the defendants resides or where the cause of action, or some part of it, arose. Counterclaims may be commenced in the county where the original action was commenced.

Sec. 14. Minnesota Statutes 1994, section 491A.02, subdivision 4, is amended to read:

Subd. 4. [REPRESENTATION.] (a) A corporation, partnership, limited liability company, sole

proprietorship, or association may be represented in conciliation court by an officer, manager, or partner or an agent in the case of a condominium, cooperative, or townhouse association, or may appoint a natural person who is an employee or commercial property manager to appear on its behalf or settle a claim in conciliation court. The state or a political subdivision of the state may be represented in conciliation court by an employee of the pertinent governmental unit without a written authorization. This Representation under this subdivision does not constitute the practice of law for purposes of section 481.02, subdivision 8. In the case of an officer, employee, commercial property manager, or agent of a condominium, cooperative, or townhouse association, an authorized power of attorney, corporate authorization resolution, corporate bylaw, or other evidence of authority acceptable to the court must be filed with the claim or presented at the hearing. This subdivision also applies to appearances in district court by a corporation or limited liability company with five or fewer shareholders or members and to any condominium, cooperative, or townhouse association, if the action was removed from conciliation court.

(b) "Commercial property manager" means a corporation, partnership, or limited liability company or its employees who are hired by the owner of commercial real estate to perform a broad range of administrative duties at the property including tenant relations matters, leasing, repairs, maintenance, the negotiation and resolution of tenant disputes, and related matters. In order to appear in conciliation court, a property manager's employees must possess a real estate license under section 82.20 and be authorized by the owner of the property to settle all disputes with tenants and others within the jurisdictional limits of conciliation court.

(c) A commercial property manager who is appointed to settle a claim in conciliation court may not charge or collect a separate fee for services rendered under paragraph (a)."

Page 9, line 30, delete "issue a request for proposals and place at"

Page 9, line 31, delete "least" and insert "set a goal to place" and after "agencies" insert "licensed by the commissioner of commerce under Minnesota Statutes, chapter 332"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, delete "state government" and insert "civil actions"

Page 1, line 5, after the second semicolon, insert "providing for venue of conciliation court actions; authorizing certain appearances;"

Page 1, line 9, delete the second "and"

Page 1, line 10, after the semicolon, insert "491A.01, subdivision 8; and 491A.02, subdivision 4;"

And when so amended the bill do pass and be re-referred to the Committee on Finance.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Spear from the Committee on Crime Prevention, to which was referred

S.F. No. 1564: A bill for an act relating to crime; amending the definition of manslaughter in the first degree; amending Minnesota Statutes 1994, section 609.20.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 5, insert:

"Section 1. Minnesota Statutes 1994, section 171.07, subdivision 1a, is amended to read:

Subd. 1a. [FILING PHOTOGRAPHS OR IMAGES; DATA CLASSIFICATION.] The department shall file, or contract to file, all photographs or electronically produced images obtained in the process of issuing driver licenses or Minnesota identification cards. The

photographs or electronically produced images shall be private data pursuant to section 13.02, subdivision 12. Notwithstanding section 13.04, subdivision 3, the department shall not be required to provide copies of photographs or electronically produced images to data subjects. The use of the files is restricted:

(1) to the issuance and control of driver licenses;

(2) for law enforcement purposes in the investigation and prosecution of ~~felonies and violations of section 169.09; 169.121; 169.123; 169.129; 171.22; 171.24; 171.30; 609.41; 609.487, subdivision 3; 609.631, subdivision 4, clause (3); 609.821, subdivision 3, clauses (1), item (iv), and (3); or 617.23 crimes; and~~

(3) for child support enforcement purposes under section 256.978.

Sec. 2. [299A.61] [CRIMINAL ALERT NETWORK.]

The commissioner of public safety, in cooperation with the commissioner of administration, shall develop and maintain an integrated criminal alert network to facilitate the communication of crime prevention information by electronic means among state agencies, law enforcement officials, and the private sector. The network shall disseminate data regarding the commission of crimes, including information on missing and endangered children, and attempt to reduce theft and other crime by the use of electronic transmission of information.

Sec. 3. Minnesota Statutes 1994, section 299C.11, is amended to read:

299C.11 [IDENTIFICATION DATA FURNISHED TO BUREAU.]

The sheriff of each county and the chief of police of each city of the first, second, and third classes shall furnish the bureau, upon such form as the superintendent shall prescribe, with such finger and thumb prints, photographs, distinctive physical mark identification data, and other identification data as may be requested or required by the superintendent of the bureau, which may be taken under the provisions of section 299C.10, of persons who shall be convicted of a felony, gross misdemeanor, or who shall be found to have been convicted of a felony or gross misdemeanor, within ten years next preceding their arrest. Upon the determination of all pending criminal actions or proceedings in favor of the arrested person, the arrested person shall, upon demand, have all such finger and thumb prints, photographs, distinctive physical mark identification data, and other identification data, and all copies and duplicates thereof, returned, provided it is not established that the arrested person has been convicted of any felony, either within or without the state, within the period of ten years immediately preceding such determination.

For purposes of this section, "determination of all pending criminal actions or proceedings in favor of the arrested person" does not include:

(1) the sealing of a criminal record pursuant to section 152.18, subdivision 1, 242.31, or 609.168; or

(2) the arrested person's successful completion of a diversion program.

Sec. 4. Minnesota Statutes 1994, section 401.02, subdivision 4, is amended to read:

Subd. 4. [DETAINING PERSON ON CONDITIONAL RELEASE OR PROBATION.] (a) The written order of the chief executive officer or designee of a community corrections agency established under this chapter is sufficient authority for peace officers and probation officers serving the district and juvenile courts of participating counties participating in the subsidy program established by this chapter may, without order or warrant, when it appears necessary to prevent escape or enforce discipline, to take and detain a probationer, or any person on conditional release and bring that person before the court or the commissioner of corrections or a designee, whichever is appropriate, for disposition. No probationer or other person on conditional release shall be detained more than 72 hours, exclusive of legal holidays, Saturdays and Sundays, pursuant to this subdivision without being provided with the opportunity for a hearing before the court or the commissioner of corrections or a designee.

(b) The written order of the chief executive officer or designee of a community corrections agency established under this chapter is sufficient authority for probation officers serving the district and juvenile courts of participating counties to release within 72 hours, exclusive of legal holidays, Saturdays, and Sundays, without appearance before the court or the commissioner of corrections or a designee, any person detained pursuant to paragraph (a).

(c) When providing supervision and other correctional services to persons conditionally released pursuant to sections 241.26, 242.19, 243.05, 243.16, 244.05, and 244.065, including intercounty transfer of persons on conditional release, and the conduct of presentence investigations, participating counties shall comply with the policies and procedures relating thereto as prescribed by the commissioner of corrections.

~~(b)~~ (d) The written order of the chief executive officer or designee of a community corrections agency established under this chapter is sufficient authority for any peace officer or county probation officer to take and place in actual custody any person under sentence or on probation who:

(1) fails to report to serve a sentence at a local correctional facility, as defined in section 241.021, subdivision 1;

(2) fails to return from furlough or authorized temporary release from a local correctional facility;

(3) escapes from a local correctional facility; or

(4) absconds from court-ordered home detention.

~~(e)~~ (e) The written order of the chief executive officer or designee of a community corrections agency established under this chapter is sufficient authority for any peace officer or county probation officer to take and place in actual custody any person on a court authorized pretrial release who absconds from pretrial release or fails to abide by the conditions of pretrial release.

Sec. 5. Minnesota Statutes 1994, section 609.10, is amended to read:

609.10 [SENTENCES AVAILABLE.]

Upon conviction of a felony and compliance with the other provisions of this chapter the court, if it imposes sentence, may sentence the defendant to the extent authorized by law as follows:

(1) to life imprisonment; or

(2) to imprisonment for a fixed term of years set by the court; or

(3) to both imprisonment for a fixed term of years and payment of a fine; or

(4) to payment of a fine without imprisonment or to imprisonment for a fixed term of years if the fine is not paid; or

(5) to payment of court-ordered restitution in addition to either imprisonment or payment of a fine, or both; or

(6) to payment of a local correctional fee as authorized under section 609.102 in addition to any other sentence imposed by the court.

As used in this section, "restitution" includes:

(i) payment of compensation to the victim or the victim's family; and

(ii) payment of money to a victim assistance program or other program directed by the court.

Sec. 6. Minnesota Statutes 1994, section 609.125, is amended to read:

609.125 [SENTENCE FOR MISDEMEANOR OR GROSS MISDEMEANOR.]

Upon conviction of a misdemeanor or gross misdemeanor the court, if sentence is imposed, may, to the extent authorized by law, sentence the defendant:

- (1) to imprisonment for a definite term; or
- (2) to payment of a fine, or to imprisonment for a specified term if the fine is not paid; or
- (3) to both imprisonment for a definite term and payment of a fine; or
- (4) to payment of court-ordered restitution in addition to either imprisonment or payment of a fine, or both; or
- (5) to payment of a local correctional fee as authorized under section 609.102 in addition to any other sentence imposed by the court.

As used in this section, "restitution" includes:

- (i) payment of compensation to the victim or the victim's family; and
- (ii) payment of money to a victim assistance program or other program directed by the court."

Page 1, lines 15 and 16, delete the new language

Page 2, line 10, delete "or 609.378" and insert "(malicious punishment of a child)"

Page 2, after line 11, insert:

"Sec. 8. Minnesota Statutes 1994, section 609.205, is amended to read:

609.205 [MANSLAUGHTER IN THE SECOND DEGREE.]

A person who causes the death of another by any of the following means is guilty of manslaughter in the second degree and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both:

- (1) by the person's culpable negligence whereby the person creates an unreasonable risk, and consciously takes chances of causing death or great bodily harm to another; or
- (2) by shooting another with a firearm or other dangerous weapon as a result of negligently believing the other to be a deer or other animal; or
- (3) by setting a spring gun, pit fall, deadfall, snare, or other like dangerous weapon or device; or
- (4) by negligently or intentionally permitting any animal, known by the person to have vicious propensities or to have caused great or substantial bodily harm in the past, to run uncontrolled off the owner's premises, or negligently failing to keep it properly confined; or
- (5) causes the death of another in committing or attempting to commit a violation of section 609.378 (neglect or endangerment of a child), and murder in the first, second, or third degree is not committed thereby.

If proven by a preponderance of the evidence, it shall be an affirmative defense to criminal liability under clause (4) that the victim provoked the animal to cause the victim's death.

Sec. 9. Minnesota Statutes 1994, section 609.323, subdivision 2, is amended to read:

Subd. 2. Whoever, ~~not related by blood, adoption, or marriage to the prostitute,~~ while acting other than as a prostitute or patron, intentionally receives profit, knowing or having reason to know that it is derived from the prostitution, or the promotion of the prostitution, of an individual in circumstances described in section 609.322, subdivision 2, clause (3), may be sentenced to not more than three years imprisonment or to payment of a fine of not more than \$5,000, or both.

Sec. 10. Minnesota Statutes 1994, section 609.323, is amended by adding a subdivision to read:

Subd. 3a. [EXCEPTIONS.] Subdivisions 1a and 3 do not apply to a minor who is dependent on an individual acting as a prostitute and who may have benefited from or been supported by the individual's earnings derived from prostitution.

Sec. 11. [609.5051] [CRIMINAL ALERT NETWORK; DISSEMINATION OF FALSE OR MISLEADING INFORMATION PROHIBITED.]

Whoever uses the criminal alert network under section 299A.61 to disseminate information regarding the commission of a crime knowing that it is false or misleading, is guilty of a misdemeanor.

Sec. 12. Minnesota Statutes 1994, section 609.713, subdivision 1, is amended to read:

Subdivision 1. Whoever threatens, directly or indirectly, to commit any crime of violence with purpose to terrorize another or to cause evacuation of a building, place of assembly, vehicle or facility of public transportation or otherwise to cause serious public inconvenience, or in a reckless disregard of the risk of causing such terror or inconvenience may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both. As used in this subdivision, "crime of violence" has the meaning given "violent crime" in section 609.152, subdivision 1, paragraph (d).

Sec. 13. Minnesota Statutes 1994, section 609.713, subdivision 2, is amended to read:

Subd. 2. Whoever communicates to another with purpose to terrorize another or in reckless disregard of the risk of causing such terror, that explosives or an explosive device or any incendiary device is present at a named place or location, whether or not the same is in fact present, may be sentenced to imprisonment for not more than three years or to payment of a fine of not more than \$3,000, or both.

Sec. 14. Minnesota Statutes 1994, section 624.731, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section:

(a) "authorized tear gas compound" means a lachrymator or any substance composed of a mixture of a lachrymator including chloroacetophenone, alpha-chloroacetophenone, phenylchloromethylketone, orthochlorobenzalmalononitrile or oleoresin capsicum, commonly known as tear gas; and

(b) "electronic incapacitation device" means a portable device which is designed or intended by the manufacturer to be used, offensively or defensively, to temporarily immobilize or incapacitate persons by means of electric pulse or current, including devices operating by means of carbon dioxide propellant. "Electronic incapacitation device" does not include cattle prods, electric fences, or other electric devices ~~which are~~ when used in agricultural, animal husbandry, or food production activities.

Sec. 15. Minnesota Statutes 1994, section 624.731, subdivision 8, is amended to read:

Subd. 8. [PENALTIES.] (a) The following violations of this section shall be considered a felony:

(1) The possession or use of tear gas, a tear gas compound, an authorized tear gas compound, or an electronic incapacitation device by a person specified in subdivision 3, paragraph (b).

(2) Knowingly selling or furnishing of tear gas, a tear gas compound, an authorized tear gas compound, or an electronic incapacitation device to a person specified in subdivision 3, paragraph (b).

(3) The use of an electronic incapacitation device as prohibited in subdivision 4, paragraph (a).

(4) The use of tear gas or a tear gas compound as prohibited in subdivision 4, paragraph (d).

(b) The following violation of this section shall be considered a gross misdemeanor: (1) The prohibited use of tear gas, a tear gas compound, or an authorized tear gas compound as specified in subdivision 4, paragraph (a); (2) the use of an electronic incapacitation device except as allowed by subdivision 2 or 6.

(c) The following violations of this section shall be considered a misdemeanor:

(1) The possession or use of tear gas, a tear gas compound, an authorized tear gas compound, or an electronic incapacitation device which fails to meet the requirements of subdivision 2 by any person except as allowed by subdivision 6.

(2) The possession or use of an authorized tear gas compound or an electronic incapacitation device by a person specified in subdivision 3, paragraph (a) or (c).

(3) The use of tear gas, a tear gas compound, or an authorized tear gas compound, ~~or an electronic incapacitation device~~ except as allowed by subdivision 2 or 6.

(4) Knowingly selling or furnishing an authorized tear gas compound or an electronic incapacitation device to a person specified in subdivision 3, paragraph (a) or (c).

(5) Selling or furnishing of tear gas or a tear gas compound other than an authorized tear gas compound to any person except as allowed by subdivision 6.

(6) Selling or furnishing of an authorized tear gas compound or an electronic incapacitation device on premises where intoxicating liquor is sold on an on-sale or off-sale basis or where 3.2 percent malt liquor is sold on an on-sale basis.

(7) Selling an authorized tear gas compound or an electronic incapacitation device in violation of local licensing requirements.

Sec. 16. Minnesota Statutes 1994, section 626.53, is amended to read:

626.53 [REPORT BY TELEPHONE AND LETTER.]

Subdivision 1. [REPORTS TO SHERIFFS AND POLICE CHIEFS.] The report required by section 626.52, subdivision 2, shall be made forthwith by telephone or in person, and shall be promptly supplemented by letter, enclosed in a securely sealed, postpaid envelope, addressed to the sheriff of the county in which the wound is examined, dressed, or otherwise treated; except that, if the place in which the patient is treated for such injury or the patient's wound dressed or bandaged be in a city of the first, second, or third class, such report shall be made and transmitted as herein provided to the chief of police of such city instead of the sheriff. Except as otherwise provided in subdivision 2, the office of any such sheriff and of any such chief of police shall keep the report as a confidential communication and shall not disclose the name of the person making the same, and the party making the report shall not by reason thereof be subpoenaed, examined, or forced to testify in court as a consequence of having made such a report.

Subd. 2. [REPORTS TO DEPARTMENT OF HEALTH.] Upon receiving a report of a wound caused by or arising from the discharge of a firearm, the sheriff or chief of police shall forward the information contained in the report to the commissioner of health. The commissioner of health shall keep the report as a confidential communication, as provided under subdivision 1. The commissioner shall maintain a statewide, computerized record system containing summary data, as defined in section 13.02, on information received under this subdivision.

Sec. 17. Minnesota Statutes 1994, section 629.715, subdivision 1, is amended to read:

Subdivision 1. [JUDICIAL REVIEW; RELEASE.] (a) When a person is arrested for a crime against the person, the judge before whom the arrested person is taken shall review the facts surrounding the arrest and detention. The prosecutor or other appropriate person shall present relevant information involving the victim or the victim's family's account of the alleged crime to the judge to be considered in determining whether to order the arrested person's release. The arrested person must be ordered released pending trial or hearing on the person's personal recognizance or on an order to appear or upon the execution of an unsecured bond in a specified amount unless the judge determines that release (1) will be inimical to public safety, (2) will create a threat of bodily harm to the arrested person, the victim of the alleged crime, or another, or (3) will not reasonably assure the appearance of the arrested person at subsequent proceedings.

(b) If the judge determines release under paragraph (a) is not advisable, the judge may impose any conditions of release that will reasonably assure the appearance of the person for subsequent proceedings, or will protect the victim of the alleged crime, or may fix the amount of money bail without other conditions upon which the arrested person may obtain release.

Sec. 18. [629.725] [NOTICE TO CRIME VICTIM REGARDING BAIL HEARING OF ARRESTED OR DETAINED PERSON.]

When a person arrested or a juvenile detained for a crime of violence or an attempted crime of violence is scheduled to be reviewed under section 629.715 for release from pretrial detention, the court shall make a reasonable and good faith effort to notify the victim of the alleged crime. If the victim is incapacitated or deceased, notice must be given to the victim's family. If the victim is a minor, notice must be given to the victim's parent or guardian. The notification must include:

- (1) the date and approximate time of the review;
- (2) the location where the review will occur;
- (3) the name and telephone number of a person that can be contacted for additional information; and
- (4) a statement that the victim and the victim's family may attend the review.

Sec. 19. [629.735] [NOTICE TO LOCAL LAW ENFORCEMENT AGENCY REGARDING RELEASE OF ARRESTED OR DETAINED PERSON.]

When a person arrested or a juvenile detained for a crime of violence or an attempted crime of violence is about to be released from pretrial detention, the agency having custody of the arrested or detained person or its designee shall make a reasonable and good faith effort before release to inform any local law enforcement agencies known to be involved in the case, if different from the agency having custody, of the following matters:

- (1) the conditions of release, if any;
- (2) the time of release; and
- (3) the time, date, and place of the next scheduled court appearance of the arrested or detained person."

Page 2, line 13, delete "Section 1 is" and insert "Sections 7 to 16 are" and delete "applies" and insert "apply"

Renumber the sections in sequence

Delete the title and insert:

"A bill for an act relating to crime; amending the definition of manslaughter in the first degree, manslaughter in the second degree, receiving profits from prostitution; requiring reports on wounds received from gunshots; expanding the definition of electronic incapacitation device and increasing the penalty for its unauthorized use; authorizing use of drivers' license photographs to investigate or prosecute crimes; precluding the expungement of criminal records in diversion cases; authorizing sentencing courts to order the payment of restitution to victim assistance programs; adding a fine provision to the terroristic threats crime; authorizing peace officers to detain probationers based on an order from the chief executive officer of a community corrections agency; requiring certain information to be gathered from crime victims and presented at bail hearings; requiring notification to certain victims of bail hearings; requiring notification to local law enforcement agencies of the pretrial release of certain defendants; codifying the establishment of a criminal alert network; prohibiting the dissemination of false or misleading information on the criminal alert network; providing penalties; amending Minnesota Statutes 1994, sections 171.07, subdivision 1a; 299C.11; 401.02, subdivision 4; 609.10; 609.125; 609.20; 609.205; 609.323, subdivision 2, and by adding a subdivision; 609.713, subdivisions 1 and 2; 624.731, subdivisions 1 and 8; 626.53; and 629.715, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 299A; 609; and 629."

And when so amended the bill do pass. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 836, 1204, 347, 732, 1091, 910, 558 and 1564 were read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Pogemiller moved that H.F. No. 493 be withdrawn from the Committee on Rules and Administration and re-referred to the Committee on Finance. The motion prevailed.

Mr. Hottinger moved that his name be stricken as chief author, shown as a co-author and the name of Mr. Johnson, D.J. be shown as chief author to S.F. No. 513. The motion prevailed.

Mr. Belanger moved that his name be stricken as a co-author to S.F. No. 513. The motion prevailed.

Mr. Johnson, D.J. moved that the name of Mr. Moe, R.D. be added as a co-author to S.F. No. 513. The motion prevailed.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Mses. Runbeck and Robertson introduced--

S.F. No. 1657: A bill for an act relating to education; changing the composition of administrators; amending Minnesota Statutes 1994, section 136E.04, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 135A.

Referred to the Committee on Education.

Messrs. Lessard and Chmielewski introduced--

S.F. No. 1658: A bill for an act relating to waste management; establishing the Aitkin area resource recovery authority; proposing coding for new law as Minnesota Statutes, chapter 116T.

Referred to the Committee on Environment and Natural Resources.

Messrs. Stumpf; Lessard; Janezich; Johnson, D.J. and Merriam introduced--

S.F. No. 1659: A resolution memorializing the President and Congress to act to resolve the Minnesota-Ontario border dispute regarding game fishing by investigating Minnesotans' rights under the Root/Bryce Treaty.

Referred to the Committee on Environment and Natural Resources.

Mr. Knutson, Mses. Reichgott Junge, Flynn, Robertson and Mr. Cohen introduced--

S.F. No. 1660: A bill for an act relating to uniform laws; enacting uniform land security interest act to regulate real estate security in excess of \$500,000; proposing coding for new law as Minnesota Statutes, chapter 506.

Referred to the Committee on Judiciary.

Messrs. Knutson, Vickerman and Ourada introduced--

S.F. No. 1661: A bill for an act relating to local government; increasing the age for curfew under countywide curfew ordinances; amending Minnesota Statutes 1994, section 145A.05, subdivision 7a.

Referred to the Committee on Metropolitan and Local Government.

MEMBERS EXCUSED

Mr. Stumpf was excused from the Session of today. Mr. Kroening was excused from the Session of today from 9:30 to 11:10 a.m. Mr. Vickerman was excused from the Session of today from 1:30 to 1:45 p.m. Mr. Day was excused from the Session of today from 1:30 to 2:00 p.m. and from 2:45 to 3:15 p.m. Mr. Beckman was excused from the Session of today at 3:45 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 9:00 a.m., Thursday, April 13, 1995. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

FORTIETH DAY

St. Paul, Minnesota, Thursday, April 13, 1995

The Senate met at 9:00 a.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Kenneth Van DeGriend.

The roll was called, and the following Senators answered to their names:

Anderson	Hanson	Laidig	Olson	Samuelson
Belanger	Hottinger	Langseth	Ourada	Scheevel
Berg	Johnson, D.E.	Larson	Pappas	Solon
Berglin	Johnson, D.J.	Lesewski	Pariseau	Spear
Bertram	Johnson, J.B.	Lessard	Piper	Stevens
Betzold	Johnston	Limmer	Pogemiller	Stumpf
Chandler	Kelly	Marty	Price	Terwilliger
Chmielewski	Kiscaden	Merriam	Ranum	Vickerman
Cohen	Kleis	Moe, R.D.	Reichgott Junge	Wiener
Dille	Knutson	Morse	Riveness	
Finn	Kramer	Murphy	Robertson	
Flynn	Krentz	Novak	Runbeck	
Frederickson	Kroening	Oliver	Sams	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 348, 1255, 446, 687 and 172.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1995

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 474: A bill for an act relating to insurance; accident and sickness; regulating policy reinstatement; amending Minnesota Statutes 1994, section 62A.04, subdivision 2.

Senate File No. 474 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1995

CONCURRENCE AND REPASSAGE

Ms. Johnson, J.B. moved that the Senate concur in the amendments by the House to S.F. No. 474 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 474 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Murphy	Sams
Belanger	Hanson	Kroening	Novak	Samuelson
Berg	Hottinger	Laidig	Olson	Scheevel
Berglin	Johnson, D.E.	Langseth	Ourada	Solon
Bertram	Johnson, D.J.	Larson	Pappas	Spear
Betzold	Johnson, J.B.	Lesewski	Piper	Stevens
Chandler	Johnston	Lessard	Pogemiller	Stumpf
Chmielewski	Kelly	Limmer	Price	Terwilliger
Cohen	Kiscaden	Marty	Ranum	Vickerman
Dille	Kleis	Merriam	Reichgott Junge	Wiener
Finn	Knutson	Moe, R.D.	Robertson	
Flynn	Kramer	Morse	Runbeck	

So the bill, as amended, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 445: A bill for an act relating to the environment; requiring the pollution control agency to permit the operation of certain waste combustors.

Senate File No. 445 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1995

Ms. Lesewski moved that the Senate do not concur in the amendments by the House to S.F. No. 445, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 566: A bill for an act relating to education; allowing the residential program operated by independent school district No. 518 to remain open until July 1, 1996; amending Laws 1994, chapter 643, section 14, subdivision 8.

Senate File No. 566 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1995

CONCURRENCE AND REPASSAGE

Mr. Vickerman moved that the Senate concur in the amendments by the House to S.F. No. 566 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 566 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 56 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Novak	Scheevel
Belanger	Hanson	Kroening	Olson	Solon
Berg	Hottinger	Laidig	Ourada	Spear
Berglin	Johnson, D.E.	Langseth	Pappas	Stevens
Bertram	Johnson, D.J.	Larson	Piper	Stumpf
Betzold	Johnson, J.B.	Lesewski	Pogemiller	Terwilliger
Chandler	Johnston	Lessard	Price	Vickerman
Chmielewski	Kelly	Limmer	Ranum	Wiener
Cohen	Kiscaden	Marty	Reichgott Junge	
Dille	Kleis	Moe, R.D.	Runbeck	
Finn	Knutson	Morse	Sams	
Flynn	Kramer	Murphy	Samuelson	

Mr. Merriam and Ms. Robertson voted in the negative.

So the bill, as amended, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 133: A bill for an act relating to state lands; authorizing the private sale of certain tax-forfeited lands bordering public waters in Cook county.

Senate File No. 133 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1995

CONCURRENCE AND REPASSAGE

Mr. Johnson, D.J. moved that the Senate concur in the amendments by the House to S.F. No. 133 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 133: A bill for an act relating to state lands; authorizing the private sale of certain tax-forfeited lands bordering public waters in Cook and St. Louis counties.

Was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Murphy	Samuelson
Belanger	Hanson	Kroening	Olson	Scheevel
Berg	Hottinger	Laidig	Ourada	Solon
Berglin	Johnson, D.E.	Langseth	Pappas	Spears
Bertram	Johnson, D.J.	Larson	Piper	Stevens
Betzold	Johnson, J.B.	Lesewski	Pogemiller	Stumpf
Chandler	Johnston	Lessard	Price	Terwilliger
Chmielewski	Kelly	Limmer	Ranum	Vickerman
Cohen	Kiscaden	Marty	Reichgott Junge	Wiener
Dille	Kleis	Merriam	Robertson	
Finn	Knutson	Moe, R.D.	Runbeck	
Flynn	Kramer	Morse	Sams	

So the bill, as amended, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the adoption by the House of the following Senate Concurrent Resolution, herewith returned:

Senate Concurrent Resolution No. 8: A Senate concurrent resolution relating to adjournment for more than three days.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 12, 1995

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 266, 1207, 1485, 1678, 641, 1132, 1238 and 1246.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 12, 1995

FIRST READING OF HOUSE BILLS

The following bills were read the first time and referred to the committees indicated.

H.F. No. 266: A bill for an act relating to peace officers; authorizing certain expenditures by a surviving spouse from a dependent child's share of a peace officer's survivor benefits; amending Minnesota Statutes 1994, section 299A.44.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 180, now on General Orders.

H.F. No. 1207: A bill for an act relating to traffic regulations; increasing maximum length of certain combinations of vehicles from 65 to 70 feet; amending Minnesota Statutes 1994, section 169.81, subdivision 3.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 571, now on General Orders.

H.F. No. 1485: A bill for an act relating to occupations and professions; permitting protective agents to perform certain traffic control duties; amending Minnesota Statutes 1994, section 326.338, subdivision 4.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1171, now on General Orders.

H.F. No. 1678: A bill for an act relating to drainage; allowing an outlet fee to be charged for use of an established drainage system in Red Lake county as an outlet for drainage originating in Polk county.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1472, now on General Orders.

H.F. No. 641: A bill for an act relating to public administration; providing a deadline for certain actions by local government agencies; proposing coding for new law in Minnesota Statutes, chapter 15.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 647.

H.F. No. 1132: A bill for an act relating to alcoholic beverages; providing restrictions on brewers who have retail on-sale licenses; imposing licensing and permitting requirements; requiring a license for charging for possession of alcoholic beverages; requiring a permit to allow consumption and display of all alcoholic beverages; authorizing additional licenses in Minneapolis; authorizing Clay and St. Louis counties to issue on-sale licenses; requiring a study of application of primary source law; defining home brewing equipment; listing items that may be sold in exclusive liquor stores; repealing requirement for permit for transportation of alcoholic beverages; amending Minnesota Statutes 1994, sections 340A.101, subdivision 10, and by adding a subdivision; 340A.301, subdivisions 6 and 7; 340A.401; 340A.404, subdivision 2; 340A.408, subdivision 2; 340A.412, by adding a subdivision; and 340A.414, subdivision 1; repealing Minnesota Statutes 1994, sections 340A.301, subdivision 10; and 340A.32.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 936, now on General Orders.

H.F. No. 1238: A bill for an act relating to waters; planning, development, review, reporting, and coordination of surface and groundwater management in the metropolitan area; amending Minnesota Statutes 1994, sections 103B.205, by adding a subdivision; 103B.211, subdivision 1; 103B.231, subdivisions 3, 4, 6, 7, 8, 9, 11, and by adding a subdivision; 103B.235, subdivision 3; 103B.241, subdivision 1; 103B.245, subdivisions 1 and 4; 103B.251, subdivisions 3 and 7; 103B.255, subdivisions 6, 7, 8, 9, 10, and 12; 103B.311, subdivisions 4 and 6; 103B.3369, subdivisions 5 and 6; 103B.355; and 103B.611, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 103B; repealing Minnesota Statutes 1994, sections 103B.227, subdivision 6; 103B.231, subdivisions 5 and 12; and 103B.3365.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 897.

H.F. No. 1246: A bill for an act relating to child care; requiring child care for school age children not operated by a school to be licensed; changing the definition of toddler and preschooler for family day care programs serving siblings; amending Minnesota Statutes 1994, sections 245A.02, by adding subdivisions; 245A.03, subdivision 2; 245A.10; and 245A.14, subdivision 6.

Referred to the Committee on Finance.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 1186 and 885. The motion prevailed.

Mr. Novak from the Committee on Jobs, Energy and Community Development, to which was referred

S.F. No. 1186: A bill for an act relating to housing; changing age limitations under the family homeless prevention and assistance program; modifying the rental housing program; correcting references to municipal housing plan reporting requirements; amending Minnesota Statutes 1994, sections 462A.204, subdivision 1; 462A.205, subdivision 4; 462A.21, by adding a subdivision; and 469.0171; proposing coding for new law in Minnesota Statutes, chapter 462A; repealing Minnesota Statutes 1994, section 462A.21, subdivision 8c.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, after line 12, insert:

"Section 1. Minnesota Statutes 1994, section 462A.05, subdivision 14, is amended to read:

Subd. 14. [REHABILITATION LOANS.] It may agree to purchase, make, or otherwise participate in the making, and may enter into commitments for the purchase, making, or participation in the making, of eligible loans for rehabilitation to persons and families of low and moderate income, and to owners of existing residential housing for occupancy by such persons and families, for the rehabilitation of existing residential housing owned by them. The loans may be insured or uninsured and may be made with security, or may be unsecured, as the agency deems advisable. The loans may be in addition to or in combination with long-term eligible mortgage loans under subdivision 3. They may be made in amounts sufficient to refinance existing indebtedness secured by the property, if refinancing is determined by the agency to be necessary to permit the owner to meet the owner's housing cost without expending an unreasonable portion of the owner's income thereon. No loan for rehabilitation shall be made unless the agency determines that the loan will be used primarily to make the housing more desirable to live in, to increase the market value of the housing, for compliance with state, county or municipal building, housing maintenance, fire, health or similar codes and standards applicable to housing, or to accomplish energy conservation related improvements. In unincorporated areas and municipalities not having codes and standards, the agency may, solely for the purpose of administering the provisions of this chapter, establish codes and standards. Except for accessibility improvements under this subdivision 14d and subdivisions 14a and 24, clause (1), no secured loan for rehabilitation of any property shall be made in an amount which, with all other existing indebtedness secured by the property, would exceed its market value, as determined by the agency. No loan under this subdivision shall be denied solely because the loan will not be used for placing the residential housing in full compliance with all state, county, or municipal building, housing maintenance, fire, health, or similar codes and standards applicable to housing. Rehabilitation loans shall be made only when the agency determines that financing is not otherwise available, in whole or in part, from private lenders upon equivalent terms and conditions. Accessibility rehabilitation loans authorized under this subdivision may be made to eligible persons and families without limitations relating to the maximum incomes of the borrowers if:

(1) the borrower or a member of the borrower's family requires a level of care provided in a hospital, skilled nursing facility, or intermediate care facility for persons with mental retardation or related conditions;

(2) home care is appropriate; and

(3) the improvement will enable the borrower or a member of the borrower's family to reside in the housing.

Sec. 2. Minnesota Statutes 1994, section 462A.05, subdivision 30, is amended to read:

Subd. 30. [AGENCY INVESTMENT IN CERTAIN NOTES AND MORTGAGES.] It may invest in, purchase, acquire, and take assignments of existing notes and mortgages not closed for the purpose of sale to the agency, from lenders that are nonprofit or nonprofit entities, as defined in the agency's rules, provided that: (1) the notes and mortgages evidence loans for the construction, rehabilitation, purchase, improvement, or refinancing of residential housing intended for occupancy and occupied by low- and moderate-income persons and families; and (2) the loan sellers utilize the funds derived from the purchases in accordance with the authority contained in section 462A.07, subdivision 12, for the purposes and objectives of sections 462A.02, 462A.03, 462A.05, 462A.07, and 462A.21; and (3) the purchases are subject to security and limitations on the costs and expenses of the loan sellers incidental to the utilization of the purchase proceeds as the agency may determine. The proceeds of the purchases authorized by this subdivision shall not be subject to the limitations of section 462A.21, subdivisions 4k, 6, 9, and 12. In addition, it may invest in, purchase, acquire, and take assignments of existing federally insured mortgages for multifamily housing, not closed for the purpose of sale to the agency, from any banking institution, savings and loan association, or other lender or financial intermediary approved by the members provided that the multifamily housing is benefited by contracts for federal housing assistance payments.

Sec. 3. Minnesota Statutes 1994, section 462A.202, subdivision 2, is amended to read:

Subd. 2. [TRANSITIONAL HOUSING.] The agency may make loans with or without interest to cities and counties to finance the acquisition, improvement, and rehabilitation of existing housing properties or the acquisition, site improvement, and development of new properties for the purposes of providing transitional housing, upon terms and conditions the agency determines. Preference must be given to cities that propose to acquire properties being sold by the resolution trust corporation or the department of housing and urban development. Loans under this subdivision are subject to the restrictions in subdivision 7.

Sec. 4. Minnesota Statutes 1994, section 462A.202, subdivision 6, is amended to read:

Subd. 6. [NEIGHBORHOOD LAND TRUSTS.] The agency may make loans with or without interest to cities and counties to finance the capital costs of a land trust project undertaken pursuant to sections 462A.30 and 462A.31. Loans under this subdivision are subject to the restrictions in subdivision 7."

Page 2, after line 35, insert:

"Sec. 8. Minnesota Statutes 1994, section 462A.21, subdivision 8, is amended to read:

Subd. 8. [HOME OWNERSHIP ASSISTANCE FUND.] It may establish a home ownership assistance fund, on terms and conditions it deems advisable, to assist persons and families of low and moderate income in the purchase of affordable residential housing and may use the funds to provide loans, additional security for eligible loans, or to pay costs associated with or provide additional security for bonds issued by the agency.

Sec. 9. Minnesota Statutes 1994, section 462A.21, subdivision 8b, is amended to read:

Subd. 8b. [FAMILY RENTAL HOUSING.] It may establish a family rental housing assistance program to provide loans or direct rental subsidies for housing for families with incomes of up to ~~60~~ 80 percent of area state median income. Priority must be given to those developments with resident families with the lowest income. The development may be financed by the agency or other public or private lenders. Direct rental subsidies must be administered by the agency for the benefit of eligible families. Financial assistance provided under this subdivision to recipients of aid to families with dependent children must be in the form of vendor payments whenever possible. Loans and direct rental subsidies under this subdivision may be made only with specific appropriations by the legislature. The limitations on eligible mortgagors contained in section 462A.03, subdivision 13, do not apply to loans for the rehabilitation of existing housing under this subdivision.

Sec. 10. Minnesota Statutes 1994, section 462A.21, subdivision 13, is amended to read:

Subd. 13. [ACCESSIBILITY PROGRAMS.] It may spend money for the ~~purpose~~ purposes of section 462A.05, ~~subdivision~~ subdivisions 14, 14a, and 24, and may pay the costs and expenses necessary and incidental to the development and operation of the programs authorized in ~~that subdivision~~ those subdivisions."

Page 3, line 15, reinstate the stricken language

Page 3, line 19, delete the new language and insert a period

Page 3, line 20, delete "(4)" and insert "The authority must"

Page 3, line 23, delete "section" and insert "sections 462A.05, subdivision 14d; and"

Page 3, line 24, delete "is" and insert "are"

Page 3, line 26, delete "1 to 6" and insert "1, 5 to 7, and 11 to 13"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, after "program" insert "and various other programs of the housing finance agency"

Page 1, line 7, after "sections" insert "462A.05, subdivisions 14 and 30; 462A.202, subdivisions 2 and 6;"

Page 1, line 8, after the comma, insert "subdivisions 8, 8b, 13, and"

Page 1, line 11, delete "section" and insert "sections 462A.05, subdivision 14d; and"

And when so amended the bill do pass.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Ms. Flynn from the Committee on Judiciary, to which was re-referred

S.F. No. 1152: A bill for an act relating to employment; requiring disclosure to recruited employees in the food processing industry; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 181.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, line 20, delete "travel" and insert "relocate"

Page 1, line 21, delete everything after "employment"

Page 1, line 22, delete "employment"

Page 2, line 8, delete everything after "work"

Page 2, line 9, delete "work is permanent"

Page 2, line 17, after "availability" insert "and description"

Page 2, line 18, after the semicolon, insert "and"

Page 2, delete lines 19 and 20

Page 2, line 21, delete "(11)" and insert "(10)"

Page 2, line 26, after the period, insert "The disclosure requirement does not apply to an exempt employee as defined in United States Code, title 29, section 213(a)(1)."

Page 2, line 27, delete "the primary language of the person"

Page 2, line 28, delete "recruited" and insert "English and Spanish"

Page 2, line 31, after the period, insert "The disclosure may not be construed as an employment contract."

Page 2, delete lines 32 to 36

Page 3, delete lines 1 and 2

Page 3, line 15, after "use" insert "at the employer's option"

Renumber the subdivisions in sequence

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1174 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS**CONSENT CALENDAR****CALENDAR**H.F. No.
1174S.F. No.
1091

H.F. No.

S.F. No.

H.F. No.

S.F. No.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1174 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1174 and insert the language after the enacting clause of S.F. No. 1091, the first engrossment; further, delete the title of H.F. No. 1174 and insert the title of S.F. No. 1091, the first engrossment.

And when so amended H.F. No. 1174 will be identical to S.F. No. 1091, and further recommends that H.F. No. 1174 be given its second reading and substituted for S.F. No. 1091, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1153 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS**CONSENT CALENDAR****CALENDAR**H.F. No.
1153S.F. No.
1097

H.F. No.

S.F. No.

H.F. No.

S.F. No.

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 586 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS**CONSENT CALENDAR****CALENDAR**H.F. No.
586S.F. No.
553

H.F. No.

S.F. No.

H.F. No.

S.F. No.

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 586 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 586 and insert the language after the enacting clause of S.F. No. 553, the first engrossment; further, delete the title of H.F. No. 586 and insert the title of S.F. No. 553, the first engrossment.

And when so amended H.F. No. 586 will be identical to S.F. No. 553, and further recommends that H.F. No. 586 be given its second reading and substituted for S.F. No. 553, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 96 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
96	164				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 96 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 96 and insert the language after the enacting clause of S.F. No. 164, the second engrossment; further, delete the title of H.F. No. 96 and insert the title of S.F. No. 164, the second engrossment.

And when so amended H.F. No. 96 will be identical to S.F. No. 164, and further recommends that H.F. No. 96 be given its second reading and substituted for S.F. No. 164, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1082 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1082	1407				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1082 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1082 and insert the language after the enacting clause of S.F. No. 1407, the first engrossment; further, delete the title of H.F. No. 1082 and insert the title of S.F. No. 1407, the first engrossment.

And when so amended H.F. No. 1082 will be identical to S.F. No. 1407, and further recommends that H.F. No. 1082 be given its second reading and substituted for S.F. No. 1407, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Ms. Flynn from the Committee on Judiciary, to which was referred

S.F. No. 885: A bill for an act relating to public nuisance; modifying the grounds and procedure for proving a nuisance; providing for a meeting to attempt resolution of the issue; amending Minnesota Statutes 1994, sections 617.80, subdivisions 2, 4, 5, and 8, and by adding a subdivision; 617.81, subdivisions 1, 2, and 3; 617.82; 617.83; 617.84; 617.85; and 617.87; proposing coding for new law in Minnesota Statutes, chapter 617; repealing Minnesota Statutes 1994, section 617.81, subdivisions 2a and 3.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1994, section 617.80, subdivision 2, is amended to read:

Subd. 2. [BUILDING.] "Building" means a structure suitable for human shelter, a commercial

structure that is maintained for business activities that involve human occupation, or any portion of such structures the structure, or the land surrounding the structure. If the building is a multiunit dwelling, a hotel or motel, or a commercial or office building, the term "building," for purposes of sections 617.80 to 617.87, means only the portion of the building within or outside the structure in which a nuisance is maintained or permitted, such as a dwelling unit, room, suite of rooms, office, common area, storage area, garage, or parking area.

Sec. 2. Minnesota Statutes 1994, section 617.80, subdivision 4, is amended to read:

Subd. 4. [PROSTITUTION.] "Prostitution" or "prostitution-related offenses" means the conduct defined in sections 609.321 to 609.324.

Sec. 3. Minnesota Statutes 1994, section 617.80, subdivision 5, is amended to read:

Subd. 5. [GAMBLING.] "Gambling" or "gambling-related offenses" means the conduct described in sections 609.75 to 609.762.

Sec. 4. Minnesota Statutes 1994, section 617.80, subdivision 8, is amended to read:

Subd. 8. [INTERESTED PARTY.] "Interested party," for purposes of sections 617.80 to 617.87, means any known lessee or tenant of a building or affected portion of a building and; any known agent of an owner, lessee, or tenant; or any other person who maintains or permits a nuisance and is known to the city attorney, county attorney, or attorney general.

Sec. 5. Minnesota Statutes 1994, section 617.80, is amended by adding a subdivision to read:

Subd. 9. [PROSECUTING ATTORNEY.] "Prosecuting attorney" means the attorney general, county attorney, city attorney, or attorney serving the jurisdiction where the nuisance is located.

Sec. 6. Minnesota Statutes 1994, section 617.81, subdivision 2, is amended to read:

Subd. 2. [ACTS CONSTITUTING A NUISANCE.] (a) For purposes of sections 617.80 to 617.87, a public nuisance exists upon proof of ~~three or more misdemeanor convictions or two or more convictions, of which at least one is a gross misdemeanor or felony,~~ two or more separate convictions within the previous two five years for:

- (1) acts of prostitution or prostitution-related offenses committed within the building;
- (2) acts of gambling or gambling-related offenses committed within the building;
- (3) keeping or permitting a disorderly house within the building;
- (4) unlawful sale or, possession, storage, delivery, giving, manufacture, cultivation, or use of controlled substances committed within the building;
- (5) unlicensed sales of alcoholic beverages committed within the building in violation of section 340A.401;
- (6) unlawful sales or gifts of alcoholic beverages by an unlicensed person committed within the building in violation of section 340A.503, subdivision 2, clause (1); or
- (7) unlawful use or possession of a firearm in violation of section 609.66, subdivision 1a, 609.67, or 624.713, committed within the building.

~~(b) A second or subsequent conviction under paragraph (a) may be used to prove the existence of a nuisance if the conduct on which the second or subsequent conviction is based occurred within two years following the first conviction, regardless of the date of the conviction for the second or subsequent offense.~~

Sec. 7. Minnesota Statutes 1994, section 617.82, is amended to read:

617.82 [TEMPORARY ORDER.]

~~Whenever a city attorney, county attorney, or the attorney general prosecuting attorney has cause to believe that a nuisance described in section 617.81, subdivision 2, exists within the~~

jurisdiction the attorney serves, ~~that the prosecuting attorney may by verified petition seek a temporary injunction in district court in the county in which the alleged public nuisance exists. No temporary injunction may be issued without a prior show cause notice of hearing to the respondents named in the petition and an opportunity for the respondents to be heard. Upon proof of a nuisance described in section 617.81, subdivision 2, the court shall issue a temporary injunction. Any temporary injunction issued must describe the conduct to be enjoined.~~

Sec. 8. Minnesota Statutes 1994, section 617.85, is amended to read:

617.85 [NUISANCE; MOTION TO CANCEL LEASE.]

~~Where an abatement of a nuisance is sought and the circumstances that are the basis for the requested abatement involved the acts of a commercial or residential tenant or lessee of part or all of a building, the owner of the building that is subject to the abatement proceeding may file before the court that has jurisdiction over the abatement proceeding a motion to cancel the lease or otherwise secure restitution of the premises from the tenant or lessee who has maintained or conducted the nuisance. Upon recommendation of the prosecuting attorney, the owner of a building may file in the district court where the building is located, a motion to cancel a lease or otherwise secure restitution of premises from a commercial or residential tenant or lessee of all or part of a building if the tenant or lessee has maintained or conducted a nuisance. The owner may assign to the prosecuting attorney the right to file this motion. In addition to the grounds provided in chapter 566, the maintaining or conducting of a nuisance as defined in section 617.81, subdivision 2, by a tenant or lessee, is an additional ground authorized by law for seeking the cancellation of a lease or the restitution of the premises. It is no defense to a motion under this section by the owner or the prosecuting attorney that the lease or other agreement controlling the tenancy or leasehold does not provide for eviction or cancellation of the lease upon the ground provided in this section.~~

Upon a finding by the court that the tenant or lessee has maintained or conducted a nuisance in any portion of the building ~~under the control of the tenant or lessee~~, the court shall order cancellation of the lease or tenancy and grant restitution of the premises to the owner. The court must not order abatement of the premises if the court:

~~(a) upon the motion of the building owner cancels a lease or tenancy and grants restitution of that portion of the premises to the owner under section 617.83, or upon the motion of the building owner or prosecuting attorney under this section; and~~

~~(b) further finds that the acts constituting the nuisance as defined in section 617.81, subdivision 2, were committed in a portion of the building under the control of by the tenant or lessee whose lease or tenancy has been canceled pursuant to this section and the tenant or lessee was not committing the acts in conjunction with or under the control of the owner."~~

Delete the title and insert:

"A bill for an act relating to public nuisance; modifying the grounds and procedure for proving a nuisance; amending Minnesota Statutes 1994, sections 617.80, subdivisions 2, 4, 5, 8, and by adding a subdivision; 617.81, subdivision 2; 617.82; and 617.85."

And when so amended the bill do pass.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 47: A bill for an act relating to human services; changing the monthly allowance deduction for children of institutionalized patients on medical assistance; amending Minnesota Statutes 1994, section 256B.0575.

Reports the same back with the recommendation that the report from the Committee on Health Care, shown in the Journal for April 10, 1995, be amended to read:

"the bill be amended and when so amended the bill do pass and be re-referred to the Committee on Finance". Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 429: A bill for an act relating to agriculture; eliminating the sunset date for the farmer-lender mediation act; repealing Laws 1986, chapter 398, article 1, section 18, as amended.

Reports the same back with the recommendation that the report from the Committee on Agriculture and Rural Development, shown in the Journal for April 10, 1995, be amended to read:

"the bill be amended and when so amended the bill do pass and be re-referred to the Committee on Finance". Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 561: A bill for an act relating to retirement; teachers retirement association; making various changes in administrative and benefits practices; amending Minnesota Statutes 1994, sections 354.05, subdivisions 5, 35, and 40; 354.06, subdivision 4; and 354.52, subdivision 4a; repealing Minnesota Statutes 1994, section 354A.05, subdivision 4.

Reports the same back with the recommendation that the report from the Committee on Governmental Operations and Veterans, shown in the Journal for April 12, 1995, be amended to read:

"the bill be amended and when so amended the bill do pass and be re-referred to the Committee on Finance". Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,

S.F. No. 503: A bill for an act relating to state government; providing for the Minnesota collection enterprise; imposing duties and providing powers; providing for the disclosure of certain data; imposing a collection penalty; appropriating money; amending Minnesota Statutes 1994, sections 8.16, by adding a subdivision; 16D.02, subdivision 6, and by adding a subdivision; 16D.04, subdivisions 1 and 3; 16D.06; and 16D.08, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 16D.

Reports the same back with the recommendation that the report from the Committee on Judiciary, shown in the Journal for April 12, 1995, be adopted; that committee recommendation being:

"the bill be amended and when so amended the bill do pass and be re-referred to the Committee on Finance". Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 1314: A bill for an act relating to the environment; modifying provisions relating to the voluntary investigation and cleanup program; establishing the environmental improvement pilot program; amending Minnesota Statutes 1994, sections 115B.03, by adding a subdivision; 115B.175, subdivisions 2 and 3; and 115B.178, subdivision 1.

Reports the same back with the recommendation that the report from the Committee on Judiciary, shown in the Journal for April 7, 1995, be amended; that committee recommendation being:

"the bill be amended and when so amended the bill do pass and be re-referred to the Committee on Finance". Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred under Rule 35, together with the committee report thereon,

S.F. No. 1089: A bill for an act relating to traffic regulations; allowing turn on red arrow traffic signal, under certain conditions; regulating speed limits in residential areas; providing for disposition of proceeds of fines collected for violation of work zone speed limits; making technical changes; amending Minnesota Statutes 1994, sections 169.06, subdivision 5; and 169.14, subdivisions 2 and 5d; repealing Minnesota Statutes 1994, section 169.01, subdivision 81.

Reports the same back with the recommendation that the report from the Committee on Transportation and Public Transit, shown in the Journal for April 11, 1995, be amended to read:

"the bill be amended and when so amended the bill do pass and be re-referred to the Committee on Environment and Natural Resources". Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. No. 1152 was read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 1174, 1153, 586, 96 and 1082 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Belanger moved that his name be stricken as a co-author to S.F. No. 1568. The motion prevailed.

Mr. Cohen introduced--

Senate Resolution No. 57: A Senate resolution congratulating Sheila Marie Smith, Legislative Staffer, upon completion of her work with the Senate.

Referred to the Committee on Rules and Administration.

Mr. Price moved that his name be stricken as chief author, shown as a co-author, and the name of Ms. Kiscaden be shown as chief author to S.F. No. 1080. The motion prevailed.

Mr. Stumpf moved that H.F. No. 617 be withdrawn from the Committee on Rules and Administration and re-referred to the Committee on Finance. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 58 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 58: A bill for an act relating to insurance; extending eligibility for certain elective individual paid insurance and benefits; amending Minnesota Statutes 1994, section 43A.27, subdivision 2.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Kroening	Olson	Samuelson
Berg	Hottinger	Laidig	Ourada	Scheevel
Berglin	Johnson, D.E.	Langseth	Pappas	Spear
Bertram	Johnson, D.J.	Larson	Pariseau	Stevens
Betzold	Johnson, J.B.	Lesewski	Piper	Stumpf
Chandler	Johnston	Lessard	Pogemiller	Terwilliger
Chmielewski	Kelly	Limmer	Price	Vickerman
Cohen	Kiscaden	Marty	Ranum	Wiener
Dille	Kleis	Merriam	Reichgott Junge	
Finn	Knutson	Moe, R.D.	Riveness	
Flynn	Kramer	Morse	Robertson	
Frederickson	Krentz	Murphy	Sams	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1063 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1063: A bill for an act relating to the city of Duluth; making certain statutory provisions concerning public utilities applicable to the city of Duluth; authorizing a demonstration project to develop methods to prevent the infiltration and inflow of storm water into the city's sanitary sewer system.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Oliver	Runbeck
Belanger	Hanson	Laidig	Olson	Sams
Berg	Hottinger	Langseth	Ourada	Samuelson
Berglin	Johnson, D.E.	Larson	Pappas	Scheevel
Bertram	Johnson, D.J.	Lesewski	Pariseau	Solon
Betzold	Johnson, J.B.	Lessard	Piper	Spear
Chandler	Johnston	Limmer	Pogemiller	Stevens
Chmielewski	Kelly	Marty	Price	Stumpf
Cohen	Kiscaden	Merriam	Ranum	Terwilliger
Dille	Kleis	Moe, R.D.	Reichgott Junge	Vickerman
Finn	Knutson	Morse	Riveness	Wiener
Flynn	Kramer	Murphy	Robertson	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 317 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 317: A bill for an act relating to cities; permitting cities to close certain unlawful businesses; proposing coding for new law in Minnesota Statutes, chapter 415.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Berg	Bertram	Chandler	Cohen
Belanger	Berglin	Betzold	Chmielewski	Dille

Finn	Kiscaden	Lessard	Pappas	Sams
Flynn	Kleis	Limmer	Pariseau	Samuelson
Frederickson	Knutson	Marty	Piper	Scheevel
Hanson	Kramer	Merriam	Pogemiller	Solon
Hottinger	Krentz	Moe, R.D.	Price	Spear
Johnson, D.E.	Kroening	Morse	Ranum	Stevens
Johnson, D.J.	Laidig	Murphy	Reichgott Junge	Stumpf
Johnson, J.B.	Langseth	Oliver	Riveness	Terwilliger
Johnston	Larson	Olson	Robertson	Vickerman
Kelly	Lesewski	Ourada	Runbeck	Wiener

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 843 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 843: A bill for an act relating to insurance; health; requiring coverage for hospitalization and anesthesia coverage for dental procedures; requiring coverage for general anesthesia and treatment for covered medical conditions rendered by a dentist; proposing coding for new law in Minnesota Statutes, chapter 62A.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Oliver	Runbeck
Belanger	Hanson	Kroening	Olson	Sams
Berg	Hottinger	Laidig	Ourada	Samuelson
Berglin	Johnson, D.E.	Langseth	Pappas	Scheevel
Bertram	Johnson, D.J.	Larson	Pariseau	Solon
Betzold	Johnson, J.B.	Lesewski	Piper	Spear
Chandler	Johnston	Lessard	Pogemiller	Stevens
Chmielewski	Kelly	Limmer	Price	Stumpf
Cohen	Kiscaden	Marty	Ranum	Terwilliger
Dille	Kleis	Moe, R.D.	Reichgott Junge	Vickerman
Finn	Knutson	Morse	Riveness	Wiener
Flynn	Kramer	Murphy	Robertson	

Mr. Merriam voted in the negative.

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1022 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1022: A bill for an act relating to state lands; authorizing public sale of certain tax-forfeited land that borders public water in Koochiching county.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Belanger	Berglin	Betzold	Chmielewski	Dille
Berg	Bertram	Chandler	Cohen	Finn

Flynn	Kleis	Limmer	Pariseau	Samuelson
Frederickson	Knutson	Marty	Piper	Scheevel
Hanson	Kramer	Merriam	Pogemiller	Solon
Hottinger	Krentz	Moe, R.D.	Price	Spear
Johnson, D.E.	Kroening	Morse	Ranum	Stevens
Johnson, D.J.	Laidig	Murphy	Reichgott Junge	Stumpf
Johnson, J.B.	Langseth	Oliver	Riveness	Terwilliger
Johnston	Larson	Olson	Robertson	Vickerman
Kelly	Lesewski	Ourada	Runbeck	Wiener
Kiscaden	Lessard	Pappas	Sams	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 344 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 344: A bill for an act relating to real property; providing for the form and record of certain assignments; revising the common interest ownership act; changing the application of the curative and validating law for mortgage foreclosures; amending Minnesota Statutes 1994, sections 507.411; 508.51; 508A.51; 515B.1-102; 515B.1-103; 515B.1-116; 515B.2-104; 515B.2-105; 515B.2-109; 515B.2-110; 515B.3-112; 515B.3-115; 582.25; and 582.27.

Mr. Finn moved to amend H.F. No. 344, as amended pursuant to Rule 49, adopted by the Senate March 23, 1995, as follows:

(The text of the amended House File is identical to S.F. No. 303.)

Page 2, after line 7, insert:

"Sec. 2. Minnesota Statutes 1994, section 508.51, is amended to read:

508.51 [OWNER'S DUPLICATE PRESENTED; EXCEPTION.]

Subdivision 1. [GENERAL.] Except as provided in subdivision 2, no new certificate of title shall be entered or issued, and no memorial shall be made upon any certificate of title in pursuance of any deed or other voluntary instrument made by the registered owner or the registered owner's attorney-in-fact, unless the owner's duplicate is presented therewith, except upon the order of the court. When such order is made, a memorial thereof shall be entered, or a new certificate issued as directed thereby. The registrar shall require that the owner's duplicate be presented only when an instrument is submitted for filing that is executed by the registered owner or the registered owner's attorney-in-fact. When any voluntary instrument made by the registered owner or the registered owner's attorney-in-fact is presented for registration the production of the owner's duplicate certificate shall authorize the registrar to enter a new certificate or to make a memorial of registration in accordance with such instrument, and the new certificate or memorial shall be binding upon the registered owner and upon all persons claiming under the registered owner in favor of every purchaser for value and in good faith. In all cases of registration which are procured by fraud, the owner may pursue all legal and equitable remedies against the parties to such fraud, without prejudice to the rights of any innocent holder for value of a certificate of title.

Subd. 2. [INSTRUMENT IN FAVOR OF GOVERNMENT AGENCY.] A deed or other voluntary instrument, made by the registered owner or the registered owner's attorney-in-fact, in favor of the United States of America, this state, or any political subdivision, agency, or instrumentality of the United States of America or this state must be accepted for registration regardless of whether the owner's duplicate is presented with it. The execution of a deed or other voluntary instrument by the registered owner or the registered owner's attorney-in-fact authorizes the registrar to enter a new certificate or to make a memorial of registration in accordance with the instrument, and the new certificate or memorial is binding upon the registered owner and upon all persons claiming under the registered owner in favor of every purchaser for value and in good faith. In all cases of registration that are procured by fraud, the owner may pursue all legal and equitable remedies against the parties to the fraud, without prejudice to the rights of any innocent holder for value of a certificate of title.

Sec. 3. Minnesota Statutes 1994, section 508A.51, is amended to read:

508A.51 [OWNER'S DUPLICATE PRESENTED; ~~EXCEPTION~~ EXCEPTIONS.]

Subdivision 1. [GENERAL.] Except as provided in subdivision 2, no new CPT shall be entered or issued, and no memorial shall be made upon any CPT in pursuance of any deed or other voluntary instrument made by the registered owner or the registered owner's attorney-in-fact, unless the owner's duplicate is presented with it, except upon the order of the court. When an order or directive is made, a memorial of it shall be entered, or a new CPT issued as directed. The registrar shall require that the owner's duplicate be presented only when an instrument is submitted for filing that is executed by the registered owner or the registered owner's attorney-in-fact. When any voluntary instrument made by the registered owner or the registered owner's attorney-in-fact is presented for registration, the production of the owner's duplicate CPT shall authorize the registrar to enter a new CPT or to make a memorial of registration in accordance with the instrument, and the new CPT or memorial shall be binding upon the registered owner and upon all persons claiming under the registered owner in favor of every purchaser for value and in good faith. In all cases of registration which are procured by fraud, the owner may pursue all legal and equitable remedies against the parties to the fraud, without prejudice to the rights of any innocent holder for value of a CPT.

Subd. 2. [INSTRUMENT IN FAVOR OF GOVERNMENT AGENCY.] A deed or other voluntary instrument, made by the registered owner or the registered owner's attorney-in-fact, in favor of the United States of America, this state, or any political subdivision, agency, or instrumentality of the United States of America or this state, must be accepted for registration regardless of whether the owner's duplicate CPT is presented with it. The execution of a deed or other voluntary instrument by the registered owner or the registered owner's attorney-in-fact authorizes the registrar to enter a new CPT or to make a memorial of registration in accordance with the instrument, and the new CPT or memorial is binding upon the registered owner and upon all persons claiming under the registered owner in favor of every purchaser for value and in good faith. In all cases of registration that are procured by fraud, the owner may pursue all legal and equitable remedies against the parties to the fraud, without prejudice to the rights of any innocent holder for value of a CPT.

Page 26, line 20, strike "foreclosure sale by"

Page 26, line 21, strike "advertisement"

Page 30, line 26, delete "2 to 10" and insert "4 to 12"

Page 30, line 27, delete "11 and 12" and insert "13 and 14"

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 6, after the semicolon, insert "authorizing presentation of certain instruments without a duplicate certificate of title;"

Page 1, line 7, after the first semicolon, insert "508.51; 508A.51;"

The motion prevailed. So the amendment was adopted.

H.F. No. 344 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Belanger	Chandler	Flynn	Johnson, D.J.	Kleis
Berg	Chmielewski	Frederickson	Johnson, J.B.	Knutson
Berglin	Cohen	Hanson	Johnston	Kramer
Bertram	Dille	Hottinger	Kelly	Krentz
Betzold	Finn	Johnson, D.E.	Kiscaden	Kroening

Laidig	Merriam	Pappas	Riveness	Spear
Langseth	Moe, R.D.	Pariseau	Robertson	Stevens
Larson	Morse	Piper	Runbeck	Terwilliger
Lesewski	Murphy	Pogemiller	Sams	Vickerman
Lessard	Oliver	Price	Samuelson	Wiener
Limmer	Olson	Ranum	Scheevel	
Marty	Ourada	Reichgott Junge	Solon	

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 704 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 704: A bill for an act relating to insurance; prohibiting zip code rating in homeowner's and automobile insurance; amending Minnesota Statutes 1994, section 72A.20, subdivisions 13 and 23.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

Belanger	Hanson	Kroening	Oliver	Samuelson
Berg	Hottinger	Laidig	Olson	Scheevel
Berglin	Johnson, D.E.	Langseth	Ourada	Solon
Bertram	Johnson, D.J.	Larson	Pappas	Spear
Betzold	Johnson, J.B.	Lesewski	Pariseau	Stevens
Chandler	Johnston	Lessard	Pogemiller	Stumpf
Chmielewski	Kelly	Limmer	Price	Terwilliger
Cohen	Kiscaden	Marty	Reichgott Junge	Vickerman
Dille	Kleis	Merriam	Riveness	Wiener
Finn	Knutson	Moe, R.D.	Robertson	
Flynn	Kramer	Morse	Runbeck	
Frederickson	Krentz	Murphy	Sams	

So the bill passed and its title was agreed to.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Mses. Berglin, Anderson and Johnson, J.B. introduced--

S.F. No. 1662: A bill for an act relating to alcoholic beverages; requiring retail establishments to post signs warning of the dangers of alcohol consumption by pregnant women; amending Minnesota Statutes 1994, section 340A.410, by adding a subdivision; repealing Minnesota Statutes 1994, section 144.3871.

Referred to the Committee on Commerce and Consumer Protection.

Messrs. Hottinger; Moe, R.D. and Ms. Reichgott Junge introduced--

S.F. No. 1663: A bill for an act relating to taxation; authorizing a study of the state and local fiscal system; appropriating money.

Referred to the Committee on Taxes and Tax Laws.

MEMBERS EXCUSED

Messrs. Beckman, Day, Janezich, Metzen, Mondale and Neuville were excused from the Session of today. Ms. Anderson was excused from the Session of today at 9:50 a.m. Mr. Novak was excused from the Session of today at 9:30 a.m. Mrs. Pariseau and Mr. Oliver were excused from the Session of today from 9:00 to 9:45 a.m. Mr. Knutson, Mses. Piper and Ranum were excused from the Session of today at 9:55 a.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 12:00 noon, Tuesday, April 18, 1995. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

*

FORTY-FIRST DAY

St. Paul, Minnesota, Tuesday, April 18, 1995

The Senate met at 12:00 noon and was called to order by the President.

CALL OF THE SENATE

Mr. Betzold imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Mr. Eric O. Strom.

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

The roll was called, and the following Senators answered to their names:

Anderson	Frederickson	Kroening	Neuville	Runbeck
Beckman	Hanson	Laidig	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berg	Janezich	Larson	Olson	Scheevel
Berglin	Johnson, D.E.	Lesewski	Ourada	Solon
Bertram	Johnson, D.J.	Lessard	Pappas	Spear
Betzold	Johnson, J.B.	Limmer	Pariseau	Stevens
Chandler	Johnston	Marty	Piper	Stumpf
Chmielewski	Kelly	Merriam	Pogemiller	Terwilliger
Cohen	Kiscaden	Metzen	Price	Vickerman
Day	Kleis	Moe, R.D.	Ranum	Wiener
Dille	Knutson	Mondale	Reichgott Junge	
Finn	Kramer	Morse	Riveness	
Flynn	Krentz	Murphy	Robertson	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

April 11, 1995

The Honorable Irv Anderson
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 Act of the 1995 Session of the State Legislature has been received from the Office of the Governor and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1995	Date Filed 1995
1099		34	1:33 p.m. April 10	April 10

Sincerely,
Joan Anderson Growe
Secretary of State

April 12, 1995

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. No. 1043.

Warmest regards,
Arne H. Carlson, Governor

April 14, 1995

The Honorable Irv Anderson
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 1995 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:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1995	Date Filed 1995
	282	35	11:35 a.m. April 12	April 12
	812	36	11:32 a.m. April 12	April 12
	564	37	11:35 a.m. April 12	April 12
	567	38	11:38 a.m. April 12	April 12
1043		39	11:40 a.m. April 12	April 12

Sincerely,
Joan Anderson Growe
Secretary of State

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 299, 577, 1023, 144 and 644.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1995

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 91: A bill for an act relating to gambling; providing eligibility for participation as a provider in the state compulsive gambling program; amending Minnesota Statutes 1994, section 245.98, subdivision 2.

Senate File No. 91 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1995

CONCURRENCE AND REPASSAGE

Mr. Finn moved that the Senate concur in the amendments by the House to S.F. No. 91 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 91 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Neuville	Samuelson
Beckman	Frederickson	Krentz	Novak	Scheevel
Belanger	Hanson	Laidig	Ourada	Solon
Berg	Hottinger	Lesewski	Pariseau	Spear
Berglin	Janezich	Lessard	Piper	Stevens
Bertram	Johnson, D.E.	Limmer	Pogemiller	Stumpf
Betzold	Johnson, D.J.	Marty	Price	Terwilliger
Chandler	Johnson, J.B.	Merriam	Ranum	Vickerman
Chmielewski	Johnston	Metzen	Reichgott Junge	Wiener
Day	Kelly	Moe, R.D.	Riveness	
Dille	Kleis	Morse	Runbeck	
Finn	Knutson	Murphy	Sams	

So the bill, as amended, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 839: A bill for an act relating to agriculture; modifying pesticide posting requirements; changing certain pesticide dealer requirements; changing expiration of pesticide applicator certifications; requiring consideration of passive bioremediation in certain cases; changing classification and endorsement requirements to operate a vehicle carrying liquid fertilizer; amending Minnesota Statutes 1994, sections 18B.07, subdivision 3; 18B.31; 18B.36, subdivision 2; 18D.105, subdivision 3a; and 171.02, subdivision 2a.

Senate File No. 839 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1995

Mr. Dille moved that S.F. No. 839 be laid on the table. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 155: A bill for an act relating to wild animals; authorizing poultry farmers to trap great horned owls; amending Minnesota Statutes 1994, section 97B.705.

Senate File No. 155 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1995

Mr. Stumpf moved that the Senate do not concur in the amendments by the House to S.F. No. 155, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 381: A bill for an act relating to the military; providing greater flexibility in appointment of members of the armory building commission; authorizing the state armory building commission to use funds for construction; clarifying which municipalities may provide sites for armories; changing provisions for disposal of unused armory sites; clarifying authority for levying taxes for armory construction; clarifying the authority for conveyance of armories to the state; amending Minnesota Statutes 1994, sections 193.142, subdivisions 1, 2, and 3; 193.143; 193.144, subdivisions 1, 2, and 6; 193.145, subdivisions 2, 4, and 5; and 193.148.

Senate File No. 381 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 13, 1995

Mr. Betzold moved that the Senate do not concur in the amendments by the House to S.F. No. 381, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 413:

H.F. No. 413: A bill for an act relating to highways; designating the Veterans Memorial Highway; amending Minnesota Statutes 1994, section 161.14, by adding a subdivision.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Wenzel, Lieder and Johnson, V. have been appointed as such committee on the part of the House.

House File No. 413 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 13, 1995

Mr. Samuelson moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 413, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 265, 54, 1450 and 1645.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 13, 1995

FIRST READING OF HOUSE BILLS

The following bills were read the first time and referred to the committees indicated.

H.F. No. 265: A bill for an act relating to gambling; making technical amendments to eliminate references to teleracing facilities; regulating testing facilities for the testing of gambling devices; regulating bingo and lawful purpose expenditures, and credit and sales to delinquent organizations; providing for contributions to certain compulsive gambling programs; amending Minnesota Statutes 1994, sections 240.01, subdivisions 18 and 23; 240.10; 240.19; 240.23; 240.27, subdivisions 2, 3, 4, and 5; 299L.01, subdivision 1; 299L.03, subdivision 1; 299L.07, subdivisions 1, 2, 4, 5, 6, and by adding a subdivision; 349.12, subdivision 25, and by adding a subdivision; 349.17, subdivision 1; 349.191, subdivision 1a; and 349.211, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 299L; repealing Minnesota Statutes 1994, section 240.01, subdivisions 17 and 21.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 619, now on General Orders.

H.F. No. 54: A bill for an act relating to state government; directing the governor, attorney general, and other public officers to perform certain duties in regard to certain waters and public lands; proposing coding for new law in Minnesota Statutes, chapters 1 and 84B.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 279, now on General Orders.

H.F. No. 1450: A bill for an act relating to health; organ donations; amending the living will form to include provisions for organ donations; allowing a durable power of attorney for health care to include provisions for organ donations; amending Minnesota Statutes 1994, sections 145B.04; and 145C.05, subdivision 2.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1220, now on General Orders.

H.F. No. 1645: A bill for an act relating to commerce; specifying kinds of wood for certain exterior construction applications; amending Minnesota Statutes 1994, section 16B.61, subdivision 3.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1390, now on General Orders.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was re-referred

S.F. No. 106: A bill for an act relating to ethanol; modifying provisions relating to producer payments; appropriating money; amending Minnesota Statutes 1994, sections 41A.09, by adding subdivisions; and 296.02, by adding a subdivision; repealing Minnesota Statutes 1994, sections 41A.09, subdivisions 2, 3, and 5; and 296.02, subdivision 7.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this act, to be available for the fiscal years indicated for each purpose. The figures "1995," "1996," and "1997," where used in this act, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1995, June 30, 1996, or June 30, 1997, respectively.

SUMMARY BY FUND

	1996	1997	TOTAL
General	\$159,096,000	\$152,539,000	\$311,635,000
Environmental	21,175,000	21,462,000	42,637,000
Solid Waste	5,719,000	5,683,000	11,402,000
Petroleum Tank	2,380,000	2,373,000	4,753,000
Metro Landfill Contingency Trust	134,000	134,000	268,000
Special Revenue	10,958,000	11,267,000	22,225,000
Natural Resources	18,757,000	18,658,000	37,415,000
Game and Fish	51,102,000	50,617,000	101,719,000
Permanent School	123,000	128,000	251,000
Permanent University	1,149,000	1,029,000	2,178,000
TOTAL	270,593,000	263,890,000	534,483,000

APPROPRIATIONS
Available for the Year
Ending June 30

1996 1997

**Sec. 2. POLLUTION CONTROL
AGENCY**

Subdivision 1. Total Appropriation	40,699,000	37,419,000
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Summary by Fund

General	11,737,000	8,336,000
Environmental	19,565,000	19,852,000
Solid Waste	5,679,000	5,643,000
Metro Landfill Contingency	134,000	134,000
Special Revenue	1,204,000	1,081,000
Petroleum Tank	2,380,000	2,373,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Water Pollution Control

11,575,000	9,258,000
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Summary by Fund

General	8,269,000	6,068,000
Environmental	3,176,000	3,190,000
Special Revenue	130,000	-0-

\$1,946,000 the first year is for grants to local units of government for the clean water partnership program. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

General fund money appropriated for the nonpoint source pollution Minnesota River project must be matched by federal dollars.

Of this amount, \$900,000 in each fiscal year is for grants for county administration of the feedlot permit program. This amount is transferred to the board of water and soil resources for disbursement in accordance with Minnesota Statutes, section 103B.3369, in cooperation with the pollution control agency. Grants must be matched with a combination of local cash and/or in-kind contributions. Counties receiving these grants shall submit an annual report to the pollution control agency regarding activities conducted under the grant, expenditures made, and local match contributions. First priority for funding shall be given to counties that have requested and received delegation from the pollution control agency for processing of animal feedlot permit applications under Minnesota Statutes, section 116.07, subdivision 7. Delegated counties shall be eligible to receive a grant of \$5,000 plus either: \$15 multiplied by the number of livestock or poultry farms with sales greater than \$10,000, as reported in the 1992 Census of Agriculture, published by the United States Bureau of Census; or \$25 multiplied by the number of feedlots with greater than ten animal units as determined by a level 2 or level 3 feedlot inventory conducted in accordance with the Feedlot Inventory Guidebook published by the board of water and soil resources, dated June 1991. To receive the additional funding that is based on the county feedlot inventory, the county shall submit a copy of the inventory to the pollution control agency. Any remaining money is for distribution to all counties on a competitive basis through the challenge grant process for the conducting of feedlot inventories, development of delegated county feedlot programs, and for

information and education or technical assistance efforts to reduce feedlot-related pollution hazards.

The governor shall appoint an advisory task force to examine the point source permitting program in the water quality division of the agency. The task force must include representatives of industrial and municipal permittees regulated by the agency and environmental interest groups. The task force shall report to the governor and chairs of the senate finance and house of representatives ways and means committees, and chairs of the environmental policy and finance committees and divisions of the senate and house of representatives by November 30, 1995. The report must address the following issues: (1) what constitutes an adequate point source permitting program; (2) what the associated costs are of running an adequate program; (3) how these costs should be allocated and funded; (4) load-based fees; (5) fees for permittees that have violations requiring enforcement actions; and (6) a time reporting system to improve tracking of resource usage. The task force expires on December 1, 1995.

In fiscal years 1996 and 1997, the commissioner of trade and economic development must transfer all available administrative funds in the water pollution control revolving fund to the agency for water pollution control activities.

Subd. 3. Air Pollution Control

7,167,000	7,388,000
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Summary by Fund

Environmental	6,304,000	6,518,000
Special Revenue	863,000	870,000

Up to \$100,000 in fiscal year 1996 and \$150,000 in fiscal year 1997 may be transferred to the small business environmental loan account established in Minnesota Statutes, section 116.992.

\$200,000 each year is for a monitoring program under Minnesota Statutes, section 116.454.

Subd. 4. Groundwater and Solid Waste Management

8,009,000	7,985,000
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Summary by Fund

Environmental	3,199,000	3,213,000
Metro Landfill Contingency	126,000	126,000

Solid Waste	4,684,000	4,646,000
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\$2,000,000 is transferred from the motor vehicle transfer account in the environmental fund to the environmental response, compensation, and compliance account in the environmental fund and is appropriated as provided in this subdivision.

All money in the environmental response, compensation, and compliance account in the environmental fund not otherwise appropriated is appropriated to the commissioners of the pollution control agency and the department of agriculture for purposes of Minnesota Statutes, section 115B.20, subdivision 2, clauses (1), (2), (3), (4), (11), (12), and (13). At the beginning of each fiscal year, the two commissioners shall jointly submit an annual spending plan to the commissioner of finance that maximizes the utilization of resources and appropriately allocates the money between the two agencies. This appropriation is available until June 30, 1997.

Any unencumbered balance from the metropolitan landfill contingency action trust fund remaining in the first year does not cancel but is available for the second year.

The unencumbered balances of the appropriations made to the commissioner of the pollution control agency in Laws 1993, chapter 172, section 2, from the motor vehicle transfer account in the environmental fund for grants and administrative costs for development of management alternatives for shredder residue from recyclable steel shall not cancel, but is available through June 30, 1997.

\$450,000 each year is from the motor vehicle transfer account in the environmental fund for costs related to motor vehicle salvage facilities. Of this amount, \$189,000 each year is for the costs of disposal of electric switches containing mercury that are removed from salvaged motor vehicles and for cost-sharing agreements with owners and operators of motor vehicle salvage facilities related to removal and remedial actions at the facilities and \$261,000 each year is for salvage facility evaluations and prioritization, technical assistance to operators and local governmental units on best management practices, and administrative expenses related to removal and remedial actions at facilities.

Subd. 5. Hazardous Waste Management

6,105,000	5,994,000
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Summary by Fund

General	1,660,000	1,660,000
Environmental	2,302,000	2,206,000
Petroleum Tank	1,932,000	1,917,000
Special Revenue	211,000	211,000

\$100,000 the first year is from the motor vehicle transfer account in the environmental fund for expansion of used oil collection sites and to establish used oil filter sites. Any unencumbered balance in the first year does not cancel and is available for the second year of the biennium.

\$422,000 is appropriated from the special revenue fund for assistance provided under Minnesota Statutes, section 115C.03, subdivision 9.

Subd. 6. Policy and Operational Support

7,843,000	6,794,000
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Summary by Fund

General	1,808,000	608,000
Environmental	4,584,000	4,725,000
Solid Waste	995,000	997,000
Metro Landfill Contingency	8,000	8,000
Petroleum Tank	448,000	456,000

The following amounts are appropriated for the final phase of an environmental computer compliance management system:

General	400,000	400,000
Environmental	2,055,000	2,055,000
Petroleum Tank	32,000	32,000

Subd. 7. Deficiency Appropriation

\$155,000 is appropriated from the landfill cleanup fund to the commissioner of the pollution control agency for fiscal year 1995 for rulemaking under Minnesota Statutes, section 115A.47, and activities related to defense of the statute in federal court.

Sec. 3. OFFICE OF ENVIRONMENTAL ASSISTANCE

20,487,000	20,487,000
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Summary by Fund

General	19,146,000	19,146,000
Environmental	1,341,000	1,341,000

\$100,000 the first year and \$100,000 the second year are from the environmental fund for payment of a grant to the Minnesota technical

assistance program and for pollution prevention assistance.

\$14,008,000 the first year and \$14,008,000 the second year are for the SCORE block grants to counties.

Any unencumbered grant and loan balances in the first year do not cancel but are available for grants and loans in the second year.

All money in the metropolitan landfill abatement account in the environmental fund not otherwise appropriated is appropriated to the office of environmental assistance for the purposes of Minnesota Statutes, section 473.844.

Sec. 4. ZOOLOGICAL BOARD

Subdivision 1. Total

Appropriation	5,274,000	5,074,000
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The amounts that may be spent from this appropriation are specified in the following subdivisions.

Subd. 2. Biological Programs

655,000	655,000
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Subd. 3. Operations

4,619,000	4,419,000
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\$200,000 in the first year is for computer systems.

Sec. 5. NATURAL RESOURCES

Subdivision 1. Total

Appropriation	158,892,000	154,823,000
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Summary by Fund

General	87,691,000	84,321,000
Game and Fish	51,102,000	50,617,000
Natural Resources	18,727,000	18,628,000
Permanent School	123,000	128,000
Permanent University	1,149,000	1,029,000
Solid Waste	100,000	100,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Mineral Resources Management

4,717,000	4,717,000
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Summary by Fund

General	3,445,000	3,560,000
Permanent School	123,000	128,000
Permanent University	1,149,000	1,029,000

\$311,000 the first year and \$311,000 the second year are for iron ore cooperative research, of which \$225,000 the first year and \$225,000 the

second year are available only as matched by \$1 of nonstate money for each \$1 of state money. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

\$375,000 the first year and \$375,000 the second year are for mineral diversification. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

\$45,000 the first year and \$45,000 the second year are for minerals cooperative environmental research, of which \$30,000 the first year and \$30,000 the second year are available only as matched by \$1 of nonstate money for each \$1 of state money. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

\$123,000 the first year and \$128,000 the second year are from the state lands and minerals suspense account in the permanent school fund for activities of the commissioner of natural resources to protect, improve, administer, manage, and otherwise enhance the mineral value of state trust fund lands.

\$1,149,000 the first year and \$1,029,000 the second year are from the university lands and minerals suspense account in the permanent university fund for activities of the commissioner to protect, improve, administer, manage, and otherwise enhance the mineral value of university lands.

Amounts appropriated from the general fund under this subdivision are available in either year of the biennium.

Subd. 3. Water Resources Management

8,756,000 7,784,000

Summary by Fund

General	8,515,000	7,543,000
Natural Resources	241,000	241,000

\$95,000 the first year and \$95,000 the second year are for a grant to the Mississippi headwaters board for up to 50 percent of the cost of implementing the comprehensive plan for the upper Mississippi within areas under its jurisdiction.

\$17,000 the first year and \$17,000 the second year are for payment to the Leech Lake Band of Chippewa Indians to implement its portion of the comprehensive plan for the upper Mississippi.

\$50,000 is for development and administration of

contracts with water well contractors for exploratory drilling and installation of observation wells to characterize the geologic and hydrologic conditions in the southwest region of the state where water supplies are difficult to locate. This appropriation is available until June 30, 1997, and is contingent on the receipt by the commissioner of \$50,000 in nonstate money. Results must be reported to the legislative water commission by February 15, 1996, and February 15, 1997.

Subd. 4. Forest Management

30,041,000 29,088,000

Summary by Fund

General	29,599,000	28,646,000
Natural Resources	442,000	442,000

\$3,236,000 the first year and \$3,236,000 the second year are for presuppression and suppression costs of emergency fire fighting. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. If these appropriations are insufficient to cover all costs of suppression, the amount necessary to pay for emergency firefighting expenses during the biennium is appropriated from the general fund. The appropriations may not be transferred. If money is spent under the appropriation in the preceding sentence, the commissioner of natural resources shall, by the 15th day of the following month, report on how the money was spent to the chairs of the senate finance committee, the house of representatives ways and means committee, the finance division of the senate environment and natural resources committee, and the house of representatives environment and natural resources finance committee.

\$20,000 is for a shooting area within Sand Dunes State Forest. This appropriation is available only if the commissioner receives long-term commitments from nonstate entities for maintenance of the shooting area.

Subd. 5. Parks and Recreation Management

23,850,000 18,967,000

Summary by Fund

General	23,163,000	18,285,000
Natural Resources	687,000	682,000

\$687,000 the first year and \$682,000 the second year are from the water recreation account in the natural resources fund for state park

development projects. If the appropriation in either year is insufficient, the appropriation for the other year is available for it.

\$2,238,000 the first year and \$2,238,000 the second year are for payment of a grant to the metropolitan council for metropolitan area regional parks maintenance and operation.

The commissioner of natural resources may not operate a work training program for unemployed and underemployed individuals during the biennium ending June 30, 1997, unless the terms and conditions of employment of such individuals have been negotiated and provided that no seasonal employees may be laid off or their normal season of work reduced, and the program does not exceed 30 percent of the seasonal work force.

The commissioner of natural resources shall develop an implementation plan, including estimated costs and uses, for an electronic permit tracking system that would allow the identification and tracking of state park users. The commissioner shall submit the plan by January 15, 1996, to the chairs of the senate and house of representatives environment and natural resources committees, the finance division of the senate environment and natural resources committee, and the house of representatives environment and natural resources finance committee.

The commissioner shall prepare a five-year plan for using available funds to construct or modify for accessibility to the physically disabled at least one trail in each state park containing trails.

Subd. 6. Trails and Waterways
Management

11,587,000 9,206,000

Summary by Fund

General	1,215,000	902,000
Game and Fish	1,334,000	930,000
Natural Resources	9,038,000	7,374,000

\$2,249,000 the first year and \$2,249,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for snowmobile grants-in-aid.

\$250,000 the first year and \$250,000 the second year are from the water recreation account in the natural resources fund for a safe harbor program on Lake Superior. Any unencumbered balance at the end of the first year does not cancel and is available for the second year.

The amounts spent by the commissioner of natural resources from the appropriations in Laws 1993, chapter 311, article 1, section 18, paragraph (a), for off-highway motorcycles and article 2, section 19, paragraph (a), for off-road vehicles must be reimbursed to the general fund by June 30, 1996.

\$150,000 in the first year is from the all-terrain vehicle account in the natural resources fund for an agreement with Wilderness Inquiry for the Together Outdoors Minnesota project. The grantee shall incorporate within its training and programming the safe use of all-terrain vehicles for expanding handicapped accessibility to outdoor recreation.

Subd. 7. Fish and Wildlife Management

35,660,000 27,997,000

Summary by Fund

General	2,861,000	2,611,000
Game and Fish	30,700,000	23,482,000
Natural Resources	2,099,000	1,904,000

\$955,000 the first year and \$955,000 the second year are from the nongame wildlife management account in the natural resources fund for the purpose of nongame wildlife management. Any unencumbered balance remaining in the first year does not cancel but is available the second year.

\$1,313,000 the first year and \$1,313,000 the second year are for the reinvest in Minnesota programs of game and fish, critical habitat, and wetlands established under Minnesota Statutes, section 84.95, subdivision 2. Any unencumbered balance for the first year does not cancel but is available for use the second year.

\$1,104,000 the first year and \$1,104,000 the second year are from the wildlife acquisition account for only the purposes specified in Minnesota Statutes, section 97A.071, subdivision 3.

\$1,200,000 the first year and \$1,200,000 the second year are from the deer habitat improvement account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 1, paragraph (b).

\$138,000 the first year and \$138,000 the second year are from the deer and bear management account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 1, paragraph (c).

\$130,000 the first year and \$130,000 the second

year are from the game and fish fund for deer and bear management to include emergency deer feeding. If the appropriation for either year is insufficient, the appropriation for the other year is available.

\$661,000 the first year and \$661,000 the second year are from the waterfowl habitat improvement account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 2.

\$400,000 the first year and \$400,000 the second year are from the trout and salmon management account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 3.

\$545,000 the first year and \$545,000 the second year are from the pheasant habitat improvement account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 4.

\$284,000 the first year and \$284,000 the second year are from the game and fish fund for activities relating to reduction and prevention of property damage by wildlife. Of these amounts, \$110,000 each year is for technical assistance, \$59,000 each year is for continued development of the geographic information system for wildlife management, and \$50,000 each year is for emergency damage abatement materials.

Subd. 8. Enforcement

17,408,000

14,540,000

Summary by Fund

General	3,185,000	2,890,000
Game and Fish	11,039,000	8,762,000
Natural Resources	3,084,000	2,788,000
Solid Waste	100,000	100,000

\$1,082,000 the first year and \$1,082,000 the second year are from the water recreation account in the natural resources fund for grants to counties for boat and water safety.

\$50,000 the first year and \$50,000 the second year are for costs related to the 1837 Treaty with the Chippewa.

\$100,000 each year is from the solid waste fund for solid waste enforcement activities under Minnesota Statutes, section 116.073.

The commissioner may not reduce the number of field-based conservation officers during the biennium.

Subd. 9. Operations Support

27,061,000

20,838,000

Summary by Fund

General	15,746,000	10,213,000
Game and Fish	8,029,000	7,367,000
Natural Resources	3,286,000	3,258,000

The commissioner of natural resources may contract with and make grants to nonprofit agencies to carry out the purposes, plans, and programs of the office of youth programs, Minnesota conservation corps.

\$1,000,000 is appropriated in 1996 and is available for transfer to the attorney general's office for treaty litigation expenses related to the Mille Lacs and Fond du Lac cases. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

Any telephone services offered through the information center must be provided toll-free for all residents of the state.

Subd. 10. Integrated Resource
Management Pilot Project

373,000

22,432,000

Summary by Fund

General	373,000	10,417,000
Game and Fish	-0-	10,076,000
Natural Resources	-0-	1,939,000

These amounts are appropriated for a pilot project for implementation of an integrated, multidisciplinary approach to natural resource management, including budgeting, that is based on appropriate natural resource management boundaries. The commissioner must, to the extent practicable, coordinate project activities with activities of the pollution control agency, the board of water and soil resources, department of agriculture, and the department of health. \$173,000 each year is for community environmental assistance. \$200,000 each year is for geographic information system implementation.

The commissioner must submit a work program for fiscal year 1997 and semiannual progress report in the form determined by the legislative commission on Minnesota resources. None of the money appropriated for fiscal year 1997 may be spent unless the commission has approved the pertinent work program.

Nothing in this subdivision alters any restrictions in law relating to allowed uses of revenues credited to the game and fish and natural resources funds.

**Sec. 6. BOARD OF WATER AND
SOIL RESOURCES**

14,077,000

13,947,000

\$5,353,000 the first year and \$5,353,000 the second year are for natural resources block grants to local governments. Of this amount, \$50,000 in each year is for a grant to the north shore management board.

The board shall reduce the amount of the natural resource block grant to a county by an amount equal to any reduction in the county's general services allocation to a soil and water conservation district from the county's 1994 allocation.

Grants must be matched with a combination of local cash or in-kind contributions. The base grant portion related to water planning must be matched by an amount that would be raised by a levy under Minnesota Statutes, section 103B.3369.

\$2,054,000 the first year and \$2,054,000 the second year are for grants to soil and water conservation districts for general purposes and for implementation of the RIM conservation reserve program. Upon approval of the board, expenditures may be made from these appropriations for supplies and services benefiting soil and water conservation districts.

\$2,120,000 the first year and \$2,120,000 the second year are for grants to soil and water conservation districts for cost-sharing contracts for erosion control and water quality management. This appropriation is available until expended.

\$189,000 the first year and \$189,000 the second year are for grants to watershed districts and other local units of government in the southern Minnesota river basin study area 2 for floodplain management.

Any unencumbered balance in the board's program of grants does not cancel at the end of the first year and is available for the second year for the same grant program.

\$150,000 is for a grant to the beaver damage control joint powers board formed by the counties of Beltrami, Clearwater, Marshall, Pennington, Polk, Red Lake, Mahnomen, Norman, Becker, Hubbard, Itasca, Kittson, Koochiching, Roseau, and Lake of the Woods for the purpose of beaver damage control. The grant must be matched by at least \$80,000 from the joint powers board. The joint powers board may enter into an agreement with the Red Lake

Band of Chippewa Indians for participation by the band in the joint powers board's beaver damage control program. This appropriation is available until June 30, 1997.

Sec. 7. AGRICULTURE

Subdivision 1. Total

Appropriation	24,546,000	24,386,000
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Summary by Fund

General	14,673,000	14,081,000
Environmental	269,000	269,000
Special Revenue	9,604,000	10,036,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Protection Service

17,262,000	17,351,000
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Summary by Fund

General	7,581,000	7,238,000
Environmental	269,000	269,000
Special Revenue	9,412,000	9,844,000

\$269,000 the first year and \$269,000 the second year are from the environmental response, compensation, and compliance account in the environmental fund.

\$4,070,000 the first year and \$4,070,000 the second year are appropriated from the pesticide regulatory account established under Minnesota Statutes, section 18B.05, for administration and enforcement of Minnesota Statutes, chapter 18B.

\$694,000 the first year and \$694,000 the second year are appropriated from the fertilizer inspection account established under Minnesota Statutes, section 18C.131, for administration and enforcement of Minnesota Statutes, chapter 18C.

\$431,000 the first year and \$431,000 the second year are appropriated from the seed potato inspection fund established under Minnesota Statutes, section 21.115, for administration and enforcement of Minnesota Statutes, sections 21.111 to 21.122.

\$690,000 the first year and \$690,000 the second year are appropriated from the seed inspection fund established under Minnesota Statutes, section 21.92, for administration and enforcement of Minnesota Statutes, sections 21.80 to 21.92.

\$691,000 the first year and \$691,000 the second year are appropriated from the commercial feed inspection account established under Minnesota

41A.09, subdivision 3, the total payments from the ethanol development account to all producers may not exceed \$26,000,000 for the biennium ending June 30, 1997. If the total amount for which all producers are eligible in a quarter exceeds the amount available for payments, the commissioner shall make the payments on a pro rata basis.

\$100,000 the first year and \$100,000 the second year are for ethanol promotion and public education.

\$100,000 the first year and \$100,000 the second year must be spent for the WIC coupon program.

\$71,000 the first year and \$71,000 the second year are for transfer to the Minnesota grown matching account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.109.

\$182,000 the first year and \$182,000 the second year are from the commodities research and promotion account in the special revenue fund.

Subd. 4. Administration and Financial Assistance

6,138,000

5,889,000

\$600,000 from the balance in the special account created in Minnesota Statutes, section 41.61, must be transferred to the general fund by July 1, 1995.

\$100,000 is for continuation of legal action against the United States Department of Agriculture for inequities in the federal milk marketing orders system and is available in either year.

\$100,000 is for purposes of funding economic research studies by the department or by the universities of Minnesota or Wisconsin to determine the impacts on the upper midwest dairy industry of reforming or eliminating the federal milk marketing order system. This appropriation is available in either year.

\$285,000 the first year and \$285,000 the second year are for family farm security interest payment adjustments. If the appropriation for either year is insufficient, the appropriation for the other year is available for it. No new loans may be approved in fiscal year 1996 or 1997.

\$199,000 the first year and \$199,000 the second year are to manage the family farm advocacy program.

\$80,000 the first year and \$80,000 the second year are for grants to farmers for demonstration

projects involving sustainable agriculture. If a project cost is more than \$25,000, the amount above \$25,000 must be cost-shared at a state-applicant ratio of one to one. Priorities must be given for projects involving multiple parties. Up to \$20,000 each year may be used for dissemination of information about the demonstration grant projects. If the appropriation for either year is insufficient, the appropriation for the other is available.

\$70,000 the first year and \$70,000 the second year are for the Northern Crops Institute. These appropriations may be spent to purchase equipment and are available until spent.

\$150,000 the first year and \$150,000 the second year are for grants to agriculture information centers. The grants are only available on a match basis. The funds may be released at the rate of \$4 of state money for each \$1 of matching nonstate money that is raised. Any appropriated amounts not matched by April 1 of each year are available for other purposes within the department.

\$53,000 the first year and \$53,000 the second year are for payment of claims relating to livestock damaged by threatened or endangered animal species and agricultural crops damaged by elk. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$80,000 the first year and \$80,000 the second year are for the seaway port authority of Duluth.

\$19,000 the first year and \$19,000 the second year is for a grant to the Minnesota livestock breeder's association.

\$25,000 the first year and \$25,000 the second year are for the passing on the farm center under Minnesota Statutes, section 17.985. This appropriation is available only to the extent matched with nonstate money.

\$200,000 the first year and \$150,000 the second year are for grants to the board of trustees of Minnesota state colleges and universities to establish a one-on-one delivery system to provide new technologies to practicing farmers in order to enhance the productive potential and financial management of dairy farms in this state. A dairy specialist coordinator must be assigned to coordinate the program. The board of trustees of Minnesota state colleges and universities shall cooperate with farm business management instructors, county extension educators, dairy specialists, and dairy industry partners to deliver the informational and technological services.

\$75,000 the first year and \$75,000 the second year are for grants to the University of Minnesota for applied research on odor control at feedlots. This appropriation is available only if matched by the same amount in nonstate money. The research must provide: (1) an evaluation of cost-effective covers for manure storage structures; and (2) development of economical means of altering the biological activity in manure storage structures to reduce odor emissions.

\$25,000 the first year is for a grant to the University of Minnesota for research into the effects feedlots have on the value of nearby property. The research must take into account the distance the property is from the feedlot, the type of feedlot, and be based on actual sales of property near feedlots.

Subd. 5. Deficiency Appropriation

Up to \$600,000 from the unencumbered balance in the special account created in Minnesota Statutes, section 41.61, subdivision 1, may be transferred to the special account created in Minnesota Statutes, section 17B.15, subdivision 1, to provide an operating loan to the grain inspection and weighing account. The commissioner of agriculture shall repay the loan by June 30, 1997.

Sec. 8. BOARD OF ANIMAL HEALTH	2,108,000	2,108,000
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\$25,000 the first year and \$25,000 the second year are for payment of indemnities. If the appropriation for indemnities for either year is insufficient, the appropriation for the other year is available for it. Indemnities of less than \$1 must not be paid.

Sec. 9. MINNESOTA-WISCONSIN BOUNDARY AREA COMMISSION	164,000	168,000
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Summary by Fund

General	134,000	138,000
Natural Resources	30,000	30,000

This appropriation is only available to the extent it is matched by an equal amount from the state of Wisconsin.

\$60,000 is from the water recreation account in the natural resources fund for the St. Croix stewardship program.

Sec. 10. CITIZEN'S COUNCIL ON VOYAGEURS NATIONAL PARK	60,000	60,000
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Sec. 11. SCIENCE MUSEUM OF MINNESOTA	1,108,000	1,108,000
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Sec. 12. MINNESOTA ACADEMY OF SCIENCE	36,000	36,000
Sec. 13. MINNESOTA HORTICULTURAL SOCIETY	72,000	72,000
Sec. 14. AGRICULTURAL UTILIZATION RESEARCH INSTITUTE	4,280,000	4,280,000

Summary by Fund

General	4,130,000	4,130,000
Special Revenue	150,000	150,000

\$200,000 each year is for grants for hybrid tree management research and development of an implementation plan for establishing hybrid tree plantations in the state. This appropriation is available to the extent matched by \$2 of nonstate money for each \$1 of state money.

Sec. 15. ATTORNEY GENERAL 40,000

This appropriation is from the solid waste fund for the voluntary insurance buy-out program evaluation required by Laws 1994, chapter 639, article 2, section 5.

Sec. 16. PUBLIC SAFETY 50,000

\$50,000 is appropriated from the highway user tax distribution fund to the commissioner of public safety for costs of handling and manufacturing special license plates under section 85.

Sec. 17. MINNESOTA RESOURCES

Subdivision 1. Total
Appropriation 32,701,000

Summary by Fund

Minnesota Future Resources Fund	14,912,000
Environment and Natural Resources Trust Fund	15,604,000

Of this appropriation \$3,144,000 is trust fund acceleration.

Oil Overcharge
Money in the Special
Revenue Fund 2,055,000

Great Lakes Protection
Account 130,000

The amounts in this section are appropriated for the biennium ending June 30, 1997. Unless otherwise provided, the projects in this section must be completed and final products delivered by June 30, 1997.

Subd. 2. Definitions

(a) "Future resources fund" means the Minnesota future resources fund referred to in Minnesota Statutes, section 116P.13.

(b) "Trust fund" means the Minnesota environment and natural resources trust fund referred to in Minnesota Statutes, section 116P.02, subdivision 6.

(c) "Trust fund acceleration" means the money referred to in Minnesota Statutes, section 116P.11, paragraph (b), clause (4).

(d) "Oil overcharge money" means the money referred to in Minnesota Statutes, section 4.071, subdivision 2.

(e) "Great lakes protection account" means the account referred to in Minnesota Statutes, section 116Q.02.

Subd. 3. Legislative Commission on Minnesota Resources

702,000

\$308,000 of this appropriation is from the future resources fund and \$394,000 is from the trust fund, pursuant to Minnesota Statutes, section 116P.09, subdivision 5.

Subd. 4. Parks and Trails

(a) METROPOLITAN REGIONAL PARK SYSTEM

4,550,000

This appropriation is from the trust fund for payment by the commissioner of natural resources to the metropolitan council for subgrants to rehabilitate, develop, acquire, and retrofit the metropolitan regional park system consistent with the metropolitan council regional recreation open space capital improvement program and subgrants for regional trails, consistent with an updated regional trail plan. \$1,666,000 of this appropriation is from the trust fund acceleration.

This appropriation may be used for the purchase of homes only if the purchases are expressly included in the work program approved by the legislative commission on Minnesota resources.

This project must be completed and final products delivered by December 31, 1997, and the appropriation is available until that date.

(b) STATE PARK AND RECREATION AREA ACQUISITION, DEVELOPMENT, BETTERMENT, AND REHABILITATION

3,750,000

This appropriation is from the trust fund to the commissioner of natural resources as follows: (1) for state park and recreation area acquisition

\$1,670,000, of which up to \$670,000 may be used for state trail acquisition of a critical nature; (2) for state park and recreation area development \$680,000; and (3) for betterment and rehabilitation of state parks and recreation areas \$1,400,000. The use of the Minnesota conservation corps is encouraged in the rehabilitation and development.

\$1,384,000 of this appropriation is from the trust fund acceleration. The commissioner must submit grant requests for supplemental funding for federal ISTE A money in eligible categories and report the results to the legislative commission on Minnesota resources.

This project must be completed and final products delivered by December 31, 1997, and the appropriation is available until that date.

(c) STATE TRAIL REHABILITATION
AND ACQUISITION

250,000

This appropriation is from the trust fund to the commissioner of natural resources for state trail plan priorities. \$94,000 of this appropriation is from the trust fund acceleration. The commissioner must submit grant requests for supplemental funding for federal ISTE A money and report the results to the legislative commission on Minnesota resources.

This project must be completed and final products delivered by December 31, 1997, and the appropriation is available until that date.

(d) WATER ACCESS

600,000

This appropriation is from the trust fund to the commissioner of natural resources to accelerate public water access acquisition and development statewide. Access includes boating access, fishing piers, and shoreline access. Up to \$100,000 of this appropriation may be used for a cooperative project to acquire and develop land, local park facilities, an access trail, and a boat access at the LaRue pit otherwise consistent with the water access program.

This project must be completed and final products delivered by December 31, 1997, and the appropriation is available until that date.

(e) LOCAL GRANTS

1,800,000

This appropriation is from the future resources fund to the commissioner of natural resources to provide matching grants, as follows: (1) \$500,000 to local units of government for local park and recreation areas; (2) \$500,000 to local units of government for natural and scenic areas pursuant to Minnesota Statutes, section 85.019;

(3) \$400,000 to local units of government for trail linkages between communities, trails, and parks; and (4) \$400,000 for a conservation partners program, a statewide pilot to encourage private organizations and local governments to cost share enhancement of fish, wildlife, and native plant habitats; and research and surveys of fish and wildlife, and related education activities. Conservation partners grants may be up to \$10,000 each and must be equally matched. In addition to the required work program, grants may not be approved until grant proposals to be funded have been submitted to the legislative commission on Minnesota resources and the commission has either made a recommendation or allowed 60 days to pass without making a recommendation. The above appropriations are available half for the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2, and half for outside of the metropolitan area. For the purpose of this paragraph, match includes nonstate contributions either cash or in-kind.

This project must be completed and final products delivered by December 31, 1997, and the appropriation is available until that date.

**(f) MINNEAPOLIS PARK AND
TRAIL CONNECTIONS**

141,000

This appropriation is from the future resources fund to the commissioner of transportation for half of the nonfederal match of ISTEA projects for the Minneapolis park and recreation board to develop park and trail connections including: Minnehaha park to Mendota bridge, Stone Arch bridge to bridge number 9 on West River Parkway, Boom island to St. Anthony Parkway, and West River Parkway to Shingle Creek Parkway. The Minneapolis park and recreation board must apply for and receive approval of the federal money in order to receive this appropriation.

This project must be completed and final products delivered by December 31, 1997, and the appropriation is available until that date.

**(g) LOCAL SHARE FOR ISTEA
FEDERAL PROJECTS**

300,000

This appropriation is from oil overcharge money to the commissioner of administration for half of the nonfederal match of ISTEA projects for: (1) Chisago county, \$150,000 for a trail between North Branch and Forest Lake township; and (2) the St. Louis and Lake counties regional rail authority, \$150,000 for the development of

approximately 40 miles of a multipurpose recreational trail system. Chisago county and the St. Louis and Lake counties regional rail authority must apply for and receive approval of the federal money in order to receive these appropriations.

This project must be completed and final products delivered by December 31, 1997, and the appropriation is available until that date.

(h) PINE POINT PARK REST STATION 100,000

This appropriation is from the future resources fund to the commissioner of natural resources for an agreement with Washington county to construct a rest station on the Gateway segment of the Willard Munger state trail in compliance with the Americans with Disabilities Act. This appropriation must be matched by at least \$30,000 of nonstate money.

(i) INTERACTIVE MULTIMEDIA COMPUTER INFORMATION SYSTEM 45,000

This appropriation is from the future resources fund to the commissioner of trade and economic development, office of tourism, for an agreement with Explore Lake County, Inc. to develop a pilot multimedia interactive computer information system at the R. J. Houle visitor information center.

Subd. 5. Management Approaches

(a) LOCAL RIVER PLANNING - CONTINUATION 140,000

This appropriation is from the future resources fund to the commissioner of natural resources for the third biennium of a three-biennium project to assist counties statewide in developing comprehensive plans for the management and protection of rivers through grants for up to two-thirds of the cost that address locally identified issues while maintaining consistency with state floodplain and shoreland laws and local water plans. For the purpose of this paragraph, the nonstate portion includes contributions either cash or in-kind. The appropriation in Laws 1993, chapter 172, section 14, subdivision 11, paragraph (b), is available until June 30, 1997.

(b) CANNON RIVER WATERSHED STRATEGIC PLAN: INTEGRATED MANAGEMENT 325,000

This appropriation is from the future resources fund to the board of water and soil resources for an agreement with the Cannon River Watershed Partnership to implement activities in the Cannon River watershed through matching

grants and technical assistance. This appropriation must be matched by at least \$81,000 of nonstate money.

This project must be completed and final products delivered by December 31, 1997, and the appropriation is available until that date.

**(c) TRI-COUNTY LEECH LAKE
WATERSHED PROJECT**

300,000

This appropriation is from the future resources fund to the commissioner of natural resources for an agreement with Cass county in cooperation with the Tri-County Leech Lake Watershed project for integrated resource management in the watershed through baseline data, public information and education, and pilot projects.

(d) BLUFFLANDS LANDSCAPE

630,000

This appropriation is from the future resources fund to the commissioner of natural resources to assist communities in developing a management framework for the scenic and biological resources of the Mississippi valley blufflands landscape and to foster integrated decisions and citizen commitment to long-term resource protection. \$304,000 is for a cooperative agreement with Architectural Environments; at least \$40,000 of this amount must be used for demonstration and implementation activities. \$236,000 is for a cooperative agreement with Historic Bluff Country. \$90,000 is for expenses within the department of natural resources. This appropriation must be matched by at least \$50,000 of nonstate money.

**(e) GLACIAL LAKE AGASSIZ BEACH
RIDGES: MINING AND PROTECTION**

85,000

This appropriation is from the future resources fund to the commissioner of natural resources to coordinate a long-term plan for the beach ridges in Clay county that balances protection of native prairies with a sustainable aggregate industry.

**(f) ATMOSPHERIC MERCURY EMISSIONS,
DEPOSITION, AND ENVIRONMENTAL COST
EVALUATION**

575,000

This appropriation is from the future resources fund to the commissioner of the pollution control agency for a mercury emission inventory and quantification of mercury atmospheric deposition. \$50,000 is for an evaluation of the external costs of mercury emissions from Minnesota sources.

**(g) MERCURY DEPOSITION AND
LAKE QUALITY TRENDS**

250,000

\$120,000 of this appropriation is from the future resources fund and \$130,000 is from the Great Lakes protection account to the commissioner of the pollution control agency for an agreement with the University of Minnesota-Duluth to synthesize and interpret a five-year (1990-1994) mercury deposition database and evaluate water quality and fish contamination trends for 80 high-value lakes and compare it with historic data. This is to be done in cooperation with the pollution control agency. Data compatibility requirements in subdivision 14 apply to this appropriation.

(h) FEEDLOT AND MANURE MANAGEMENT PRACTICES ASSISTANCE

200,000

This appropriation is from the future resources fund to the commissioner of agriculture to accelerate adoption of and changes in feedlot and manure management practices through research, economic analysis, and enhanced program design and delivery. \$100,000 of this appropriation is for an agreement with the University of Minnesota for evaluation of manure effluent treatments.

(i) WATER QUALITY IMPACTS OF FEEDLOT POLLUTION CONTROL SYSTEMS

300,000

This appropriation is from the future resources fund to the commissioner of the pollution control agency to evaluate earthen manure storage basins and vegetated filter strips for effects on ground and surface water quality by monitoring seepage and runoff. This appropriation must be matched by at least \$267,000 of nonstate contributions, either cash or in-kind.

This project must be completed and final products delivered by December 31, 1997, and the appropriation is available until that date.

(j) SHORELAND SEPTIC INVENTORY AND EDUCATION

145,000

This appropriation is from the future resources fund to the board of water and soil resources in cooperation with the pollution control agency for an agreement with Hubbard county to inventory the Mantrap watershed for failing septic systems and education and enforcement efforts to implement upgrading of the systems. In the work program for this project required under Minnesota Statutes, section 116P.05, subdivision 2, paragraph (c), Hubbard county shall include documentation that the county is actively pursuing adoption of a countywide ordinance to regulate individual sewage treatment systems.

**(k) ALTERNATIVE INDIVIDUAL SEWAGE
TREATMENT SYSTEMS DEVELOPMENT AND
DEMONSTRATION**

425,000

This appropriation is from the future resources fund to the commissioner of the pollution control agency to develop and demonstrate reliable, low cost alternative designs for septic systems in areas with seasonally high water tables, and designs for removal of nitrogen by septic systems.

**(l) PATHWAYS TO SUSTAINABLE
DEVELOPMENT**

200,000

This appropriation is from the trust fund to the director of the office of strategic and long-range planning for the environmental quality board to evaluate government barriers to sustainable development in agriculture, energy, manufacturing, and settlement and to recommend strategies to address priority barriers to sustainable development.

**(m) UPPER MISSISSIPPI RIVER
PROTECTION PROJECT**

200,000

This appropriation is from the future resources fund to the commissioner of natural resources for an agreement with the Mississippi headwaters board in cooperation with the metropolitan council to protect the Mississippi river from water quality impairment. This appropriation must be matched by at least \$100,000 of nonstate contributions, either cash or in-kind.

**(n) FOREST MANAGEMENT TO MAINTAIN
STRUCTURAL AND SPECIES DIVERSITY**

160,000

This appropriation is from the trust fund to the commissioner of natural resources to document forest management practices in a pilot area, assess the long-term effects of current and alternative timber harvest practices on structural aspects of biological diversity (especially old-growth forest characteristics), and prepare forest management guidelines to maintain these features in commercial forests.

**(o) ACCELERATED NATIVE GRASS AND FORBS
ON ROAD RIGHTS-OF-WAY**

150,000

This appropriation is from the trust fund to the commissioner of natural resources in cooperation with the interagency roadside committee to accelerate native plant establishment and management in roadsides using integrated resource management techniques including educational materials about benefits of low maintenance and biologically diverse roadsides statewide.

This project must be completed and final products delivered by December 31, 1997, and the appropriation is available until that date.

(p) ACCELERATED LANDSCAPE MANAGEMENT ACTIVITIES IN WHITEWATER WATERSHED 60,000

This appropriation is from the future resources fund to the commissioner of natural resources to expand activities in the Whitewater watershed through shared funding and staffing to assist and coordinate with the Whitewater watershed project on landscape management activities such as sustainable land use, watershed restoration, and improved water quality.

(q) SUSTAINABLE GRASSLAND CONSERVATION AND UTILIZATION 125,000

This appropriation is from the future resources fund to the commissioner of natural resources to develop integrated grassland projects in northwest Minnesota and to evaluate different management strategies.

(r) DEVELOPING, EVALUATING, AND PROMOTING SUSTAINABLE FARMING SYSTEMS 225,000

This appropriation is from the future resources fund to the commissioner of agriculture for an agreement with the Whitewater joint powers board to develop and evaluate farming systems for impacts on ecosystems, profitability, and quality of life through on-farm research, experiment station research, watershed demonstration farms, and education. This appropriation must be matched by at least \$50,000 of nonstate money.

(s) COOPERATIVES TO PROMOTE SUSTAINABLE AGRICULTURAL PRACTICES AND RESEARCH 100,000

This appropriation is from the future resources fund to the commissioner of agriculture for an agreement with the sustainable farming association of Minnesota to promote sustainable farming practices by strengthening farmer-based demonstration and education networks of the sustainable farming association and by forming a pilot cooperative of on-farm and southwest experiment station research. This appropriation must be matched by at least \$15,000 of nonstate money.

(t) RECYCLED BIOSOLIDS PRODUCT USED TO RECLAIM DISTURBED AREAS 200,000

This appropriation is from the oil overcharge money to the commissioner of administration for payment to the metropolitan council in cooperation with N-Viro, Minnesota to increase

the market for biosolids by demonstrating the use of N-Viro soil for reclamation through a program of research and field and public demonstrations.

Subd. 6. Environmental Education

(a) LEOPOLD EDUCATION PROJECT CURRICULUM

100,000

This appropriation is from the trust fund to the office of environmental assistance for an agreement with Pheasants Forever, Inc. to provide teacher training in the use of the Leopold education project conservation ethics curriculum. This appropriation must be matched by at least \$50,000 of nonstate money.

(b) ENVIRONMENTAL EDUCATION TEACHER TRAINING

500,000

This appropriation is from the trust fund to the office of environmental assistance in cooperation with the environmental education advisory board to develop and deliver statewide environmental education training for preservice and in-service teachers.

(c) SHARING ENVIRONMENTAL EDUCATION KNOWLEDGE

200,000

This appropriation is from the trust fund to the office of environmental assistance in cooperation with the environmental education advisory board to plan and develop an information data exchange and service center that coordinates the collection, evaluation, dissemination, and promotion of environmental education resources and programs.

(d) ENVIRONMENTAL VIDEO RESOURCE LIBRARY AND PUBLIC TELEVISION SERIES

250,000

This appropriation is from the future resources fund to the office of environmental assistance in cooperation with the environmental education advisory board for an agreement with Twin Cities Public Television to create a resource information center for environmental video and to produce and broadcast an environmental television series about Minnesota environmental achievements.

(e) DEVELOPMENT, ASSIMILATION, AND DISTRIBUTION OF WOLF EDUCATIONAL MATERIALS

100,000

This appropriation is from the future resources fund to the office of environmental assistance for an agreement with the International Wolf Center to collect and develop written, electronic, and photographic audio-visual material about wolf ecology, recovery, and management for

electronic distribution. This appropriation must be matched by at least \$30,000 of nonstate money.

**(f) ENVIRONMENTAL ACTION GRANTS
FOR MINNESOTA SCHOOLS**

200,000

This appropriation is from the trust fund to the department of natural resources for an agreement with St. Olaf college for the school nature area project matching grants to schools for school area nature sites. This appropriation must be matched by at least \$50,000 of nonstate money.

**(g) ELECTRONIC ENVIRONMENTAL
EDUCATION NETWORK**

250,000

This appropriation is from the future resources fund to the office of environmental assistance for an agreement with the University of Minnesota raptor center to develop a program for student participation in satellite-tracking research, data collection and dissemination using INTERNET, workshops, material development, and off-site classroom experience. This appropriation must be matched by at least \$38,000 of nonstate money.

(h) THREE RIVERS INITIATIVE

750,000

This appropriation is from the future resources fund to the Science Museum of Minnesota to develop exhibits and programs focusing on the Mississippi, Minnesota, and St. Croix rivers.

**(i) INTERACTIVE COMPUTER EXHIBIT ON
MINNESOTA RENEWABLE ENERGY SOURCES**

150,000

This appropriation is from oil overcharge money to the commissioner of administration for an agreement with the Izaak Walton League of America, midwest office in cooperation with the Science Museum of Minnesota to develop and disseminate an interactive multimedia computer exhibit on renewable energy resources.

**(j) TREES FOR TEENS: TRAINING,
RESOURCES, EDUCATION, EMPLOYMENT,
SERVICE**

75,000

This appropriation is from the future resources fund to the commissioner of natural resources for an agreement with Twin Cities Tree Trust to develop a pilot program and curriculum materials for educating high school students about urban forestry and assisting them in carrying out peer education and community service projects. This project must be done in cooperation with the Minnesota releaf program.

**(k) REDWOOD FALLS SCHOOL DISTRICT
NO. 637 ENVIRONMENTAL EDUCATION PROJECT**

250,000

This appropriation is from the future resources fund to the office of environmental assistance for an agreement with the Redwood Falls school district to accelerate development of an outdoor environmental learning center and to integrate environmental education into the K-12 curriculum. Project development will include prairie access improvements including a trail system, establishment of a wetland, and an arboretum.

(l) TOGETHER OUTDOORS MINNESOTA 425,000

This appropriation is from the future resources fund to the commissioner of natural resources for an agreement with Wilderness Inquiry for diversity specialist training, training of outdoor service professionals to provide inclusive programming, and diversity networking, including the development of a directory of recreation facility accessibility. This appropriation must be matched by at least \$80,000 of nonstate money.

This project must be completed and final products delivered by December 31, 1997, and the appropriation is available until that date.

(m) ENHANCED NATURAL RESOURCE OPPORTUNITIES FOR ASIAN-PACIFIC MINNESOTANS 300,000

This appropriation is from the future resources fund to the commissioner of natural resources for the second biennium of funding for community outreach, cultural collaboration, training, and education to increase Asians' participation and understanding of natural resources management. Supplemental funding must be requested and the results reported to the legislative commission on Minnesota resources.

(n) DELIVER ECOLOGICAL INFORMATION AND TECHNICAL ASSISTANCE TO LOCAL GOVERNMENTS 100,000

This appropriation is from the future resources fund to the commissioner of natural resources to provide interpretation of ecological data collected by the county biological survey.

(o) NONPOINT SOURCE POLLUTION PUBLIC EDUCATION DEMONSTRATION PROJECT 100,000

This appropriation is from the future resources fund to the commissioner of the pollution control agency for an agreement with the city of St. Paul for a joint project with the city of Minneapolis to conduct surveys and develop and implement nonpoint source pollution public education. This appropriation must be matched by at least \$12,000 of nonstate money.

(p) WHITETAIL DEER RESOURCE CENTER 50,000

This appropriation is from the future resources fund to the commissioner of natural resources for an agreement with the Minnesota Deer Hunters Association to develop a facility and operations plan. This appropriation must be matched by \$50,000 of nonstate money.

(q) GORDON GULLION CHAIR IN FOREST WILDLIFE RESEARCH AND EDUCATION 350,000

This appropriation is from the future resources fund to the University of Minnesota to establish an endowed chair in forest wildlife research and education to develop forest and wildlife sustainable management practices. This appropriation must be matched by at least \$350,000 of nonstate money. This project must be completed and final products delivered by December 31, 1997, and the appropriation is available until that date.

Subd. 7. Natural Resource Data**(a) ENVIRONMENTAL INDICATORS INITIATIVE 350,000**

This appropriation is from the trust fund to the commissioner of natural resources to create the framework for an integrated, statewide network for selecting and monitoring environmental indicators to assess and communicate Minnesota's environmental health status and trends. The work program must be submitted to the environmental quality board for review before approval by the legislative commission on Minnesota resources. Data compatibility requirements in subdivision 14 apply to this appropriation.

(b) ASSESSING WETLAND QUALITY WITH ECOLOGICAL INDICATORS 275,000

This appropriation is from the trust fund to the board of water and soil resources for an agreement with the University of Minnesota to develop plant and animal indicators of wetland quality, establish a system of reference natural wetlands for comparative monitoring, and develop guidelines for wetland assessment and monitoring to guide replacement wetland monitoring. Data compatibility requirements in subdivision 14 apply to this appropriation.

(c) COUNTY BIOLOGICAL SURVEY - CONTINUATION 900,000

This appropriation is from the trust fund to the commissioner of natural resources for the fifth biennium of a proposed 12-biennium project to accelerate the county biological survey for the systematic collection, interpretation, and

distribution of data on the distribution and ecology of rare plants, animals, and natural communities. Data compatibility requirements in subdivision 14 apply to this appropriation.

**(d) FOREST BIRD DIVERSITY
INITIATIVE - CONTINUATION**

400,000

This appropriation is from the trust fund to the commissioner of natural resources for the third biennium of a proposed six-biennium project for a comprehensive monitoring and research program that develops management tools to maintain diversity of forest birds and establishes benchmarks for using birds as ecological indicators of forest health. Data compatibility requirements in subdivision 14 apply to this appropriation. This project must be completed and final products delivered by December 31, 1997, and the appropriation is available until that date.

**(e) BASE MAPS FOR 1990s - FINAL
PHASE CONTINUATION**

600,000

This appropriation is from the trust fund to the director of the office of strategic and long-range planning to provide the third biennium of a three-biennium state match for a federal program to complete statewide coverage of orthophoto maps and complete the update mapping for the state's most obsolete topographic maps. Data compatibility requirements in subdivision 14 apply to this appropriation.

**(f) COMPLETION OF STATEWIDE LAND USE
UPDATE - CONTINUATION**

380,000

This appropriation is from the future resources fund to the director of the office of strategic and long-range planning, in cooperation with the board of water and soil resources, for an agreement with the association of Minnesota counties for the third and final biennium to complete the update of the land use map for Minnesota, complete conversion of the data to computer format, and make the data available to users. Data compatibility requirements in subdivision 14 apply to this appropriation.

**(g) FILLMORE COUNTY SOIL
SURVEY UPDATE**

65,000

This appropriation is from the future resources fund to the board of water and soil resources to provide half of the nonfederal share to begin a three-biennium project to update the Fillmore county soil survey into a digitized and manuscript format. Data compatibility requirements in subdivision 14 apply to this appropriation.

**(h) MINNESOTA RIVER TILE SYSTEM
RESEARCH - CONTINUATION** 150,000

This appropriation is from the future resources fund to the commissioner of the pollution control agency for the second biennium of a two-biennium project to continue research on the impact of and best management practices for surface tile inlets.

**(i) SUGARLOAF SITE ASSESSMENT AND
INTERPRETATION** 70,000

This appropriation is from the future resources fund to the commissioner of natural resources for an agreement with the Sugarloaf Interpretive Center Association for inventories, native habitat restoration, and the interpretation of the natural and cultural characteristics of Sugarloaf Cove. The data collection must be coordinated with the department of natural resources natural heritage program. Reasonable public use and access must be provided. This appropriation must be matched by \$30,000 of nonstate money.

**(j) MICROBIAL DETERIORATION OF ASPHALT
MATERIALS AND ITS PREVENTION** 60,000

This appropriation is from the oil overcharge money to the commissioner of administration for a transfer to the commissioner of transportation to survey microbial deterioration of asphalt-bituminous materials in cooperation with Bemidji state university or other research institutions.

**(k) ANALYSIS OF LANDS ENROLLED
IN CONSERVATION RESERVE PROGRAM** 200,000

This appropriation is from the Minnesota future resources fund for continuing the analysis of lands enrolled in the conservation reserve program relative to nonpoint source pollution, developing land management options for lands emerging from the program, and developing the capability to target future program funds for the greatest environmental benefit.

Subd. 8. Urban Natural Resources

(a) URBAN WILDLIFE HABITAT PROGRAM 150,000

This appropriation is from the future resources fund to the commissioner of natural resources for an agreement with the St. Paul neighborhood energy consortium to provide workshops and native planting materials to households for landscaping for wildlife, demonstrating plant diversity, and alternative lawn care practices in the urban environment. This project must be done in cooperation with the department of natural resources nongame wildlife and releaf

programs. This appropriation must be matched by at least \$35,000 of nonstate money.

(b) GARDENING PROGRAM - STATEWIDE 300,000

This appropriation is from the future resources fund to the commissioner of natural resources for an agreement with the sustainable resources center for a joint project with the Minnesota horticultural society - Minnesota Green and Duluth Plant-A-Lot community garden program to provide technical assistance on community plantings, food gardens, trees, native plants, and environmentally sound horticultural and land use practices. This appropriation must be matched by at least \$3,000 in nonstate money.

(c) RELEAF: PLANTING FOR ENERGY CONSERVATION IN COMMUNITIES 400,000

This appropriation is from the oil overcharge money to the commissioner of administration for an agreement with the department of natural resources for the second biennium of a project to achieve the strategic planting of predominately native shade trees and community windbreaks for statewide energy conservation and carbon dioxide abatement through acceleration of the Minnesota releaf program by providing grants administered on a reimbursement basis. The program shall be administered to maximize local contributions on a cash and service basis.

(d) MAPLEWOOD INNOVATIVE STORM WATER MANAGEMENT PROJECT 100,000

This appropriation is from the future resources fund to the commissioner of the pollution control agency for an agreement with the city of Maplewood to design, construct, and monitor a demonstration stormwater management system. This appropriation must be matched by at least \$165,000 of nonstate money.

(e) PHALEN WETLAND RESTORATION 115,000

This appropriation is from the trust fund to the board of water and soil resources for an agreement with the city of St. Paul to restore a wetland at the south end of Lake Phalen. This appropriation must be matched by at least \$50,000 in nonstate money.

(f) WETLAND RESTORATION AND ENHANCEMENT TO CREATE COMMUNITY AMENITY AND FORM 250,000

This appropriation is from the trust fund to the director of the office of strategic and long-range planning for an agreement with the University of Minnesota to provide technical design assistance to help five communities create restored and

enhanced wetlands that reinforce community form and emphasize habitat creation, water quality, and recreational amenities.

(g) METROPOLITAN AREA GROUNDWATER MODEL TO PREDICT CONTAMINANT MOVEMENT 250,000

This appropriation is from the trust fund to the commissioner of the pollution control agency to develop and apply a tool to improve prediction of contaminant movement in groundwater at contamination sites in the metropolitan area using a flexible regional groundwater flow model. Data compatibility requirements in subdivision 14 apply to this appropriation.

(h) ARBORETUM BOUNDARY LAND ACQUISITION 680,000

This appropriation is from the future resources fund to the University of Minnesota for a grant to the University of Minnesota landscape arboretum foundation to expand the boundary of the Minnesota Landscape Arboretum and, if money is available after the intended acquisition, to develop a wetland restoration demonstration. This appropriation must be matched by at least \$400,000 nonstate money.

Subd. 9. Fisheries

(a) STATEWIDE EXPERIMENTAL FISHING REGULATIONS 650,000

This appropriation is from the future resources fund to the commissioner of natural resources for baseline data collection to evaluate experimental fishing regulations.

This project must be completed and final products delivered by December 31, 1997, and the appropriation is available until that date.

(b) RIM - ACCELERATE FISHERIES ACQUISITION FOR ANGLER ACCESS 300,000

This appropriation is from the trust fund to the commissioner of natural resources to provide increased angler access by accelerating easement and fee title acquisition of land adjacent to streams and lakes, including access for non-boat owners and urban users.

This project must be completed and final products delivered by December 31, 1997, and the appropriation is available until that date.

(c) RIM - ACCELERATE STATEWIDE FISHERIES HABITAT DEVELOPMENT, HATCHERY REHABILITATION, AND STREAM FLOW PROTECTION 1,000,000

This appropriation is from the future resources

fund to the commissioner of natural resources to implement projects for the acquisition, restoration, improvement, and development of fisheries habitat and hatchery rehabilitation. Up to \$215,000 is available to continue the stream flow protection program for the second biennium of a proposed eight-biennium effort to establish a watershed level stream habitat database and develop the tools to set protected flows for ecosystem diversity. Data compatibility requirements in subdivision 14 apply to this appropriation.

This project must be completed and final products delivered by December 31, 1997, and the appropriation is available until that date.

Subd. 10. Wildlife

(a) RIM - ACCELERATE WILDLIFE LAND ACQUISITION

650,000

\$510,000 of this appropriation is from the trust fund and \$140,000 is from the future resources fund to the commissioner of natural resources to accelerate acquisition activities in the reinvest in Minnesota program by acquiring land identified in North American waterfowl management plan project areas. This appropriation must first be used for projects qualifying for a match, which may include costs for acquisition, enhancements, and wetland restoration.

(b) RIM - ACCELERATE CRITICAL HABITAT MATCH PROGRAM

250,000

This appropriation is from the trust fund to the commissioner of natural resources to accelerate the reinvest in Minnesota program to acquire and improve critical habitat for game and nongame fish, wildlife, and native plants under Minnesota Statutes, section 84.943. Projects must occur in both urban and rural areas.

(c) RIM - ACCELERATE WILDLIFE HABITAT STEWARDSHIP

450,000

This appropriation is from the future resources fund to the commissioner of natural resources for improvement of wildlife habitat and natural plant communities statewide, both urban and rural public lands, to protect and enhance wildlife, native plant species, and ecological diversity.

(d) BIOMASS PRODUCTION, MANAGEMENT AND RESTORATION OF BRUSHLAND HABITATS

200,000

This appropriation is from the future resources fund to the commissioner of natural resources for an agreement with the University of Minnesota-Duluth in cooperation with the natural resources research institute and the

Minnesota Sharptailed Grouse Society to assess brushland harvesting, brushland as wildlife habitat, and habitat management strategies.

This project must be completed and final products delivered by December 31, 1997, and the appropriation is available until that date.

(e) TURN IN POACHERS YOUTH ACTIVITY BOOK 50,000

This appropriation is from the future resources fund to the commissioner of natural resources for an agreement with TIP, Inc. to print and disseminate an activity book to inform and educate children about poaching and its impact on natural resources, and to promote ethical hunting and fishing. This appropriation must be matched by at least \$12,500 of nonstate money.

Subd. 11. Energy

(a) INTER-CITY ELECTRIC VEHICLE TRANSPORTATION DEMONSTRATION 150,000

This appropriation is from the oil overcharge money to the commissioner of administration for an agreement with Minnesota Power and Light Company to develop and evaluate an electric vehicle infrastructure with charging stations for use between Duluth and St. Paul, including installation of a charging station at the state of Minnesota central motor pool location. This appropriation must be matched by at least \$30,000 of nonstate money.

(b) SUSTAINABLE DEVELOPMENT OF WIND ENERGY ON FAMILY FARMS 200,000

This appropriation is from the oil overcharge money to the commissioner of administration for an agreement with the sustainable resources center to provide technical assistance and technology transfer for the development of wind energy harvesting.

(c) ONE-MEGAWATT HYBRID ELECTRICAL GENERATION SIMULATION PROJECT 50,000

This appropriation is from the oil overcharge money to the commissioner of administration for an agreement with Dan Mar & Associates in cooperation with the agriculture utilization research institute for a simulation project using biofuel electrical generation to firm up wind power to provide electrical energy on demand.

(d) AVIAN POPULATION ANALYSIS FOR WIND POWER GENERATION REGIONS 75,000

This appropriation is from the oil overcharge money to the commissioner of administration for an agreement with American Wind Energy Association to identify and assess significant

avian activity areas within identified wind farm corridors in Minnesota. This appropriation must be matched by at least \$75,000 of nonstate money.

This project must be completed and final products delivered by December 31, 1997, and the appropriation is available until that date.

(e) ENERGY IMPROVEMENTS IN PUBLIC ICE ARENAS

470,000

This appropriation is from the oil overcharge money to the commissioner of administration for an agreement with the Center for Energy and Environment to assess, install, and evaluate energy and indoor air quality improvements in at least 25 publicly owned ice arenas located throughout Minnesota. Projects receiving funding from this appropriation must be in compliance with the indoor ice facilities prime ice time and gender preference requirements in Minnesota Statutes, section 15.98. This appropriation is for up to 50 percent of the cost of retrofit activities.

Subd. 12. Historic

(a) RESTORE HISTORIC MISSISSIPPI RIVER MILL SITE

120,000

This appropriation is from the future resources fund to the Minnesota historical society for a subgrant to the Minneapolis park and recreation board to implement an agreement with Crown Hydro Company to restore gatehouse foundations, construct catwalks and lighting through the tailrace tunnels, and restore and display the historic turbine of the historic Crown roller mill. This activity must be done in cooperation with the St. Anthony falls heritage board. Reasonable public use and access must be provided. This appropriation must be matched by at least \$120,000 of nonstate money. This appropriation is contingent on the receipt of all applicable hydropower and other public agency approvals.

(b) POND-DAKOTA MISSION RESTORATION

270,000

This appropriation is from the future resources fund to the Minnesota historical society for an agreement with the city of Bloomington to continue the restoration of the Pond house and Dakota Indian mission site. This appropriation must be matched by \$80,000 of nonstate money.

(c) JOSEPH R. BROWN INTERPRETIVE CENTER RESTORATION PROJECT

75,000

This appropriation is from the future resources

fund to the Minnesota historical society for an agreement with the Sibley county historical society for building restoration and renovation activities on the 1879 Sibley county courthouse, to be used as the Joseph R. Brown interpretive center. This appropriation must be matched by at least \$5,000 of nonstate money.

(d) HERITAGE TRAILS 200,000

This appropriation is from the future resources fund to the Minnesota historical society to plan and construct trails for at least three historic sites and for trail interpretive material and equipment.

(e) RESTORATION OF HISTORIC ELBA FIRE TOWER 73,000

This appropriation is from the future resources fund to the commissioner of natural resources for an agreement with the Elba booster club, in consultation with the Minnesota historical society, for restoration and the development of interpretive materials and to provide access to the Elba fire tower for safe recreational and educational use. This project must be available for reasonable public use and access.

(f) MANAGING MINNESOTA SHIPWRECKS 100,000

This appropriation is from the future resources fund to the Minnesota historical society to survey historic north shore shipping facilities and shipwrecks, survey shipwrecks in Minnesota inland lakes and rivers, organize a conference on underwater cultural resources, and revise the management plan. Supplemental funding must be requested and the results reported to the legislative commission on Minnesota resources.

Subd. 13. Biological Control

(a) BIOLOGICAL CONTROL OF EURASIAN WATER MILFOIL AND PURPLE LOOSESTRIFE - CONTINUATION 300,000

\$250,000 of this appropriation is from the trust fund and \$50,000 is from the future resources fund to the commissioner of natural resources for the second biennium of a five-biennium project to develop biological controls for Eurasian water milfoil and purple loosestrife. This project must be completed and final products delivered by December 31, 1997, and the appropriation is available until that date.

(b) BIOLOGICAL CONTROL OF OVERLAND SPREAD OF OAK WILT 90,000

This appropriation is from the future resources fund to the commissioner of agriculture in cooperation with the University of Minnesota to

improve application methods for enhancing natural biological control of the overland spread of oak wilt.

(c) BENEFICIAL FUNGAL INOCULUM FOR PRAIRIE AND WETLAND RECLAMATION

100,000

This appropriation is from the trust fund to the commissioner of transportation for an agreement with the University of Minnesota for the characterization and development of inoculum production methods for soil fungi associated with the roots of native and naturalized Minnesota plants in prairies and wetlands to assist in restoration projects.

Subd. 14. Data Compatibility Requirements

During the biennium ending June 30, 1997, the data collected by the projects funded under this section that have common value for natural resource planning and management must conform to information architecture as defined in guidelines and standards adopted by the information policy office. Data review committees may be established to develop or comment on plans for data integration and distribution and shall submit semiannual status reports to the legislative commission on Minnesota resources on their findings. In addition, the data must be provided to and integrated with the Minnesota land management information center's geographic databases with the integration costs borne by the activity receiving funding under this section.

Subd. 15. Project Requirements

It is a condition of acceptance of the appropriations in this section that any agency or entity receiving the appropriation must comply with Minnesota Statutes, chapter 116P.

Subd 16. Match Requirements

Appropriations in this section that must be matched and for which the match has not been committed by January 1, 1996, must be canceled. Unless specifically authorized, in-kind contributions may not be counted as match.

Subd. 17. Payment Conditions and Capital Equipment Expenditures

All agreements, grants, or contracts referred to in this section must be administered on a reimbursement basis. Payment must be made upon receiving documentation that reimbursable amounts have been expended, except that reasonable amounts may be advanced to projects in order to accommodate cash flow needs. The advances must be approved as part of the work

program. No expenditures for capital equipment are allowed unless expressly authorized in the project work program.

Subd. 18. Purchase of Recycled and Recyclable Materials

A political subdivision, public or private corporation, or other entity that receives an appropriation in this section must use the appropriation in compliance with Minnesota Statutes, sections 16B.121 to 16B.123, requiring the purchase of recycled, repairable, and durable materials, the purchase of uncoated paper stock, and the use of soy-based ink, the same as if it were a state agency.

Subd. 19. Carryforward

(a) Except as provided in paragraph (b), the availability of the appropriations for the following projects is extended to December 31, 1995; on that date the appropriations cancel and no further payment is authorized: Laws 1993, chapter 172, section 14, subdivisions 3, paragraphs (a), (f), and (i); 6, paragraph (b); 9; 10, paragraphs (a), (c), (g), (p), (q), and (r); and 12, paragraphs (a), (b), (c), (h), (j), and (l).

(b) The availability of the appropriations for the following projects is extended to December 31, 1996; on that date the appropriations cancel and no further payment is authorized: (1) Laws 1993, chapter 172, section 14, subdivisions 3, paragraph (c); 4, paragraph (e); 10, paragraphs (d), (f), and (o); 12, paragraphs (f) and (g); in subdivision 10, paragraph (b), the Bloomington East and West Bush Lake picnic areas; and, in subdivision 10, paragraph (c), Cedar Lake trail development and the Dakota North regional trail in South St. Paul; and (2) Laws 1994, chapter 632, article 2, section 6, local recreation grants and Silver Bay harbor.

Subd. 20. Energy Conservation

A recipient to whom an appropriation is made in this section for a capital improvement project shall ensure that the project complies with the applicable energy conservation standards contained in law, including Minnesota Statutes, sections 216C.19 to 216C.21, and rules adopted thereunder. The recipient may use the energy planning and intervention and energy technologies units of the department of public service to obtain information and technical assistance on energy conservation and alternative energy development relating to the planning and construction of the capital improvement project.

Sec. 18. ADDITIONAL APPROPRIATIONS

The following amounts are appropriated from the Minnesota environment and natural resources trust fund referred to in Minnesota Statutes, section 116P.02, subdivision 6. The appropriations are available until December 31, 1995, and are subject to the provisions of Laws 1993, chapter 172, section 14, subdivisions 14 to 18.

**(a) STATE PARK AND RECREATION
AREA ACQUISITION**

720,000

This appropriation is to the commissioner of natural resources for acquisition of land within the statutory boundaries of state parks and recreation areas.

**(b) METROPOLITAN REGIONAL PARKS AND
TRAILS ACQUISITION**

720,000

This appropriation is to the commissioner of natural resources for payment to the metropolitan council for subgrants to acquire parks and trails consistent with the metropolitan council regional recreation open space capital improvement plan.

This appropriation may be used for the purchase of homes only if the purchases are expressly included in the work program approved by the legislative commission on Minnesota resources.

(c) The projects in this section must be completed and final products delivered by December 31, 1995, and the appropriations are available until that date.

**Sec. 19. MINNESOTA FUTURE RESOURCES
FUND TRANSFER**

As cash flow in the Minnesota future resources fund permits, but no later than June 30, 1997, the commissioner of finance, in consultation with the director of the legislative commission on Minnesota resources, shall transfer \$1,631,000 from the unencumbered balance in the fund to the general fund.

Sec. 20. MINNESOTA CONSERVATION FUND TRANSFER

The commissioner of finance shall transfer in the beginning of the biennium, \$1,500,000 from the Minnesota conservation fund created by Minnesota Statutes, section 40A.151, to the general fund.

**Sec. 21. HARMFUL SUBSTANCE
COMPENSATION ACCOUNT TRANSFER**

The commissioner of finance shall transfer the remaining balance of the harmful substance compensation account, established in Minnesota

Statutes, section 115B.26, subdivision 1, to the general fund.

Sec. 22. MOTOR VEHICLE TRANSFER ACCOUNT TRANSFER

The commissioner of finance shall transfer \$2,350,000 in fiscal year 1996 and \$1,250,000 in fiscal year 1997 from the motor vehicle transfer account to the general fund.

Sec. 23. Minnesota Statutes 1994, section 15.91, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] For purposes of sections 15.90 to 15.92, "agency" means a department or agency, as designated in section 15.01 ~~and, the pollution control agency, and the agricultural utilization research institute established in section 116O.09.~~

Sec. 24. Minnesota Statutes 1994, section 16A.125, is amended to read:

16A.125 [STATE FOREST TRUST LANDS.]

Subd. 5. [~~SUSPENSE ACCOUNT FOREST TRUST LANDS.~~] The term "state forest trust fund lands" as used in this subdivision, means public land in trust under the constitution set apart as "forest lands under the authority of the commissioner" of natural resources as defined by section 89.001, subdivision 13.

The commissioner of finance and the treasurer shall credit the revenue from the forest trust fund lands to the forest suspense account. The account must specify the trust funds interested in the lands and the respective receipts of the lands.

After a fiscal year, the commissioner of finance shall certify the total costs incurred for forestry during that year under appropriations for the protection, improvement, administration, and management of state forest trust fund lands and other actions, including construction and improvement of forest roads and other capital improvements, to enhance the forest value of the lands. The certificate must specify the trust funds interested in the lands. The commissioner of natural resources shall supply the commissioner of finance with the information needed for the certificate.

After a fiscal year, the commissioner and the treasurer shall distribute the receipts credited to the suspense account during that fiscal year as follows:

(a) The amount of the certified costs incurred by the state for forest management during the fiscal year shall be transferred to the general fund.

(b) The balance of the receipts shall then be returned prorated to the trust funds in proportion to their respective interests in the lands which produced the receipts.

Subd. 5a. [APPROPRIATION FROM STATE FOREST DEVELOPMENT ACCOUNT.] Money accruing and credited to the state forest development account is appropriated to the division of forestry in the department of natural resources to apply state forest resource management policy and plans to forest trust fund lands. The appropriation is supervised and controlled by the commissioner of natural resources.

The appropriation shall be spent according to law and remains available until spent. The appropriation is not available for spending until any estimates required by law are approved by the commissioner of finance. An obligation to spend money may not be made unless there is an available balance not otherwise encumbered in the appropriation.

~~Subd. 6. [DEFINITION; ACCOUNTING AND DISTRIBUTION.] The term "state trust fund lands," as used in this section, means any state school lands or other public lands subject to trust provisions under the state constitution.~~

~~Beginning July 1, 1955, the commissioner of finance and the state treasurer shall keep a separate account of all receipts derived from the royalties on, or the sale or lease of, any minerals~~

~~from such trust fund lands to be known as the state lands and minerals suspense account, specifying the trust funds interested in such lands and the receipts therefrom, respectively.~~

~~As soon as practicable after the close of each fiscal year after July 1, 1955, the commissioner of finance, upon the information supplied by the commissioner of natural resources, which the commissioner of natural resources is herewith directed to furnish, shall determine and certify to the commissioner of finance and the state treasurer the total costs incurred by the state during such year under appropriations heretofore made for the administration and management of such trust fund lands by the division of lands and forestry, or any other agency so administering and managing, specifying the trust funds interested in such lands, respectively.~~

~~As soon as practicable after the end of each fiscal year beginning with the year ending June 30, 1956, the commissioner of finance and the state treasurer shall distribute the receipts credited to the state lands and minerals suspense account during such fiscal year as follows:~~

~~All of the costs incurred by the state for the purposes aforesaid during such fiscal year and certified as hereinbefore provided, shall be transferred to the general fund as reimbursement for appropriations heretofore made for the purposes aforesaid. The balances of said receipts shall be transferred to the state trust funds concerned in accordance with their respective interests in the minerals from which the receipts were derived.~~

Subd. 6a. [UNIVERSITY LANDS.] (a) As used in this section, "university lands" means lands granted by the federal government for the support of the University of Minnesota, as described in Laws 1851, chapter 3, section 2.

(b) All revenue from minerals on university lands must be credited to the university lands and minerals suspense account. Money in the account must be transferred to the permanent university fund, except for amounts appropriated to cover reasonable costs incurred by the commissioner of natural resources to protect, improve, administer, manage, and otherwise enhance the potential mineral value of university lands.

Subd. 6b. [OTHER TRUST LANDS.] (a) As used in this section, "state trust fund lands" means lands subject to trust provisions under the state constitution. State trust fund lands do not include university lands as defined in subdivision 6a.

(b) All revenue from minerals on state trust fund lands must be credited to the state lands and minerals suspense account. Money in the account must be transferred to the permanent school fund, except for amounts appropriated to cover reasonable costs incurred by the commissioner of natural resources to protect, improve, administer, manage, and otherwise enhance the potential mineral value of state trust fund lands.

Sec. 25. Minnesota Statutes 1994, section 16B.405, subdivision 2, is amended to read:

Subd. 2. [SOFTWARE SALE FUND.] (a) Except as provided in paragraph (b), proceeds of the sale or licensing of software products or services by the commissioner must be credited to the intertechnologies revolving fund. If a state agency other than the department of administration has contributed to the development of software sold or licensed under this section, the commissioner may reimburse the agency by discounting computer services provided to that agency.

(b) Proceeds of the sale or licensing of software products or services developed by the pollution control agency, or custom developed by a vendor for the agency, must be credited to the environmental fund.

Sec. 26. Minnesota Statutes 1994, section 17.117, subdivision 2, is amended to read:

Subd. 2. [AUTHORITY.] The commissioner shall establish, adopt rules for, and implement a program to work with make loans to local units of government, federal authorities, lending institutions, and other appropriate organizations to who will in turn provide loans to landowners and businesses for facilities, fixtures, equipment, or other sustainable practices that prevent or mitigate sources of nonpoint source water pollution. The commissioner shall establish pilot projects to develop procedures for implementing the program. The commissioner shall develop administrative guidelines to implement the pilot projects specifying criteria, standards, and procedures for making loans.

Sec. 27. Minnesota Statutes 1994, section 17.117, subdivision 4, is amended to read:

Subd. 4. [DEFINITIONS.] For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(a) "Applicant" means a county or a local government unit designated by a county under subdivision 8, paragraph (a).

(b) "Authority" means the Minnesota public facilities authority as established in section 446A.03.

(c) "Best management practices" has the meaning given in sections 103F.711, subdivision 3, and 103H.151, subdivision 2.

(d) "Chair" means the chair of the board of water and soil resources or the designee of the chair.

(e) "Borrower" means an individual farmer, an agriculture supply business, or rural landowner applying for a low-interest loan.

(f) "Commissioner" means the commissioner of agriculture or the designee of the commissioner.

(g) "Comprehensive water management plan" means a state approved and locally adopted plan authorized under section 103B.231, 103B.255, 103B.311, 103C.331, 103D.401, or 103D.405.

(h) "County Local allocation request" means a loan allocation request from an applicant to implement agriculturally related best management practices defined in paragraph (c).

(i) "Lender agreement" means an a loan agreement entered into between the commissioner and, a local lender, and the applicant, if different from the local lender. The agreement will contain terms and conditions of the loan that will include but need not be limited to general loan provisions, loan management requirements, application of payments, loan term limits, allowable expenses, and fee limitations.

(j) "Local government unit" means a county, soil and water conservation district, or an organization formed for the joint exercise of powers under section 471.59.

(k) "Local lender" means a local government unit as defined in paragraph (j), a state or federally chartered bank, a savings and loan association, a state or federal credit union, a nonprofit economic development organization approved by the commissioner, or Farm Credit Services.

(l) "Nonpoint source" has the meaning given in section 103F.711, subdivision 6.

Sec. 28. Minnesota Statutes 1994, section 17.117, subdivision 6, is amended to read:

Subd. 6. [APPLICATION.] (a) The commissioner must prescribe forms and establish an application process for applicants to apply for a county local allocation request. The application must include but need not be limited to (1) the geographic area served; (2) the type and estimated cost of activities or projects for which they are seeking a loan allocation; (3) a ranking of proposed activities or projects; and (4) the designation of the local lender and lending practices the applicant local lender intends to use to issue the loans to the borrowers, if a local lender other than the applicant is to be used.

~~(b) In an area of the state where a county allocation request has not been requested or has been rejected, application forms must be available for a borrower to apply directly to the commissioner for a loan under this program.~~

~~(c) If a county local allocation request is rejected, the applicant must be notified in writing as to the reasons for the rejection and given 30 days to submit a revised application. The revised application shall be reviewed according to the same procedure used to review the initial application.~~

Sec. 29. Minnesota Statutes 1994, section 17.117, subdivision 7, is amended to read:

Subd. 7. [PAYMENTS.] (a) Payments made from the water pollution control revolving fund must be made in accordance with applicable state and federal laws and rules governing the payments.

(b) Payments from the commissioner to the local lender must be disbursed on a cost reimbursement basis. Local lenders shall submit payment requests at least quarterly but not more than monthly. Payment requests must be reviewed and approved by the commissioner. The payment request form must itemize all costs by major elements and show eligible and ineligible costs.

(c) The commissioner may initiate rescision of an allocation granted in a lender agreement as provided in subdivision 11, paragraph (d), if the local lender fails to enter into loans with borrowers equaling the total allocation granted within one year from the date of the lender agreement or fails to have the total amount of allocated funds drawn down through payment requests within two years. An additional year to draw down the undisbursed portion of an allocation may be granted by the commissioner under extenuating circumstances.

Sec. 30. Minnesota Statutes 1994, section 17.117, subdivision 8, is amended to read:

Subd. 8. [APPLICANT; BORROWERS.] (a) A county may submit a ~~county~~ local allocation request ~~as defined in subdivision 4, paragraph (h).~~ A county or a group of counties may designate another local government unit ~~as defined in subdivision 4, paragraph (j),~~ to submit a county local allocation request.

(b) If a county does not submit a county local allocation request, and does not designate another local government unit, a soil and water conservation district may submit a county local allocation request. In all instances, there may be only one request from a county. The applicant must coordinate and submit requests on behalf of other units of government within the geographic jurisdiction of the applicant.

~~(e) Borrowers may apply directly to the commissioner if the commissioner does not receive or approve a county allocation request from the county, designated local government unit, or soil and water conservation district in which the proposed activities would be carried out.~~

Sec. 31. Minnesota Statutes 1994, section 17.117, subdivision 9, is amended to read:

Subd. 9. [REVIEW AND RANKING OF ALLOCATION REQUESTS.] (a) The commissioner shall chair the subcommittee established in section 103F.761, subdivision 2, paragraph (b), for purposes of reviewing and ranking county local allocation requests. The rankings must be in order of priority and shall provide financial assistance within the limits of the funds available. In carrying out the review and ranking, the subcommittee must consist of, at a minimum, the chair, representatives of the pollution control agency, United States Department of Agricultural Stabilization and Conservation Service, United States Department of Agriculture Soil Conservation Service, Association of Minnesota Counties, and other agencies or associations as the commissioner, the chair, and agency determine are appropriate. The review and ranking shall take into consideration other related state or federal programs.

(b) The subcommittee shall use the criteria listed below in carrying out the review and ranking:

(1) whether the proposed activities are identified in a comprehensive water management plan as priorities;

(2) whether the applicant intends to establish a revolving loan program under subdivision 10, paragraph (b);

(3) the potential that the proposed activities have for improving or protecting surface and groundwater quality;

(4) the extent that the proposed activities support areawide or multijurisdictional approaches to protecting water quality based on defined watershed;

(5) whether the activities are needed for compliance with existing water related laws or rules;

- (6) whether the proposed activities demonstrate participation, coordination, and cooperation between local units of government and other public agencies;
- (7) whether there is coordination with other public and private funding sources and programs;
and
- (8) whether there are off-site public benefits such as preventing downstream degradation and siltation; and
- (9) the proposed interest rate.

Sec. 32. Minnesota Statutes 1994, section 17.117, is amended by adding a subdivision to read:

Subd. 9a. [AUTHORITY OF APPLICANTS.] Applicants may enter into a lender agreement designating a local lender. Applicants designating themselves as the local lender may enter into contracts for loan review, processing, and servicing.

Sec. 33. Minnesota Statutes 1994, section 17.117, subdivision 10, is amended to read:

Subd. 10. [AUTHORITY OF APPLICANTS LOCAL LENDERS.] (a) Applicants Local lenders may enter into lender agreements with borrowers to finance projects under this section the commissioner.

(b) Applicants Local lenders may establish revolving loan programs enter into loan agreements with borrowers to finance projects under this section.

(c) In approving county allocation requests, the commissioner shall allow applicants to provide loans under revolving loan programs established under paragraph (b), until 50 percent of the amount appropriated and available under subdivision 3 has been allocated to applicants establishing these programs. In approving any additional county allocation requests, the commissioner may allow applicants to provide loans under these programs Local lenders may establish revolving loan programs to finance projects under this section.

(d) Local lenders, including applicants designating themselves as the local lender, may enter into participation agreements with other lenders. Local lenders may also enter into contracts with other lenders for the limited purposes of loan review, processing and servicing, or to enter into loan agreements with borrowers to finance projects under this section. Other lenders entering into contracts with local lenders under this section must meet the definition of local lender in subdivision 4, must comply with all provisions of the lender agreement and this section, and must guarantee repayment of the loan funds to the local lender. In no case may there be more than one local lender per county or more than one revolving fund per county.

Sec. 34. Minnesota Statutes 1994, section 17.117, subdivision 11, is amended to read:

Subd. 11. [BORROWER ELIGIBILITY; TERMS; REPAYMENT; RECISION.] (a) Local lenders shall use the following criteria in addition to other criteria they deem necessary in determining the eligibility of borrowers for loans:

- (1) whether the activity is certified by a local unit of government as meeting priority needs identified in a comprehensive water management plan and is in compliance with accepted standards, specifications, or criteria;
- (2) whether the activity is certified as eligible under Environmental Protection Agency or other applicable guidelines; and
- (3) whether the repayment is assured from the borrower.

(b) Local lenders shall set the terms and conditions of loans to borrowers, except that no loan to an individual borrower may exceed \$50,000. In all instances, local lenders must provide for sufficient collateral or protection for the loan principal. They are responsible for collecting repayments by borrowers. For direct loans, the borrower must provide sufficient collateral and repay the loan according to a mutually prearranged schedule with the commissioner.

(c) A The local lender is responsible for repaying the principal of a loan to the commissioner.

The terms of repayment will be identified in the lender agreement. If defaults occur, it is the responsibility of the local lender to obtain repayment from the borrower. Default on the part of individual borrowers shall have no effect on the local lender's responsibility to repay its loan from the commissioner whether or not the local lender fully recovers defaulted amounts from individual borrowers. For revolving loan programs established under subdivision 10, paragraph (b) (c), the lender agreement must provide that:

(1) repayment of principal to the commissioner must begin no later than ten years after the date of the applicant receives the allocation lender agreement and must be repaid in full no later than 20 years after the date of the lender agreement; and

(2) after the initial ten-year period, the local lender shall not write any additional loans, and any existing principal balance held by the local lender shall be immediately repaid to the commissioner;

(3) after the initial ten-year period, all principal received by the local lender from borrowers shall be repaid to the commissioner as it is received; and

(4) the applicant shall report to the commissioner annually regarding the past and intended uses of the money in the revolving loan program.

(d) Continued availability of the allocation granted in the lender agreement is contingent upon commissioner approval of the annual report. The commissioner shall review the annual report to ensure the past and future uses of the funds are consistent with the comprehensive water management plan and the lender agreement. If the commissioner concludes the past or intended uses of the money are not consistent with the comprehensive water management plan or the lender agreement, the commissioner shall rescind the allocation granted under the lender agreement. Such rescission shall result in termination of available allocation, the immediate repayment of any unencumbered funds held by the local lender in a revolving loan fund, and the repayment of the principal portion of loan repayments to the commissioner as they are received. The lender agreement shall reflect the commissioner's rights under this paragraph.

(e) A local lender shall receive certification from local government unit staff that a project has been satisfactorily completed prior to releasing the final loan disbursement.

Sec. 35. Minnesota Statutes 1994, section 17.117, subdivision 14, is amended to read:

Subd. 14. ~~[FEES; LOAN SERVICES AND INTEREST.]~~ (a) Origination fees charged directly to borrowers by local lenders upon executing a loan shall not exceed one-half of one percent of the loan amount. ~~Servicing fees~~ Interest assessed to loan repayments by the local lender must not exceed ~~two three percent interest on outstanding principal amounts if the local lender is a local government unit, or three percent interest on outstanding principal amounts if the local lender is a state or federally chartered bank, savings and loan association, a state or federal credit union, or an entity of Farm Credit Services.~~

(b) The local lender shall create a principal account to which the principal portions of individual borrower loan repayments will be credited.

(c) Any interest earned on outstanding loan balances not separated before the principal amounts are deposited in the principal account shall be added to the principal portion of the loan to the local lender and must be paid to the commissioner when the principal is due under the lender agreement.

(d) Any interest earned on the principal account must be added to the principal portion of the loan to the local lender and must be paid to the commissioner when the principal is due under the lender agreement.

Sec. 36. Minnesota Statutes 1994, section 17.117, subdivision 16, is amended to read:

Subd. 16. ~~[ASSESSMENT AGAINST REAL PROPERTY LIENS AGAINST PROPERTY.]~~ A county may assess and charge against real property amounts loaned and servicing fees for projects funded under this section. The auditor of the county where the project is located shall extend the amounts assessed and charged on the tax roll of the county against the real property on which the

project is located. (a) Unless a county determines otherwise, at the time of the disbursement of funds on a loan to a borrower under this section, the principal balance due plus accrued interest on the principal balance as provided by this section becomes a lien in favor of the county making the loan upon the real property on which the project is located. This lien must be recorded as a lien against the real estate in the county recorder's office for the county or counties in which the property is located. The county may bill amounts due on the loan on the tax statement for the property. Enforcement of the lien created by this subdivision shall, at the county's option, be in the manner set forth in chapter 580 or 581. When the amount due plus interest has been paid, the county shall file a satisfaction of the lien created under this subdivision.

(b) A county may also secure amounts due on a loan under this section by taking a purchase money security interest in equipment in accordance with chapter 336, article 9, and may enforce the purchase money security interest in accordance with chapters 336, article 9, and 565.

Sec. 37. Minnesota Statutes 1994, section 17.117, is amended by adding a subdivision to read:

Subd. 17. [REFERENDUM EXEMPTION.] For the purpose of obtaining a loan from the commissioner, a local government unit may provide to the commissioner its general obligation note. All obligations incurred by a local government unit in obtaining a loan from the commissioner must be in accordance with chapter 475, except that so long as the obligations are issued to evidence a loan from the commissioner to the local government unit, an election is not required to authorize the obligations issued, and the amount of the obligations shall not be included in determining the net indebtedness of the local government unit under the provisions of any law or chapter limiting the indebtedness.

Sec. 38. [17.985] [PASSING ON THE FARM CENTER.]

Subdivision 1. [PURPOSE; OBJECTIVES.] The Passing on the Farm Center is established as a part of Southwest Technical College in Granite Falls to assist individuals beginning farming and family farming operations. The center shall also assist in facilitating the transition of farming operations from established farmers to beginning farmers by creating and maintaining an information base inventorying land and facilities available for acquisition and bringing them together to increase the number of family farming operations in this state. The objectives of the center include, but are not limited to, the following:

(1) using the services of a certified public accountant, real estate agents, and attorneys to provide education in estate planning and farm transfer programs for interested retiring farmers;

(2) assessing needs of beginning farmers and retiring farmers in order to identify program and service opportunities including developing statewide apprenticeship programs between beginning and retiring farmers; and

(3) developing, coordinating, and delivering statewide through Southwest Technical College in Granite Falls and other entities, as appropriate, targeted education to beginning farmers and retiring farm families.

Subd. 2. [PROGRAMS AND SERVICES.] Programs and services provided by the center must include, but are not limited to, the development of skills and knowledge in farm estate planning and other topics related to intergenerational farm transfer. The center shall develop and distribute a detailed questionnaire for interested retired farmers and landowners and beginning farmers for the purpose of connecting them with each other and to develop computerized lists. The center shall coordinate to the extent practicable with agricultural information centers.

Subd. 3. [ANNUAL REPORT.] The center shall submit a report annually to the legislature on or before February 1. The report shall include, but is not limited to, recommendations for methods by which more individuals may be encouraged to enter agriculture.

Sec. 39. Minnesota Statutes 1994, section 28A.03, is amended to read:

28A.03 [DEFINITIONS.]

As used in sections 28A.01 to 28A.16 the terms defined in this section shall have the following meanings:

(a) "Commissioner" means the commissioner of agriculture of the state of Minnesota.

(b) "Person" means any individual, firm, corporation, company, association, cooperative or partnership and includes any trustee, receiver, assignee or other similar representative thereof.

(c) "Place of business" means every location where food or food items are manufactured, processed, sold, stored or handled, including buildings, locations, permanent or portable structures, carnivals, circuses, fairs, or any other permanent or temporary location.

Any vehicle or similar mobile unit from which food is sold shall be considered a place of business for purposes of this section if the food therefrom has been manufactured, packaged or dispensed from bulk, or processed in any manner thereon.

(d) "Food" includes every article used for, entering into the consumption of, or used or intended for use in the preparation of food, drink, confectionery, or condiment for humans, whether simple, mixed or compound.

(1) "Perishable food" is food which includes, but is not limited to fresh fruits, fresh vegetables, and other products which need protection from extremes of temperatures in order to avoid decomposition by microbial growth or otherwise.

(2) "Readily perishable food" is food or a food ingredient consisting in whole or in part of milk, milk products, eggs, meat, fish, poultry or other food or food ingredient which is capable of supporting rapid and progressive growth of infectious or toxigenic microorganisms.

(3) "Frozen food" is food which is processed and preserved by freezing in accordance with good commercial practices and which is intended to be sold in the frozen state.

(4) For the purposes of this definition, packaged food in hermetically sealed containers processed by heat to prevent spoilage; packaged pickles; jellies, jams and condiments in sealed containers; bakery products such as bread, rolls, buns, donuts, fruit-filled pies and pastries; dehydrated packaged food; and dry or packaged food so low in moisture content as to preclude development of microorganisms are not "perishable food," "readily perishable food," or "frozen food" within the meaning of definitions (1), (2) and (3) herein when they are stored and handled in accordance with good commercial practices.

(e) "Sell and sale" includes the keeping, offering, or exposing for sale, use, transporting, transferring, negotiating, soliciting, or exchange of food, the having in possession with intent to sell, use, transport, negotiate, solicit, or exchange the same and the storing, or carrying thereof in aid of traffic therein whether done or permitted in person or through others.

(f) "Principal mode of business" means that type of business described under either (a), (b), (c) or (d) in section 28A.05 within which category the greatest amount of the applicant's food business lies.

(g) "Custom processor" means a person who slaughters animals or processes noninspected meat for the owner of the animals, and returns the meat products derived from the slaughter or processing to the owner. "Custom processor" does not include a person who slaughters animals or poultry or processes meat for the owner of the animals or poultry on the farm or premises of the owner of the animals, meat, or poultry. For the purpose of this clause, "animals" or "meat" do not include poultry or game animals or meat derived therefrom.

(h) "Major violation" includes:

(1) insanitary conditions;

(2) violative samples of foods which were processed or packed by the food facility;

(3) improper food temperatures;

(4) refusal to permit an inspection, in whole or in part;

(5) follow-up inspections due to administrative meetings held pursuant to section 31.14;

- (6) finding unwholesome or badly damaged foods or food from unapproved sources;
 (7) food contact surfaces of equipment in a condition that could render foods unsafe;
 (8) failure to comply with orders issued to correct violations;
 (9) cross-contamination of foods resulting in a food safety hazard and the presence of ill employees who handle exposed food; and
 (10) facility deficiencies that present a hazard to the integrity of foods or other conditions that present violations whereby the products may become contaminated.

Sec. 40. Minnesota Statutes 1994, section 28A.08, is amended to read:

28A.08 [LICENSE FEES; PENALTIES.]

Subdivision 1. [GENERAL.] License fees, penalties for late renewal of licenses, and penalties for not obtaining a license before conducting business in food handling that are set in this section apply to the sections named except as provided under section 28A.09. Except as specified herein, bonds and assessments based on number of units operated or volume handled or processed which are provided for in said laws shall not be affected, nor shall any penalties for late payment of said assessments, nor shall inspection fees, be affected by this chapter. The penalties may be waived by the commissioner.

Subd. 2. [FEES FOR FISCAL YEAR 1996.]

Type of food handler	License Fee Effective July 1, 1995	Penalties	
		Late Renewal	No License
1. Retail food handler			
(a) Having gross sales of only prepackaged nonperishable food of less than \$15,000 for the immediately previous license or fiscal year and filing a statement with the commissioner	\$ 40 <u>42</u>	\$ 15	\$ 25
(b) Having under \$15,000 gross sales including food preparation or having \$15,000 to \$50,000 gross sales for the immediately previous license or fiscal year	\$ 55 <u>58</u>	\$ 15	\$ 25
(c) Having \$50,000 to \$250,000 gross sales for the immediately previous license or fiscal year	\$ 405 <u>111</u>	\$ 35	\$ 75
(d) Having \$250,000 to \$1,000,000 gross sales for the immediately previous license or fiscal year	\$ 480 <u>191</u>	\$ 50	\$100
(e) Having \$1,000,000 to \$5,000,000 gross sales for the immediately previous license or fiscal year	\$ 500 <u>530</u>	\$100	\$175
(f) Having \$5,000,000 to \$10,000,000 gross sales for the immediately previous license or fiscal year	\$ 700 <u>742</u>	\$150	\$300
(g) Having over \$10,000,000			

	gross sales for the immediately previous license or fiscal year	\$ 800 <u>848</u>	\$200	\$350
2.	Wholesale food handler			
	(a) <u>Having gross sales or service of less than \$25,000 for the immediately previous license or fiscal year</u>	\$ <u>50</u>	\$ <u>15</u>	\$ <u>15</u>
	(b) Having gross sales or service of less than \$25,000 to \$250,000 <u>gross sales or service for the immediately previous license or fiscal year</u>	\$ 200 <u>212</u>	\$ 50	\$100
	(b) (c) <u>Having \$250,000 to \$1,000,000 gross sales or service from a mobile unit without a separate food storage facility for the immediately previous license or fiscal year</u>	\$ <u>318</u>	\$ <u>75</u>	\$ <u>150</u>
	(d) <u>Having \$250,000 to \$1,000,000 gross sales or service not covered under paragraph (c) for the immediately previous license or fiscal year</u>	\$ 400 <u>424</u>	\$100	\$200
	(e) (e) <u>Having \$1,000,000 to \$5,000,000 gross sales or service for the immediately previous license or fiscal year</u>	\$ 500 <u>530</u>	\$125	\$250
	(d) (f) <u>Having over \$5,000,000 gross sales for the immediately previous license or fiscal year</u>	\$ 575 <u>610</u>	\$150	\$300
3.	Food broker	\$ 100 <u>106</u>	\$ 30	\$ 50
4.	Wholesale food processor or manufacturer			
	(a) <u>Having gross sales of less than \$250,000 for the immediately previous license or fiscal year</u>	\$ 275 <u>292</u>	\$ 75	\$150
	(b) <u>Having \$250,000 to \$1,000,000 gross sales for the immediately previous license or fiscal year</u>	\$ 400 <u>424</u>	\$100	\$200
	(c) <u>Having \$1,000,000 to \$5,000,000 gross sales for the immediately previous license or fiscal year</u>	\$ 500 <u>530</u>	\$125	\$250
	(d) <u>Having over \$5,000,000 gross sales for the immediately previous license or fiscal year</u>	\$ 575 <u>610</u>	\$150	\$300
5.	Wholesale food processor of meat or poultry products under supervision of the U. S. Department of Agriculture			
	(a) <u>Having gross sales of less than \$250,000 for the immediately previous license or fiscal year</u>	\$ 150 <u>159</u>	\$ 50	\$ 75
	(b) <u>Having \$250,000 to \$1,000,000</u>			

	gross sales for the immediately previous license or fiscal year	\$ 225 <u>239</u>	\$ 75	\$125
	(c) Having \$1,000,000 to \$5,000,000 gross sales for the immediately previous license or fiscal year	\$ 275 <u>292</u>	\$ 75	\$150
	(d) Having over \$5,000,000 gross sales for the immediately previous license or fiscal year	\$ 325 <u>345</u>	\$100	\$175
6.	Wholesale food manufacturer having the permission of the commissioner to use the name Minnesota farmstead cheese	\$ 30	\$ 10	\$ 15
7.	Nonresident frozen dairy manufacturer	\$200	\$ 50	\$ 75
8.	Wholesale food manufacturer processing less than 70,000 pounds per year of cultured dairy food as defined in section 32.486, subdivision 1, paragraph (b)	\$ 30	\$ 10	\$ 15
9.	A milk marketing organization without facilities for processing or manufacturing that purchases milk from milk producers for delivery to a licensed wholesale food processor or manufacturer	\$ 50	\$ 15	\$ 25

Subd. 3. [FEES EFFECTIVE JULY 1, 1996.]

<u>Type of food handler</u>	<u>License Fee Effective July 1, 1996</u>	<u>Penalties Late Renewal</u>	<u>No License</u>
1. <u>Retail food handler</u>			
<u>(a) Having gross sales of only prepackaged nonperishable food of less than \$15,000 for the immediately previous license or fiscal year and filing a statement with the commissioner</u>	<u>\$ 45</u>	<u>\$ 15</u>	<u>\$ 25</u>
<u>(b) Having under \$15,000 gross sales including food preparation or having \$15,000 to \$50,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$ 61</u>	<u>\$ 15</u>	<u>\$ 25</u>
<u>(c) Having \$50,000 to \$250,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$118</u>	<u>\$ 35</u>	<u>\$ 75</u>
<u>(d) Having \$250,000 to \$1,000,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$202</u>	<u>\$ 50</u>	<u>\$100</u>
<u>(e) Having \$1,000,000 to</u>			

	<u>\$5,000,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$562</u>	<u>\$100</u>	<u>\$175</u>
	<u>(f) Having \$5,000,000 to \$10,000,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$787</u>	<u>\$150</u>	<u>\$300</u>
	<u>(g) Having over \$10,000,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$899</u>	<u>\$200</u>	<u>\$350</u>
2.	<u>Wholesale food handler</u>			
	<u>(a) Having gross sales or service of less than \$25,000 for the immediately previous license or fiscal year</u>	<u>\$ 50</u>	<u>\$ 15</u>	<u>\$ 15</u>
	<u>(b) Having \$25,000 to \$250,000 gross sales or service for the immediately previous license or fiscal year</u>	<u>\$225</u>	<u>\$ 50</u>	<u>\$100</u>
	<u>(c) Having \$250,000 to \$1,000,000 gross sales or service from a mobile unit without a separate food facility for the immediately previous license or fiscal year</u>	<u>\$337</u>	<u>\$ 75</u>	<u>\$150</u>
	<u>(d) Having \$250,000 to \$1,000,000 gross sales or service not covered under paragraph (c) for the immediately previous license or fiscal year</u>	<u>\$449</u>	<u>\$100</u>	<u>\$200</u>
	<u>(e) Having \$1,000,000 to \$5,000,000 gross sales or service for the immediately previous license or fiscal year</u>	<u>\$562</u>	<u>\$125</u>	<u>\$250</u>
	<u>(f) Having over \$5,000,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$647</u>	<u>\$150</u>	<u>\$300</u>
3.	<u>Food broker</u>	<u>\$112</u>	<u>\$ 30</u>	<u>\$ 50</u>
4.	<u>Wholesale food processor or manufacturer</u>			
	<u>(a) Having gross sales of less than \$250,000 for the immediately previous license or fiscal year</u>	<u>\$310</u>	<u>\$ 75</u>	<u>\$150</u>
	<u>(b) Having \$250,000 to \$1,000,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$449</u>	<u>\$100</u>	<u>\$200</u>
	<u>(c) Having \$1,000,000 to \$5,000,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$562</u>	<u>\$125</u>	<u>\$250</u>
	<u>(d) Having over \$5,000,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$647</u>	<u>\$150</u>	<u>\$300</u>
5.	<u>Wholesale food processor of meat or poultry products under supervision of the</u>			

	<u>U. S. Department of Agriculture</u>			
	<u>(a) Having gross sales of less than \$250,000 for the immediately previous license or fiscal year</u>	<u>\$169</u>	<u>\$ 50</u>	<u>\$ 75</u>
	<u>(b) Having \$250,000 to \$1,000,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$253</u>	<u>\$ 75</u>	<u>\$125</u>
	<u>(c) Having \$1,000,000 to \$5,000,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$310</u>	<u>\$ 75</u>	<u>\$150</u>
	<u>(d) Having over \$5,000,000 gross sales for the immediately previous license or fiscal year</u>	<u>\$366</u>	<u>\$100</u>	<u>\$175</u>
<u>6.</u>	<u>Wholesale food manufacturer having the permission of the commissioner to use the name Minnesota farmstead cheese</u>	<u>\$ 30</u>	<u>\$ 10</u>	<u>\$ 15</u>
<u>7.</u>	<u>Nonresident frozen dairy manufacturer</u>	<u>\$200</u>	<u>\$ 50</u>	<u>\$ 75</u>
<u>8.</u>	<u>Wholesale food manufacturer processing less than 70,000 pounds per year of cultured dairy food as defined in section 32.486, subdivision 1, paragraph (b)</u>	<u>\$ 30</u>	<u>\$ 10</u>	<u>\$ 15</u>
<u>9.</u>	<u>A milk marketing organization without facilities for processing or manufacturing that purchases milk from milk producers for delivery to a licensed wholesale food processor or manufacturer</u>	<u>\$ 50</u>	<u>\$ 15</u>	<u>\$ 25</u>

Sec. 41. [28A.085] [REINSPECTION FEES.]

Subdivision 1. [MAJOR VIOLATIONS.] The commissioner may charge a reinspection fee for each reinspection of a food handler that is found with a major violation of requirements in chapter 28, 29, 30, 31, 31A, 32, 33, or 34, or rules adopted under one of those chapters. The first reinspection of a firm with gross food sales under \$1,000,000 must be assessed at \$25. The fee for a firm with gross food sales over \$1,000,000 is \$50. The fee for a subsequent reinspection of a firm for the same violation is 50 percent of their current license fee. The establishment must be issued written notice of violations with a reasonable date for compliance listed on the notice. An initial inspection relating to a complaint is not a reinspection.

Subd. 2. [VOLUNTARY MARKET WITHDRAWAL; FOOD SAFETY EMERGENCY.] A food handler that requires a reinspection due to a voluntary market withdrawal of a food product or a food safety emergency that presented a public health threat and that violated a statute listed in subdivision 1, may be assessed for reasonable and direct reinspection costs incurred by the commissioner, including personnel, travel, laboratory analysis, and attorney general costs. Reinspection related to floods, earthquakes, storms, accidental fires, and power outages are excluded.

Subd. 3. [MANNER AND TIMING OF PAYMENT.] Unless an appeal is filed under subdivision 5, a food handler must pay all fees and assessments in the manner and timing requested by the commissioner. If a timely appeal is requested, the fees and assessments are stayed until a decision on the appeal is issued by the hearing officer. A license may not be renewed until all fees and penalties under this chapter are paid.

Subd. 4. [DEPOSIT; APPROPRIATION.] All reinspection fees and assessments collected must be deposited in the state treasury and are credited to the special revenue fund and are appropriated to the commissioner to pay the expenses relating to reinspections conducted under the chapters listed in subdivision 1.

Subd. 5. [APPEALS.] Food handlers may appeal reinspection fees and assessments to the department hearing officer within 30 days of receipt of the notice of fee assessment. The appeal must be submitted to the commissioner in writing.

Sec. 42. Minnesota Statutes 1994, section 41A.09, is amended by adding a subdivision to read:

Subd. 1a. [ETHANOL PRODUCTION GOAL.] It is a goal of the state that ethanol production plants in the state attain a total annual production level of 220,000,000 gallons.

Sec. 43. Minnesota Statutes 1994, section 41A.09, is amended by adding a subdivision to read:

Subd. 2a. [DEFINITIONS.] For the purposes of this section the terms defined in this subdivision have the meanings given them.

(a) "Ethanol" means fermentation ethyl alcohol derived from agricultural products, including potatoes, cereal, grains, cheese whey, and sugar beets; forest products; or other renewable resources, including residue and waste generated from the production, processing, and marketing of agricultural products, forest products, and other renewable resources, that:

(1) meets all of the specifications in ASTM specification D 4806-88; and

(2) is denatured with unleaded gasoline or rubber hydrocarbon solvent as defined in Code of Federal Regulations, title 27, parts 211 and 212, as adopted by the Bureau of Alcohol, Tobacco and Firearms of the United States Treasury Department.

(b) "Wet alcohol" means agriculturally derived fermentation ethyl alcohol having a purity of at least 50 percent but less than 99 percent.

(c) "Anhydrous alcohol" means fermentation ethyl alcohol derived from agricultural products as described in paragraph (a), but that does not meet ASTM specifications or is not denatured and is shipped in bond for further processing.

(d) "Ethanol plant" means a plant at which ethanol, anhydrous alcohol, or wet alcohol is produced.

Sec. 44. Minnesota Statutes 1994, section 41A.09, is amended by adding a subdivision to read:

Subd. 3a. [PAYMENTS.] (a) The commissioner of agriculture shall make cash payments to producers of ethanol, anhydrous alcohol, and wet alcohol located in the state. These payments shall apply only to ethanol, anhydrous alcohol, and wet alcohol fermented in the state and produced at plants that have begun production by June 30, 2000. For the purpose of this subdivision, an entity that holds a controlling interest in more than one ethanol plant is considered a single producer. The amount of the payment for each producer's annual production is:

(1) except as provided in paragraph (b), for each gallon of ethanol or anhydrous alcohol produced on or before June 30, 2005, or ten years after the start of production, whichever is later, 20 cents per gallon; and

(2) for each gallon produced of wet alcohol on or before June 30, 2005, or ten years after the start of production, whichever is later, a payment in cents per gallon calculated by the formula "alcohol purity in percent divided by five," and rounded to the nearest cent per gallon, but not less than 11 cents per gallon.

The producer payments for anhydrous alcohol and wet alcohol under this section may be paid to either the original producer of anhydrous alcohol or wet alcohol or the secondary processor, at the option of the original producer, but not to both.

(b) If the level of production at an ethanol plant increases due to an increase in the production capacity of the plant and the increased production begins by June 30, 2000, the payment under

paragraph (a), clause (1), applies to the additional increment of production until ten years after the increased production began.

(c) The commissioner shall make payments to producers of ethanol or wet alcohol in the amount of 1.5 cents for each kilowatt hour of electricity generated using closed-loop biomass in a cogeneration facility at an ethanol plant located in the state. Payments under this paragraph shall be made only for electricity generated at cogeneration facilities that begin operation by June 30, 2000. The payments apply to electricity generated on or before the date ten years after the producer first qualifies for payment under this paragraph. Total payments under this paragraph in any fiscal year may not exceed \$750,000. For the purposes of this paragraph:

(1) "closed-loop biomass" means any organic material from a plant that is planted for the purpose of being used to generate electricity or for multiple purposes that include being used to generate electricity; and

(2) "cogeneration" means the combined generation of:

(i) electrical or mechanical power; and

(ii) steam or forms of useful energy, such as heat, that are used for industrial, commercial, heating, or cooling purposes.

(d) The total payments under paragraphs (a) and (b) to all producers may not exceed \$30,000,000 in a fiscal year. Total payments under paragraphs (a) and (b) to a producer in a fiscal year may not exceed \$3,000,000.

(e) By the last day of October, January, April, and July, each producer shall file a claim for payment for ethanol, anhydrous alcohol, and wet alcohol production during the preceding three calendar months. A producer with more than one plant shall file a separate claim for each plant. A producer shall file a separate claim for the original production capacity of each plant and for each additional increment of production that qualifies under paragraph (b). A producer that files a claim under this subdivision shall include a statement of the producer's total ethanol, anhydrous alcohol, and wet alcohol production in Minnesota during the quarter covered by the claim, including anhydrous alcohol and wet alcohol produced or received from an outside source. A producer shall file a separate claim for any amount claimed under paragraph (c). For each claim and statement of total ethanol, anhydrous alcohol, and wet alcohol production filed under this subdivision, the volume of ethanol, anhydrous alcohol, and wet alcohol production or amounts of electricity generated using closed-loop biomass must be verified by a certified financial audit performed by an independent certified public accountant using generally accepted accounting procedures.

(f) Payments shall be made November 15, February 15, May 15, and August 15. A separate payment shall be made for each claim filed. The total quarterly payment to a producer under this paragraph, excluding amounts paid under paragraph (c), may not exceed \$750,000. If the total amount for which all producers are eligible in a quarter under paragraphs (a) and (b) exceeds \$7,500,000, the commissioner shall make payments in the order in which the portion of production capacity covered by each claim went into production. If the total amount of ethanol or wet alcohol production reported for a quarter under paragraph (e) equals or exceeds 55,000,000 gallons:

(1) payments under this subdivision do not apply to the amount produced in excess of 55,000,000 gallons;

(2) the commissioner shall make payments to producers in the order in which the portion of production capacity covered by each claim began production; and

(3) only those producers that receive payments for the quarter will be eligible for future ethanol or wet alcohol production payments under this subdivision.

(g) If the total amount for which all producers are eligible in a quarter under paragraph (c) exceeds the amount available for payments, the commissioner shall make payments in the order in which the plants covered by the claims began generating electricity using closed-loop biomass.

Sec. 45. Minnesota Statutes 1994, section 41A.09, is amended by adding a subdivision to read:

Subd. 5a. [EXPIRATION.] This section expires July 1, 2010, and the unobligated balance of each appropriation under this section on that date reverts to the general fund.

Sec. 46. Minnesota Statutes 1994, section 41B.02, subdivision 20, is amended to read:

Subd. 20. [ETHANOL PRODUCTION FACILITY.] "Ethanol production facility" means a facility that ferments, distills, dewater, or otherwise produces ethanol as defined in section 41A.09, subdivision 2 2a, paragraph (a).

Sec. 47. Minnesota Statutes 1994, section 41B.043, subdivision 1b, is amended to read:

Subd. 1b. [LOAN PARTICIPATION.] The authority may participate in an agricultural improvement loan with an eligible lender to a farmer who meets the requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who are actively engaged in farming. Participation is limited to 45 percent of the principal amount of the loan or ~~\$50,000~~ \$100,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the lender's retained portion of the loan.

Sec. 48. Minnesota Statutes 1994, section 41B.043, subdivision 2, is amended to read:

Subd. 2. [SPECIFICATIONS.] No direct loan may exceed \$35,000 or ~~\$50,000~~ \$100,000 for a loan participation or be made to refinance an existing debt. Each direct loan and participation must be secured by a mortgage on real property and such other security as the authority may require.

Sec. 49. Minnesota Statutes 1994, section 41B.043, subdivision 3, is amended to read:

Subd. 3. [APPLICATION AND ORIGINATION FEE.] The authority may impose a reasonable nonrefundable application fee for each application for a direct loan or participation and an origination fee for each direct loan issued under the agricultural improvement loan program. The origination fee initially shall be set at 1.5 percent and the application fee at \$50. The authority may review the fees annually and make adjustments as necessary. The fees must be deposited in the state treasury and credited to an account in the special revenue fund. Money in this account is appropriated to the commissioner for administrative expenses of the agricultural improvement loan program.

Sec. 50. Minnesota Statutes 1994, section 41B.045, subdivision 2, is amended to read:

Subd. 2. [LOAN PARTICIPATION.] The authority may participate in a livestock expansion loan with an eligible lender to a livestock farmer who meets the requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who are actively engaged in a livestock operation. Participation is limited to 45 percent of the principal amount of the loan or ~~\$100,000~~ \$250,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different from the interest rates and repayment terms of the lender's retained portion of the loan. Loans under this program must not be included in the lifetime limitation calculated under section 41B.03, subdivision 1.

Sec. 51. Minnesota Statutes 1994, section 41B.046, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section:

(1) "Agricultural commodity" has the meaning given in section 17.90.

~~(1)~~ (2) "Agricultural product processing facility" means land, buildings, structures, fixtures, and improvements located or to be located in Minnesota and used or operated primarily for the processing or production of marketable products from ~~agriculture crops~~ agricultural commodities, including waste and residues from ~~agriculture crops~~ agricultural commodities, but, except as provided in subdivision 4a, not including livestock or livestock products, poultry or poultry products, or wood or wood products.

~~(2)~~ (3) "Value-added agricultural product" means a product derived from an agricultural ~~crops~~ commodity, including waste and residues from agricultural ~~crops~~ commodities, but, except as provided in subdivision 4a, not including livestock or livestock products, poultry or poultry products, or wood or wood products, which are processed by an agricultural product processing facility.

Sec. 52. Minnesota Statutes 1994, section 41B.046, is amended by adding a subdivision to read:

Subd. 4a. [CERTAIN LIVESTOCK PROCESSING FACILITIES ELIGIBLE.] An applicant may be eligible for a loan under this section if:

(1) the facility is owned and operated by a cooperative organized under chapter 308A. For purposes of this subdivision, "owned and operated" includes a contractual arrangement with another entity to provide management and operations services for a facility owned by the cooperative; and

(2) its agricultural product processing facility is located in Minnesota and operated primarily for the processing of livestock.

Sec. 53. Minnesota Statutes 1994, section 84.631, is amended to read:

84.631 [ROAD EASEMENTS ACROSS STATE LANDS.]

Except as provided in section 85.015, subdivision 1b, the commissioner, on behalf of the state, may convey a road easement across state land under the commissioner's jurisdiction other than school trust land, to a private person requesting an easement for access to property owned by the person only if the following requirements are met: (1) there are no reasonable alternatives to obtain access to the property; and (2) the exercise of the easement will not cause significant adverse environmental or natural resource management impacts. The commissioner shall:

- (1) require the applicant to pay the market value of the easement;
- (2) provide that the easement reverts to the state in the event of nonuse; and
- (3) impose other terms and conditions of use as necessary and appropriate under the circumstances.

Sec. 54. Minnesota Statutes 1994, section 84.943, subdivision 3, is amended to read:

Subd. 3. [APPROPRIATIONS MUST BE MATCHED BY PRIVATE FUNDS.] Appropriations transferred to the critical habitat private sector matching account and money credited to the account under section 168.1296, subdivision 5, may be expended only to the extent that they are matched equally with contributions to the account from private sources or by funds contributed to the nongame wildlife management account. The private contributions may be made in cash or in contributions of land or interests in land that are designated by the commissioner of natural resources as program acquisitions. Appropriations transferred to the account that are not matched within three years from the date of the appropriation shall cancel to the source of the appropriation. For the purposes of this section, the private contributions of land or interests in land shall be valued in accordance with their appraised value.

Sec. 55. Minnesota Statutes 1994, section 84B.11, subdivision 1, is amended to read:

Subdivision 1. (a) The governor shall appoint, except for the legislative members, a citizen's council on Voyageurs National Park, consisting of 17 members as follows:

Four residents of Koochiching county;

Four residents of St. Louis county;

Five residents of the state at large from outside Koochiching and St. Louis counties;

Two members of the state senate to be appointed by the committee on committees;

Two members of the state house of representatives to be appointed by the speaker of the house.

(b) The governor shall designate one of the appointees to serve as chair and the committee may elect such other officers as it deems necessary. Members shall be appointed so as to represent differing viewpoints and interest groups on the facilities included in and around the park. ~~Legislator~~ Legislative members shall serve for the term of the legislative office to which they were elected. The terms, compensation and removal of ~~nonlegislator~~ nonlegislative members of the

council shall be as provided in section 15.059. Notwithstanding section 15.059, subdivision 5, the council shall continue to exist.

(c) The executive committee of the council consists of the legislative members and the chair. The executive committee shall act on matters of personnel, out-of-state trips by members of the council, and nonroutine monetary issues.

Sec. 56. Minnesota Statutes 1994, section 85.015, is amended by adding a subdivision to read:

Subd. 1b. [EASEMENTS FOR INGRESS AND EGRESS.] Notwithstanding section 16A.695, when a trail is established under this section, a private property owner who has a preexisting right of ingress and egress over the trail right-of-way is granted, without charge, a permanent easement for ingress and egress purposes only. The easement is limited to the preexisting crossing and reverts to the state upon abandonment. Nothing in this subdivision is intended to diminish or alter any written or recorded easement that existed before the state acquired the land for the trail.

Sec. 57. Minnesota Statutes 1994, section 85.019, is amended to read:

85.019 [GRANTS IN AID FOR RECREATIONAL BETTERMENT LOCAL RECREATION GRANTS.]

Subdivision 1. [DEFINITIONS DEFINITION.] (a) For purposes of this section, the terms in this subdivision have the meanings given, except as otherwise expressly provided or indicated by the context.

(b) "Athletic courts" means special surface area and supporting equipment or structures, such as nets, hoops, and walls, that can be used for active games that have definite boundaries and are played on a marked surface, limited to basketball, volleyball, handball, and tennis.

(c) "Metropolitan council" and "metropolitan area" have the meanings given in section 473.121.

(d) "unit of government" means a county, city and statutory or home rule charter city, or town; school district, public post-secondary educational institution, special park district, or an elected park and recreation board having control over parks, parkways, playgrounds, and trees in a city of the first class.

Subd. 2. [GRANTS FOR PARKS AND TRAILS OUTDOOR RECREATION AREAS.] The commissioner shall administer a program to provide grants to units of government located within standard metropolitan statistical areas, as designated by the United States Office of Management and Budget, but outside of the metropolitan area defined in section 473.121. The grants shall be for up to 50 percent of the costs of acquisition and betterment by units of government of public land and improvements needed for parks, trails, conservatories, zoos, and other special use facilities having recreational significance for the entire population of the particular standard metropolitan statistical area. Appropriations made for this purpose shall be expended with the approval of the governor after consultation with the legislative advisory commission. The legislative commission on Minnesota resources shall make recommendations to the legislative advisory commission regarding the expenditures. The local contribution required shall be not less than ten percent. The program shall be administered so as to ensure the maximum possible use of available federal money outdoor recreation areas and facilities.

Subd. 3. [GRANTS FOR TRAILS IN LOCAL PARKS.] The commissioner shall administer a program to provide grants to units of government for the betterment of public land and improvements needed for recreational trails in parks owned and operated by units of government. A grant shall not exceed 40 percent of the costs of the betterment of the trail. To be eligible for a grant, a unit of government must provide at least ten percent of the cost of the betterment of the trail.

Subd. 4. [GRANTS FOR LOCAL OUTDOOR ATHLETIC COURTS.] The commissioner shall administer a program to provide grants to units of government for the betterment of public land and improvements needed for local athletic courts. A grant may not exceed 50 percent of the costs of the betterment of the athletic court. To be eligible for a grant, a unit of government must provide at least 50 percent of the costs of the betterment of the athletic court. In making grants the commissioner shall consider, among other factors, evidence of cooperation between units of

~~government, local need and available financial resources, and court locations that encourage maximum use, patronage, and availability.~~

Subd. 4a. [~~GRANTS FOR NATURAL AND SCENIC AREAS.~~] The commissioner shall administer a program to provide grants to units of government and school districts for the acquisition and betterment of natural and scenic areas such as blufflands, prairies, shorelands, wetlands, and wooded areas. A grant may not exceed 50 percent of the costs of acquisition and betterment of land acquired under this subdivision.

Subd. 5. [~~POWERS; RULES.~~] The commissioner has all powers necessary and convenient to ~~establish programs for recreational betterment grants in aid for parks, trails, and athletic courts~~ under implement this section, including the authority to adopt rules for the program under chapter 14.

Sec. 58. Minnesota Statutes 1994, section 85A.02, subdivision 17, is amended to read:

Subd. 17. [~~ADDITIONAL POWERS.~~] The board may establish a schedule of charges for admission to or the use of the Minnesota zoological garden or any related facility. The board shall have a policy admitting elementary school children at no charge when they are part of an organized school activity. ~~The Minnesota zoological garden must be open to the public without admission charges at least two days each month~~ board shall offer free admission passes to economically disadvantaged residents equal to ten percent of the average annual attendance. However, the zoo may charge at any time for parking, special services, and for admission to special facilities for the education, entertainment, or convenience of visitors. The board may provide for the purchase, reproduction, and sale of gifts, souvenirs, publications, informational materials, food and beverages, and grant concessions for the sale of these items.

Sec. 59. Minnesota Statutes 1994, section 86.72, subdivision 1, is amended to read:

Subdivision 1. Except as otherwise specifically provided, federal reimbursements and match money received for the purposes described in this chapter, regardless of the source of state match, credit or value used to earn the reimbursement or match, other than the federal match for state money appropriated to the local recreation and natural areas grant-in-aid account, and other than the federal great river road money, shall in the first instance be credited to a federal receipt account by the state agency receiving the reimbursement or match. Any state department or agency, including the Minnesota historical society and the University of Minnesota, that receives reimbursements or matching money as described above shall transfer those amounts to the natural resources federal reimbursement account. Amounts sufficient to pay the costs incurred by the department of natural resources in administering federal reimbursements are appropriated annually to the commissioner from the federal receipt account.

Sec. 60. Minnesota Statutes 1994, section 86B.415, subdivision 7, is amended to read:

Subd. 7. [~~WATERCRAFT SURCHARGE.~~] A \$5 surcharge is placed on each watercraft licensed under subdivisions 1 to 5 for control, public awareness, law enforcement, monitoring, and research of nuisance aquatic exotic species such as zebra mussel, purple loosestrife, and Eurasian water milfoil in public waters and public wetlands. ~~The surcharge is \$5 until December 31, 1996, and \$3 thereafter.~~

Sec. 61. [89.021] [Subd. 45.] [~~SHOOTING AREA WITHIN SAND DUNES STATE FOREST.~~] The commissioner of natural resources may design and establish a noncompetitive recreational shooting area within Sand Dunes State Forest. The area shall be suitable for sighting in legal handguns, rifles, and shotguns. Discharge of firearms for the purpose of lawful hunting is permitted during the open seasons for taking of wild animals unless restricted by rule.

Sec. 62. Minnesota Statutes 1994, section 92.46, subdivision 1, is amended to read:

Subdivision 1. [~~PUBLIC CAMPGROUNDS.~~] (a) The director may designate suitable portions of the state lands withdrawn from sale and not reserved, as provided in section 92.45, as permanent state public campgrounds. The director may have the land surveyed and platted into lots of convenient size, and lease them for cottage and camp purposes under terms and conditions the director prescribes, subject to the provisions of this section.

(b) A lease may not be for a term more than 20 years. The lease may allow renewal, from time to time, for additional terms of no longer than 20 years each. The lease may be canceled by the commissioner 90 days after giving the person leasing the land written notice of violation of lease conditions. The lease rate shall be based on the appraised value of leased land as determined by the commissioner of natural resources and shall be adjusted by the commissioner at the fifth, tenth, and 15th anniversary of the lease, if the appraised value has increased or decreased. For leases that are renewed in 1991 and following years, the lease rate shall be five percent of the appraised value of the leased land. The appraised value shall be the value of the leased land without any private improvements and must be comparable to similar land without any improvements within the same county. The minimum appraised value that the commissioner assigns to the leased land must be substantially equal to the county assessor's estimated market value of similar land adjusted by the assessment/sales ratio as determined by the department of revenue.

(c) By July 1, 1986, the commissioner of natural resources shall adopt rules under chapter 14 to establish procedures for leasing land under this section. The rules shall be subject to review and approval by the commissioners of revenue and administration prior to the initial publication pursuant to chapter 14 and prior to their final adoption. The rules must address at least the following:

- (1) method of appraising the property; and
- (2) an appeal procedure for both the appraised values and lease rates.

(d) All money received from these leases must be credited to the fund to which the proceeds of the land belong.

Notwithstanding section 16A.125 or any other law to the contrary, 50 percent of the money received from the lease of permanent school fund lands leased pursuant to this subdivision shall be deposited into the permanent school trust fund. However, in fiscal years 1994 and 1995, this money must be credited to the lakeshore leasing and sales account in the permanent school fund and, ~~subject to appropriation, may be used~~ is appropriated for use to survey, appraise, and pay associated selling and leasing costs of lots as required in this section and section 92.67, subdivision 3. The money may not be used to pay the cost of surveying lots not scheduled for sale. Any money designated for deposit in the permanent school fund that is not needed to survey, appraise, and pay associated selling and leasing costs of lots, as required in this section and section 92.67, shall be deposited in the permanent school fund. The commissioner shall add to the appraised value of any lot offered for sale the costs of surveying, appraising, and selling the lot, and shall first deposit into the permanent school fund an amount equal to the costs of surveying, appraising, and selling any lot paid out of the permanent school fund. Any remaining money shall be deposited into any other contributing funds in proportion to the contribution from each fund. In no case may the commissioner add to the appraised value of any lot offered for sale an amount more than \$700 for the costs of surveying and appraising the lot.

Sec. 63. Minnesota Statutes 1994, section 93.22, is amended to read:

93.22 [DISPOSAL OF MONEYS RECEIVED.]

All payments under sections 93.14 to 93.28 shall be made to the state treasurer on the order of the commissioner of finance, or the commissioner, as the case may be, and shall be credited to ~~the permanent fund of the class of land to which the demised premises belong and in case the land shall not belong to any class of land having a permanent fund then all payments shall be credited to~~ such fund as the legislature shall by law direct.

Sec. 64. Minnesota Statutes 1994, section 103A.43, is amended to read:

103A.43 [WATER ASSESSMENTS AND REPORTS.]

(a) The environmental quality board shall evaluate and report to the legislative water commission and the legislative commission on Minnesota resources on statewide water research needs and recommended priorities for addressing these needs. Local water research needs may also be included.

(b) The environmental quality board shall work with the pollution control agency and the

department of agriculture to coordinate a biennial assessment and analysis of water quality, groundwater degradation trends, and efforts to reduce, prevent, minimize, and eliminate degradation of water. The assessment and analysis must include an analysis of relevant monitoring data.

(c) The environmental quality board shall work with the department of natural resources to coordinate an assessment and analysis of the quantity of surface and ground water in the state and the availability of water to meet the state's needs.

(d) The environmental quality board shall coordinate and submit a report on water policy including the analyses in paragraphs (a) to (c) to the legislative water commission and the legislative commission on Minnesota resources by September 15 of each even-numbered year. The report may include the groundwater policy report in section 103A.204.

Sec. 65. Minnesota Statutes 1994, section 103F.725, subdivision 1a, is amended to read:

Subd. 1a. [FINANCIAL ASSISTANCE; LOANS.] (a) Up to ~~\$10,000,000~~ \$12,000,000 of the balance in the water pollution control revolving fund in section 446A.07, as determined by the public facilities authority shall be appropriated to the commissioner for the establishment of a clean water partnership loan program.

(b) The agency may award loans for up to 100 percent of the costs associated with activities identified by the agency as best management practices pursuant to section 319 and section 320 of the federal Water Quality Act of 1987, as amended, including associated administrative costs.

(c) Loans may be used to finance clean water partnership grant project eligible costs not funded by grant assistance.

(d) The interest rate, at or below market rate, and the term, not to exceed 20 years, shall be determined by the agency in consultation with the public facilities authority.

(e) The repayment must be deposited in the water pollution control revolving fund under section 446A.07.

(f) The local unit of government receiving the loan is responsible for repayment of the loan.

(g) For the purpose of obtaining a loan from the agency, a local government unit may provide to the agency its general obligation note. All obligations incurred by a local government unit in obtaining a loan from the agency must be in accordance with chapter 475, except that so long as the obligations are issued to evidence a loan from the agency to the local government unit, an election is not required to authorize the obligations issued, and the amount of the obligations shall not be included in determining the net indebtedness of the local government unit under the provisions of any law or chapter limiting the indebtedness.

Sec. 66. Minnesota Statutes 1994, section 103H.151, is amended by adding a subdivision to read:

Subd. 4. [EVALUATION.] The commissioners of agriculture and the pollution control agency shall, through field audits and other appropriate means, monitor the use and effectiveness of best management practices developed and promoted under this section. The information collected must be submitted to the environmental quality board, which must include the information in the report required in section 103A.43, paragraph (d).

Sec. 67. Minnesota Statutes 1994, section 103I.331, subdivision 4, is amended to read:

Subd. 4. [LANDOWNER WELL SEALING CONTRACTS.] (a) A county, or contracted local unit of government, may contract with landowners to share the cost of sealing priority wells in accordance with criteria established by the board of water and soil resources.

(b) The county must use the funds allocated from the board of water and soil resources to pay up to 75 percent, but not more than \$2,000 of the cost of sealing priority wells. The board, with the assistance of the department of health, may review and approve a request above \$2,000 for sealing a priority well.

(c) A well sealing contract must provide that:

(1) sealing is done in accordance with this chapter and rules of the commissioner of health relating to sealing of unused wells;

(2) payment is made to the landowner, after the well is sealed by a contractor licensed under this chapter; and

(3) the contractor must file a sealed well report and a copy of the well record with the commissioner of health.

Sec. 68. Minnesota Statutes 1994, section 115A.03, subdivision 29, is amended to read:

Subd. 29. [SEWAGE SLUDGE.] "Sewage sludge" means ~~the solids and associated liquids in municipal wastewater which are encountered and concentrated by a municipal wastewater treatment plant~~ solid, semi-solid, or liquid residue generated during the treatment of domestic sewage in a treatment works. It includes, but is not limited to, scum or solids removed in primary, secondary, or advanced wastewater treatment processes and a material derived from sewage sludge. Sewage sludge does not include ash generated during the firing of sewage sludge in a sewage sludge incinerator ~~residues and or grit, scum, or and screenings removed from other solids during treatment~~ generated during preliminary treatment of domestic sewage in a treatment works.

Sec. 69. Minnesota Statutes 1994, section 115A.908, subdivision 3, is amended to read:

Subd. 3. [REPEALER.] This section is repealed on ~~December 31, 1996~~ July 1, 1997.

Sec. 70. Minnesota Statutes 1994, section 115B.20, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] (a) The environmental response, compensation, and compliance account is in the environmental fund in the state treasury and may be spent only for the purposes provided in subdivision 2.

(b) The commissioner of finance shall administer a response account for the agency and the commissioner of agriculture to take removal, response, and other actions authorized under subdivision 2, clauses (1) to (4) and (11) to (13). The commissioner of finance shall transfer money from the response account to the agency and the commissioner of agriculture to take actions required under subdivision 2, clauses (1) to (4) and (11) to (13).

(c) The commissioner of finance shall administer the account in a manner that allows the commissioner of agriculture and the agency to utilize the money in the account to implement their removal and remedial action duties as effectively as possible.

(d) Amounts appropriated to the commissioner of finance under this subdivision shall not be included in the department of finance budget but shall be included in the pollution control agency and department of agriculture budgets.

(e) All money recovered by the state under section 115B.04 or any other law for injury to, destruction of, or loss of natural resources resulting from the release of a hazardous substance, or a pollutant or contaminant, must be credited to the environmental response, compensation, and compliance account in the environmental fund and is appropriated to the commissioner of natural resources for purposes of subdivision 2, clause (6), consistent with any applicable term of judgments, consent decrees, consent orders, or other administrative actions requiring payments to the state for such purposes. Before making an expenditure of money appropriated under this paragraph, the commissioner of natural resources shall provide written notice of the proposed expenditure to the chairs of the senate committee on finance, the house of representatives committee on ways and means, the finance division of the senate committee on environment and natural resources, and the house of representatives committee on environment and natural resources finance.

Sec. 71. Minnesota Statutes 1994, section 115B.25, subdivision 1a, is amended to read:

Subd. 1a. [ACCOUNT.] Except when another account is specified, "account" means the ~~harmful substance compensation~~ environmental response, compensation, and compliance account established in section ~~115B.26~~ 115B.20.

Sec. 72. Minnesota Statutes 1994, section 115B.26, subdivision 2, is amended to read:

Subd. 2. [APPROPRIATION.] ~~The amount necessary to pay for staff assistance, administrative services, and office space under section 115B.28, subdivision 4, and to pay claims of compensation granted by the board agency under sections 115B.25 to 115B.37 is appropriated to the board agency from the account.~~

Sec. 73. Minnesota Statutes 1994, section 115B.41, subdivision 1, is amended to read:

Subdivision 1. [ALLOCATION AND RECOVERY OF COSTS.] (a) A person who is subject to the requirements in section 115B.40, subdivision 4 or 5, paragraph (b), is responsible for all environmental response costs incurred by the commissioner at or related to the facility until the date of notice of compliance under section 115B.40, subdivision 7. The commissioner may use any funds available for closure, postclosure care, and response action established by the owner or operator. If those funds are insufficient or if the owner or operator fails to assign rights to them to the commissioner, the commissioner may seek recovery of environmental response costs against the owner or operator in the county of Ramsey or in the county where the facility is located or where the owner or operator resides.

(b) In an action brought under this subdivision in which the commissioner prevails, the court shall award the commissioner reasonable attorney fees and other litigation expenses incurred by the commissioner to bring the action. All costs, fees, and expenses recovered under this subdivision must be deposited in the environmental fund and credited to the landfill cleanup account solid waste fund established in section 115B.42.

Sec. 74. Minnesota Statutes 1994, section 115B.42, is amended to read:

115B.42 [~~LANDFILL CLEANUP ACCOUNT~~ SOLID WASTE FUND.]

Subdivision 1. [ESTABLISHMENT; APPROPRIATION; SEPARATE ACCOUNTING.] (a) ~~The landfill cleanup account solid waste fund is established in the environmental fund in the state treasury. The account fund consists of money credited to the account fund and interest earned on the money in the account fund. Except as provided in section 115B.42, subdivision 2, clause (9) (7), money in the account fund is annually appropriated to the commissioner for the purposes listed in subdivision 2.~~

(b) The commissioner of finance shall separately account for revenue deposited in the account fund from financial assurance funds or other mechanisms, the metropolitan landfill contingency action trust fund, and all other sources of revenue.

Subd. 2. [EXPENDITURES.] (a) Money in the account fund may be spent by the commissioner to:

- (1) inspect permitted mixed municipal solid waste disposal facilities to:
 - (i) evaluate the adequacy of final cover, slopes, vegetation, and erosion control;
 - (ii) determine the presence and concentration of hazardous substances, pollutants or contaminants, and decomposition gases; and
 - (iii) determine the boundaries of fill areas;
- (2) monitor and take, or reimburse others for, environmental response actions, including emergency response actions, at qualified facilities;
- (3) acquire and dispose of property under section 115B.412, subdivision 3;
- (4) recover costs under sections 115B.39 and 115B.46;
- (5) administer, including providing staff and administrative support for, sections 115B.39 to 115B.46;
- (6) enforce sections 115B.39 to 115B.46;

(7) subject to appropriation, administer the agency's groundwater and solid waste management programs;

(8) reimburse persons under section 115B.43; and

(9) reimburse mediation expenses up to a total of \$250,000 annually or defense costs up to a total of \$250,000 annually for third-party claims for response costs under state or federal law as provided in section 115B.414.

Sec. 75. Minnesota Statutes 1994, section 115C.03, subdivision 9, is amended to read:

Subd. 9. [REQUESTS FOR REVIEW, INVESTIGATION, AND OVERSIGHT.] (a) The commissioner may, upon request:

(1) assist in determining whether a release has occurred; and

(2) assist in or supervise the development and implementation of reasonable and necessary corrective actions.

(b) Assistance may include review of agency records and files and review and approval of a requester's investigation plans and reports and corrective action plans and implementation.

(c) Assistance may include the issuance of a written determination that an owner or prospective buyer of real property will not be a responsible person under section 115C.021, if the commissioner finds the release came from a tank not located on the property. The commissioner may also issue a written confirmation that the real property was the site of a release and that the tank from which the release occurred has been removed or that the agency has issued a site closure letter and has not revoked that status. The issuance of the written determination or confirmation applies to tanks not on the property or removed only and does not affect liability for releases from tanks that are on the property at the time of purchase. The written determination or confirmation extends to the successors and assigns of the person to whom it originally applied, if the successors and assigns are not otherwise responsible for the release.

(d) The person requesting assistance under this subdivision shall pay the agency for the agency's cost, as determined by the commissioner, of providing assistance. Money received by the agency for assistance under this subdivision must be deposited in the state treasury and credited to the an account in the special revenue fund.

Sec. 76. Minnesota Statutes 1994, section 116.07, subdivision 4d, is amended to read:

Subd. 4d. [PERMIT FEES.] (a) The agency may collect permit fees in amounts not greater than those necessary to cover the reasonable costs of reviewing and acting upon applications for agency permits and implementing and enforcing the conditions of the permits pursuant to agency rules. Permit fees shall not include the costs of litigation. The agency shall adopt rules under section ~~16A.128~~ 16A.1285 establishing the amounts and methods of collection of any a system for charging permit fees collected under this subdivision. The fee schedule must reflect reasonable and routine permitting, implementation, and enforcement costs, and may reflect the amount of pollutants in the discharge. The agency may impose an additional enforcement fee to be collected for a period of up to two years to cover the reasonable costs of implementing and enforcing the conditions of a permit under the rules of the agency. Any money collected under this paragraph shall be deposited in the special revenue account.

(b) Notwithstanding paragraph (a), and section ~~16A.128, subdivision 1~~ 16A.1285, subdivision 2, the agency shall collect an annual fee from the owner or operator of all stationary sources, emission facilities, emissions units, air contaminant treatment facilities, treatment facilities, potential air contaminant storage facilities, or storage facilities subject to the requirement to obtain a permit under Title subchapter V of the federal Clean Air Act Amendments of 1990, Public Law Number 101-549, Statutes at Large, volume 104, pages 2399, United States code, title 42, section 7401 et seq., or section 116.081. The annual fee shall be used to pay for all direct and indirect reasonable costs, including attorney general costs, required to develop and administer the permit program requirements of Title subchapter V of the federal Clean Air Act Amendments of 1990, Public Law Number 101-549, Statutes at Large, volume 104, pages 2399, United States Code, title 42, section 7401 et seq., and sections of this chapter and the rules adopted under this chapter

related to air contamination and noise. Those costs include the reasonable costs of reviewing and acting upon an application for a permit; implementing and enforcing statutes, rules, and the terms and conditions of a permit; emissions, ambient, and deposition monitoring; preparing generally applicable regulations; responding to federal guidance; modeling, analyses, and demonstrations; preparing inventories and tracking emissions; providing information to the public about these activities; and, after June 30, 1992, the costs of acid deposition monitoring currently assessed under section 116C.69, subdivision 3.

(c) The agency shall adopt fee rules in accordance with the procedures in section ~~16A.128, subdivisions 1a and 2a~~ 16A.1285, subdivision 5, that will result in the collection, in the aggregate, from the sources listed in paragraph (b), of the following amounts:

(1) ~~in fiscal years 1992 and 1993, the amount appropriated by the legislature from the air quality account in the environmental fund for the agency's air quality program;~~

(2) ~~for fiscal year 1994 and thereafter, an amount not less than \$25 per ton of each volatile organic compound; pollutant regulated under United States Code, title 42, section 7411 or 7412 (section 111 or 112 of the federal Clean Air Act); and each pollutant, except carbon monoxide, for which a national primary ambient air quality standard has been promulgated; and~~

(3) ~~for fiscal year 1994 and thereafter, (2) the agency fee rules may also result in the collection, in the aggregate, from the sources listed in paragraph (b), of an amount not less than \$25 per ton of each pollutant not listed in clause (2) (1) that is regulated under Minnesota Rules, this chapter 7005, or for which a state primary ambient air quality standard has been adopted or air quality rules adopted under this chapter.~~

The agency must not include in the calculation of the aggregate amount to be collected under the fee rules any amount in excess of 4,000 tons per year of each air pollutant from a source.

(d) To cover the reasonable costs described in paragraph (b), the agency shall provide in the rules promulgated under paragraph (c) for an increase in the fee collected in each year ~~beginning after fiscal year 1993~~ by the percentage, if any, by which the Consumer Price Index for the most recent calendar year ending before the beginning of the year the fee is collected exceeds the Consumer Price Index for the calendar year 1989. For purposes of this paragraph the Consumer Price Index for any calendar year is the average of the Consumer Price Index for all-urban consumers published by the United States Department of Labor, as of the close of the 12-month period ending on August 31 of each calendar year. The revision of the Consumer Price Index that is most consistent with the Consumer Price Index for calendar year 1989 shall be used.

(e) Any money collected under paragraphs (b) to (d) must be deposited in an air quality account in the environmental fund and must be used solely for the activities listed in paragraph (b).

(f) Persons who wish to construct or expand an air emission facility may offer to reimburse the agency for the costs of staff overtime or consultant services needed to expedite permit review. The reimbursement shall be in addition to fees imposed by paragraphs (a) to (d). When the agency determines that it needs additional resources to review the permit application in an expedited manner, and that expediting the review would not disrupt air permitting program priorities, the agency may accept the reimbursement. Reimbursements accepted by the agency are appropriated to the agency for the purpose of reviewing the permit application. Reimbursement by a permit applicant shall precede and not be contingent upon issuance of a permit and shall not affect the agency's decision on whether to issue or deny a permit, what conditions are included in a permit, or the application of state and federal statutes and rules governing permit determinations.

Sec. 77. Minnesota Statutes 1994, section 116.07, is amended by adding a subdivision to read:

Subd. 41. [FEE AVERAGING FOR WASTEWATER DISCHARGE PERMITS.] In determining the amount of the annual fee for a wastewater discharge permit, the agency shall base the fee on an average of the permittee's volume of discharge, pollutant loading, or fee amounts calculated based on volume of discharge or pollutant loading, as appropriate, over the year to which the new fee would apply and the two preceding years.

Sec. 78. Minnesota Statutes 1994, section 116.12, subdivision 1, is amended to read:

Subdivision 1. [FEE SCHEDULES.] The agency shall establish the fees provided in subdivisions 2 and 3 in the manner provided in section ~~16A.128~~ 16A.1285 to cover ~~the amount~~ expenditures of amounts appropriated from the environmental fund to the agency for permitting, monitoring, inspection, and enforcement expenses of the hazardous waste activities of the agency.

~~The legislature may appropriate additional amounts from the general fund that need not be covered by fees, in order to assure adequate funding for the regulatory and enforcement functions of the agency related to hazardous waste. All fees collected by the agency under this section shall be deposited in the environmental fund.~~

Sec. 79. [116.125] [NOTIFICATION OF FEE INCREASES.]

Before the pollution control agency adopts a fee increase to cover an unanticipated shortfall in revenues, the commissioner shall give written notice of the proposed increase to the chairs of the senate committee on finance, the house of representatives committee on ways and means, the senate and house of representatives environment and natural resources committees, the finance division of the senate committee on environment and natural resources, and the house of representatives committee on environment and natural resources finance.

Sec. 80. Minnesota Statutes 1994, section 116.96, subdivision 5, is amended to read:

Subd. 5. [REGULATED POLLUTANT.] "Regulated pollutant" means:

- (1) a volatile organic compound that participates in atmospheric photochemical reactions;
- (2) a pollutant for which a national ambient air quality standard has been promulgated;
- (3) a pollutant that is addressed by a standard promulgated under section 7411 or 7412 of the Clean Air Act; or
- (4) any pollutant that is regulated under ~~Minnesota Rules, this chapter 7005, or for which a state ambient air quality standard has been adopted~~ or air quality rules adopted under this chapter.

Sec. 81. [116.991] [SMALL BUSINESS ENVIRONMENTAL LOAN PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] A small business environmental revolving loan program is established to provide loans to small businesses for purposes of complying with the Clean Air Act, United States Code, title 42, section 7401, et seq.

Subd. 2. [ELIGIBLE BORROWER.] To be eligible for a loan under this section, a borrower must:

- (1) be subject to Clean Air Act requirements;
- (2) need to make a process change or equipment purchase to comply with the Clean Air Act;
- (3) have less than 50 full-time employees;
- (4) have an after-tax profit of less than \$500,000; and
- (5) have a net worth of less than \$1,000,000.

Subd. 3. [LOAN APPLICATION PROCEDURE.] An eligible borrower may apply for a loan after the commissioner determines the business to be subject to Clean Air Act requirements and approves the process change or equipment needed to achieve compliance. The commissioner shall consider the order in which applications are received in awarding loans and may give priority to applicants that are subject to standards adopted under United States Code, title 42, section 7412. The commissioner shall decide whether to award a loan to an eligible borrower based on:

- (1) the applicant's financial need;
- (2) the applicant's ability to repay the loan; and
- (3) the expected environmental benefit.

Subd. 4. [LIMITATION ON LOAN OBLIGATION.] A loan made under this section is limited to the money available in the small business environmental loan account.

Subd. 5. [LOAN CONDITIONS.] A loan made under this section must include:

- (1) an interest rate that is the lesser of four percent or 50 percent of prime rate;
- (2) a term of payment of not more than seven years; and
- (3) an amount not less than \$1,000 or more than \$50,000.

Sec. 82. [116.992] [SMALL BUSINESS ENVIRONMENTAL LOAN ACCOUNT.]

The small business environmental loan account is established in the environmental fund. Loan repayments must be credited to this account.

Sec. 83. Minnesota Statutes 1994, section 116C.69, subdivision 3, is amended to read:

Subd. 3. [FUNDING; ASSESSMENT.] The board shall finance its base line studies, general environmental studies, development of criteria, inventory preparation, monitoring of conditions placed on site certificates and construction permits, and all other work, other than specific site and route designation, from an assessment made quarterly, at least 30 days before the start of each quarter, by the board against all utilities with annual retail kilowatt-hour sales greater than 4,000,000 kilowatt-hours in the previous calendar year.

~~Until June 30, 1992, the assessment shall also include an amount sufficient to cover 60 percent of the costs to the pollution control agency of achieving, maintaining, and monitoring compliance with the acid deposition control standard adopted under sections 116.42 to 116.45, reprinting informational booklets on acid rain, and costs for additional research on the impacts of acid deposition on sensitive areas published under section 116.44, subdivision 1. The commissioner of the pollution control agency must prepare a work plan and budget and submit them annually by June 30 to the pollution control agency board. The agency board must take public testimony on the budget and work plan. After the agency board approves the work plan and budget they must be submitted annually to the legislative water commission for review and recommendation before an assessment is levied. Each share shall be determined as follows: (1) the ratio that the annual retail kilowatt-hour sales in the state of each utility bears to the annual total retail kilowatt-hour sales in the state of all these utilities, multiplied by 0.667, plus (2) the ratio that the annual gross revenue from retail kilowatt-hour sales in the state of each utility bears to the annual total gross revenues from retail kilowatt-hour sales in the state of all these utilities, multiplied by 0.333, as determined by the board. The assessment shall be credited to the special revenue fund and shall be paid to the state treasury within 30 days after receipt of the bill, which shall constitute notice of said assessment and demand of payment thereof. The total amount which may be assessed to the several utilities under authority of this subdivision shall not exceed the sum of the annual budget of the board for carrying out the purposes of this subdivision plus 60 percent of the annual budget of the pollution control agency for achieving, maintaining, and monitoring compliance with the acid deposition control standard adopted under sections 116.42 to 116.45, for reprinting informational booklets on acid rain, and for costs for additional research on the impacts of acid deposition on sensitive areas published under section 116.44, subdivision 1. The assessment for the second quarter of each fiscal year shall be adjusted to compensate for the amount by which actual expenditures by the board and the pollution control agency for the preceding fiscal year were more or less than the estimated expenditures previously assessed.~~

Sec. 84. Minnesota Statutes 1994, section 116P.11, is amended to read:

116P.11 [AVAILABILITY OF FUNDS FOR DISBURSEMENT.]

(a) The amount biennially available from the trust fund for the budget plan developed by the commission consists of the earnings generated from the trust fund. Earnings generated from the trust fund shall equal the amount of interest on debt securities and dividends on equity securities. Gains and losses arising from the sale of securities shall be apportioned as follows:

(1) if the sale of securities results in a net gain during a fiscal year, the gain shall be apportioned in equal installments over the next ten fiscal years to offset net losses in those years. If any portion

of an installment is not needed to recover subsequent losses identified in paragraph (b), it shall be added to the principal of the fund; and

(2) if the sale of securities results in a net loss during a fiscal year, the net loss shall be recovered from the gains in paragraph (a) apportioned to that fiscal year. If such gains are insufficient, any remaining net loss shall be recovered from interest and dividend income in equal installments over the following ten fiscal years.

(b) For funding projects until fiscal year 1997, the following additional amounts are available from the trust fund for the budget plans developed by the commission:

(1) for the 1991-1993 biennium, up to 25 percent of the revenue deposited in the trust fund in fiscal years 1990 and 1991;

(2) for the 1993-1995 biennium, up to 20 percent of the revenue deposited in the trust fund in fiscal year 1992 and up to 15 percent of the revenue deposited in the fund in fiscal year 1993;

(3) for the 1993-1995 biennium, up to 25 percent of the revenue deposited in the trust fund in fiscal years 1994 and 1995, to be expended only for capital investments in parks and trails; and

(4) for the 1995-1997 biennium, up to ~~ten~~ 25 percent of the revenue deposited in the fund in fiscal year 1996, to be expended only for capital investments in parks and trails.

(c) Any appropriated funds not encumbered in the biennium in which they are appropriated cancel and must be credited to the principal of the trust fund.

Sec. 85. [168.1296] [SPECIAL CRITICAL HABITAT LICENSE PLATES.]

Subdivision 1. [GENERAL REQUIREMENTS AND PROCEDURES.] The registrar shall issue special critical habitat license plates to an applicant who:

(1) is an owner or joint owner of a passenger automobile, pickup truck, or van;

(2) pays a fee determined by the registrar to cover the costs of handling and manufacturing the plates;

(3) pays the registration tax required under section 168.013;

(4) pays the fees required under this chapter;

(5) contributes at least \$30 annually to the Minnesota critical habitat private sector matching account established in section 84.943; and

(6) complies with laws and rules governing registration and licensing of vehicles and drivers.

Subd. 2. [DESIGN.] After consultation with interested groups, the commissioner of natural resources and the registrar shall jointly select a suitable symbol for use by the registrar to design the special plates.

Subd. 3. [NO REFUND.] Contributions under this section must not be refunded.

Subd. 4. [PLATE TRANSFERS.] Notwithstanding section 168.12, subdivision 1, on payment of a transfer fee of \$5, plates issued under this section may be transferred to another passenger automobile, pickup truck, or van owned or jointly owned by the person to whom the special plates were issued.

Subd. 5. [CONTRIBUTION AND FEES CREDITED.] Contributions collected under subdivision 1, clause (5), must be credited to the Minnesota critical habitat private sector matching account established in section 84.943. The fees collected under this section must be deposited in the highway user tax distribution fund.

Subd. 6. [RECORD.] The registrar shall maintain a record of the number of special plates issued under this section.

Sec. 86. Minnesota Statutes 1994, section 239.791, subdivision 8, is amended to read:

Subd. 8. [DISCLOSURE.] ~~A person responsible for the product who delivers, distributes, sells, or offers to sell gasoline in a carbon monoxide control area, during a carbon monoxide control period~~ refinery or terminal, shall provide, at the time of ~~delivery~~ gasoline is sold or transferred from the refinery or terminal, a bill of lading or shipping manifest to the person who receives the gasoline. For oxygenated gasoline, the bill of lading or shipping manifest must include the identity and the volume percentage or gallons of oxygenate included in the gasoline, and it must state: "This fuel contains an oxygenate. Do not blend this fuel with ethanol or with any other oxygenate." For nonoxygenated gasoline sold or transferred before October 1, 1997, the bill or manifest must state: "This fuel must not be sold at retail ~~or used~~ in a carbon monoxide control area." For nonoxygenated gasoline sold or transferred after September 30, 1997, the bill or manifest must state: "This fuel is not oxygenated. It must not be sold at retail in Minnesota." This subdivision does not apply to sales or transfers of gasoline ~~when the gasoline is dispensed into the supply tanks of motor vehicles~~ between refineries, between terminals, or between a refinery and a terminal.

Sec. 87. Minnesota Statutes 1994, section 282.01, subdivision 2, is amended to read:

Subd. 2. [CONSERVATION LANDS; COUNTY BOARD SUPERVISION.] Lands classified as conservation lands, unless reclassified as nonconservation lands, sold to a governmental subdivision of the state, designated as lands primarily suitable for forest production and sold as hereinafter provided, or released from the trust in favor of the taxing districts, as herein provided, will be held under the supervision of the county board of the county within which such parcels lie.

The county board may, by resolution duly adopted, declare lands classified as conservation lands as primarily suitable for timber production and as lands which should be placed in private ownership for such purposes. ~~If such action be approved by the commissioner of natural resources,~~ The lands so designated, or any part thereof, may be sold by the county board in the same manner as provided for the sale of lands classified as nonconservation lands. Such county action ~~and the approval of the commissioner~~ shall be limited to lands lying within areas zoned for restricted uses under the provisions of Laws 1939, chapter 340, or any amendments thereof.

The county board may, by resolution duly adopted, resolve that certain lands classified as conservation lands shall be devoted to conservation uses and may submit such resolution to the commissioner of natural resources. If, upon investigation, the commissioner of natural resources determines that the lands covered by such resolution, or any part thereof, can be managed and developed for conservation purposes, the commissioner shall make a certificate describing the lands and reciting the acceptance thereof on behalf of the state for such purposes. The commissioner shall transmit the certificate to the county auditor, who shall note the same upon the auditor's records and record the same with the county recorder. The title to all lands so accepted shall be held by the state free from any trust in favor of any and all taxing districts and such lands shall be devoted thereafter to the purposes of forestry, water conservation, flood control, parks, game refuges, controlled game management areas, public shooting grounds, or other public recreational or conservation uses, and managed, controlled, and regulated for such purposes under the jurisdiction of the commissioner of natural resources and the divisions of the department. In case the commissioner of natural resources shall determine that any tract of land so held by the state and situated within or adjacent to the boundaries of any governmental subdivision of the state is suitable for use by such subdivision for any authorized public purpose, the commissioner may convey such tract by deed in the name of the state to such subdivision upon the filing with the commissioner of a resolution adopted by a majority vote of all the members of the governing body thereof, stating the purpose for which the land is desired. The deed of conveyance shall be upon a form approved by the attorney general conditioned upon continued use for the purpose stated in the resolution. All proceeds derived from the sale of timber, lease of hay stumpage, or other revenue from such lands under the jurisdiction of the natural resources commissioner shall be paid into the general fund of the state. The county auditor, with the approval of the county board, may lease conservation lands remaining under the jurisdiction of the county board and sell timber and hay stumpage thereon in the manner hereinafter provided, and all proceeds derived therefrom shall be distributed in the same manner as provided in section 282.04.

Sec. 88. Minnesota Statutes 1994, section 282.01, subdivision 3, is amended to read:

Subd. 3. [NONCONSERVATION LANDS; APPRAISAL AND SALE.] All parcels of land

classified as nonconservation, except those which may be reserved, shall be sold as provided, if it is determined, by the county board of the county in which the parcels lie, that it is advisable to do so, having in mind their accessibility, their proximity to existing public improvements, and the effect of their sale and occupancy on the public burdens. Any parcels of land proposed to be sold shall be first appraised by the county board of the county in which the parcels lie. The parcels may be reappraised whenever the county board deems it necessary to carry out the intent of sections 282.01 to 282.13. In an appraisal the value of the land and any standing timber on it shall be separately determined. ~~No parcel of land containing any standing timber may be sold until the appraised value of the timber on it and the sale of the land have been approved by the commissioner of natural resources. The commissioner shall base review of a proposed sale on the policy and considerations specified in subdivision 1. The decision of the commissioner shall be in writing and shall state the reasons for it. The county may appeal the decision of the commissioner in accordance with chapter 14.~~

~~In any county in which a state forest or any part of it is located, the county auditor shall submit to the commissioner at least 30 days before the first publication of the list of lands to be offered for sale a list of all lands included on the list which are situated outside of any incorporated municipality. If, at any time before the opening of the sale, the commissioner notifies the county auditor in writing that there is standing timber on any parcel of such land, the parcel shall not be sold unless the requirements of this section respecting the separate appraisal of the timber and the approval of the appraisal by the commissioner have been complied with. The commissioner may waive the requirement of the 30 day notice as to any parcel of land which has been examined and the timber value approved as required by this section.~~

If any public improvement is made by a municipality after any parcel of land has been forfeited to the state for the nonpayment of taxes, and the improvement is assessed in whole or in part against the property benefited by it, the clerk of the municipality shall certify to the county auditor, immediately upon the determination of the assessments for the improvement, the total amount that would have been assessed against the parcel of land if it had been subject to assessment; or if the public improvement is made, petitioned for, ordered in or assessed, whether the improvement is completed in whole or in part, at any time between the appraisal and the sale of the parcel of land, the cost of the improvement shall be included as a separate item and added to the appraised value of the parcel of land at the time it is sold. No sale of a parcel of land shall discharge or free the parcel of land from lien for the special benefit conferred upon it by reason of the public improvement until the cost of it, including penalties, if any, is paid. The county board shall determine the amount, if any, by which the value of the parcel was enhanced by the improvement and include the amount as a separate item in fixing the appraised value for the purpose of sale. In classifying, appraising, and selling the lands, the county board may designate the tracts as assessed and acquired, or may by resolution provide for the subdivision of the tracts into smaller units or for the grouping of several tracts into one tract when the subdivision or grouping is deemed advantageous for the purpose of sale. Each such smaller tract or larger tract must be classified and appraised as such before being offered for sale. If any such lands have once been classified, the board of county commissioners, in its discretion, may, by resolution, authorize the sale of the smaller tract or larger tract without reclassification.

Sec. 89. Minnesota Statutes 1994, section 282.011, subdivision 1, is amended to read:

Subdivision 1. [CLASSIFICATION, SALE, PROCEDURES AND CONDITIONS.] Any lands which have become the absolute property of the state through forfeiture for nonpayment of taxes and which have been classified by the county board as conservation lands under the provisions of section 282.01, or have been classified as nonagricultural lands under the provisions of section 282.14, or any such lands which shall hereafter be so classified, may be designated by the county board of the county in which such lands lie, by resolution duly adopted, as appropriate and primarily suitable for either specific conservation purposes or for auxiliary forest lands. ~~Any resolution so adopted, together with a list of the lands involved shall be forwarded to the commissioner of natural resources who shall promptly approve or disapprove the whole or any part thereof. The commissioner shall thereupon make a certificate showing the lands approved, transmit the same to the county auditor who shall record the same.~~ Lands so designated and ~~so~~ approved shall thereupon be appraised and the whole, or any part thereof, may be offered for sale and sold in the same manner as provided for the sale of lands classified as nonconservation lands under section 282.01, or as agricultural lands under section 282.14, as the case may be, according

to the status of such lands upon forfeiture. The right to a deed of conveyance to such property accorded the purchaser at any such sale shall be conditioned upon the lands being placed in an auxiliary forest or used for designated conservation purposes as designated by the resolution of the county board.

Sec. 90. Minnesota Statutes 1994, section 282.02, is amended to read:

282.02 [LIST OF LANDS FOR SALE; NOTICE.]

Immediately after classification and appraisal of the land, ~~and after approval by the commissioner of natural resources when required pursuant to section 282.01, subdivision 3,~~ the county board shall provide and file with the county auditor a list of parcels of land to be offered for sale. This list shall contain a description of the parcels of land and the appraised value thereof. The auditor shall publish a notice of the intended public sale of such parcels of land and a copy of the resolution of the county board fixing the terms of the sale, if other than for cash only, by publication once a week for two weeks in the official newspaper of the county, the last publication to be not less than ten days previous to the commencement of the sale.

The notice shall include the parcel's description and appraised value. The notice shall also indicate the amount of any special assessments which may be the subject of a reassessment or new assessment or which may result in the imposition of a fee or charge pursuant to sections 429.071, subdivision 4, 435.23, and 444.076. The county auditor shall also mail notice to the owners of land adjoining the parcel to be sold and to the owners of platted or unplatted land whose boundaries are within 300 feet of the boundaries of a parcel offered for sale having an appraised value of \$1,000 or more. For purposes of this section, "owner" means the taxpayer as listed in the records of the county auditor.

If the county board of St. Louis or Koochiching counties determines that the sale shall take place in a county facility other than the courthouse, the notice shall specify the facility and its location.

Sec. 91. Minnesota Statutes 1994, section 282.04, subdivision 1, is amended to read:

Subdivision 1. **[TIMBER SALES; LAND LEASES AND USES.]** The county auditor may sell timber upon any tract ~~that may be approved by the natural resources commissioner.~~ Such sale of timber shall be made for cash at not less than the appraised value determined by the county board to the highest bidder after not less than one week's published notice in an official paper within the county. Any timber offered at such public sale and not sold may thereafter be sold at private sale by the county auditor at not less than the appraised value thereof, until such time as the county board may withdraw such timber from sale. ~~The appraised value of the timber and the forestry practices to be followed in the cutting of said timber shall be approved by the commissioner of natural resources.~~ Payment of the full sale price of all timber sold on tax-forfeited lands shall be made in cash at the time of the timber sale, except in the case of oral or sealed bid auction sales, the down payment shall be 25 percent of the appraised value, and the balance shall be paid prior to entry. In the case of auction sales that are partitioned and sold as a single sale with predetermined cutting blocks, the down payment shall be 25 percent of the appraised price of the entire timber sale which may be held until the satisfactory completion of the sale or applied in whole or in part to the final cutting block. The value of each separate block must be paid in full before any cutting may begin in that block. With the permission of the county administrator the purchaser may enter unpaid blocks and cut necessary timber incidental to developing logging roads as may be needed to log other blocks provided that no timber may be removed from an unpaid block until separately scaled and paid for. The county board may require final settlement on the basis of a scale of cut products. Any parcels of land from which timber is to be sold by scale of cut products shall be so designated in the published notice of sale above mentioned, in which case the notice shall contain a description of such parcels, a statement of the estimated quantity of each species of timber thereon and the appraised price of each specie of timber for 1,000 feet, per cord or per piece, as the case may be. In such cases any bids offered over and above the appraised prices shall be by percentage, the percent bid to be added to the appraised price of each of the different species of timber advertised on the land. The purchaser of timber from such parcels shall pay in cash at the time of sale at the rate bid for all of the timber shown in the notice of sale as estimated to be standing on the land, and in addition shall pay at the same rate for any additional amounts which

the final scale shows to have been cut or was available for cutting on the land at the time of sale under the terms of such sale. Where the final scale of cut products shows that less timber was cut or was available for cutting under terms of such sale than was originally paid for, the excess payment shall be refunded from the forfeited tax sale fund upon the claim of the purchaser, to be audited and allowed by the county board as in case of other claims against the county. No timber, except hardwood pulpwood, may be removed from such parcels of land or other designated landings until scaled by a person or persons designated by the county board ~~and approved by the commissioner of natural resources~~. Landings other than the parcel of land from which timber is cut may be designated for scaling by the county board by written agreement with the purchaser of the timber. The county board may, by written agreement with the purchaser and with a consumer designated by the purchaser when the timber is sold by the county auditor, ~~and with the approval of the commissioner of natural resources~~, accept the consumer's scale of cut products delivered at the consumer's landing. No timber shall be removed until fully paid for in cash. Small amounts of timber not exceeding \$3,000 in appraised valuation may be sold for not less than the full appraised value at private sale to individual persons without first publishing notice of sale or calling for bids, provided that in case of such sale involving a total appraised value of more than \$200 the sale shall be made subject to final settlement on the basis of a scale of cut products in the manner above provided and not more than two such sales, directly or indirectly to any individual shall be in effect at one time.

As directed by the county board, the county auditor may lease tax-forfeited land to individuals, corporations or organized subdivisions of the state at public or private vendue, and at such prices and under such terms as the county board may prescribe, for use as cottage and camp sites and for agricultural purposes and for the purpose of taking and removing of hay, stumpage, sand, gravel, clay, rock, marl, and black dirt therefrom, and for garden sites and other temporary uses provided that no leases shall be for a period to exceed ten years; provided, further that any leases involving a consideration of more than \$300 per year, except to an organized subdivision of the state shall first be offered at public sale in the manner provided herein for sale of timber. Upon the sale of any such leased land, it shall remain subject to the lease for not to exceed one year from the beginning of the term of the lease. Any rent paid by the lessee for the portion of the term cut off by such cancellation shall be refunded from the forfeited tax sale fund upon the claim of the lessee, to be audited and allowed by the county board as in case of other claims against the county.

The county auditor, with the approval of the county board is authorized to grant permits, licenses, and leases to tax-forfeited lands for the depositing of stripping, lean ores, tailings, or waste products from mines or ore milling plants, upon such conditions and for such consideration and for such period of time, not exceeding 15 years, as the county board may determine; said permits, licenses, or leases to be subject to approval by the commissioner of natural resources.

Any person who removes any timber from tax-forfeited land before said timber has been scaled and fully paid for as provided in this subdivision is guilty of a misdemeanor.

The county auditor may, with the approval of the county board, and without first offering at public sale, grant leases, for a term not exceeding 25 years, for the removal of peat from tax-forfeited lands upon such terms and conditions as the county board may prescribe. Any lease for the removal of peat from tax-forfeited lands must first be reviewed and approved by the commissioner of natural resources if the lease covers 320 or more acres. No lease for the removal of peat shall be made by the county auditor pursuant to this section without first holding a public hearing on the auditor's intention to lease. One printed notice in a legal newspaper in the county at least ten days before the hearing, and posted notice in the courthouse at least 20 days before the hearing shall be given of the hearing.

Sec. 92. Minnesota Statutes 1994, section 296.02, is amended by adding a subdivision to read:

Subd. 7a. [TAX CREDIT FOR AGRICULTURAL ALCOHOL GASOLINE.] Until October 1, 1997, a distributor shall be allowed a credit on each gallon of denatured ethanol commercially blended with gasoline or blended in a tank truck with gasoline on which the tax imposed by subdivision 1 is due and payable. Denatured ethanol is defined in section 296.01, subdivision 13. The amount of the credit for every gallon of denatured ethanol blended with gasoline to produce agricultural alcohol gasoline is:

- (1) until October 1, 1995, 15 cents;
- (2) until October 1, 1996, ten cents; and
- (3) until October 1, 1997, five cents.

The credit allowed a distributor must not exceed the total tax liability under subdivision 1. The tax credit received by a distributor on denatured ethanol blended with motor fuels shall be passed on to the retailer.

Sec. 93. Minnesota Statutes 1994, section 446A.07, subdivision 8, is amended to read:

Subd. 8. [OTHER USES OF REVOLVING FUND.] The water pollution control revolving fund may be used as provided in title VI of the Federal Water Pollution Control Act, including the following uses:

(1) to buy or refinance the debt obligation of governmental units for treatment works where debt was incurred and construction begun after March 7, 1985, at or below market rates;

(2) to guarantee or purchase insurance for local obligations to improve credit market access or reduce interest rates;

(3) to provide a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by the authority if the bond proceeds are deposited in the fund;

(4) to provide loan guarantees, loans, or set-aside for similar revolving funds established by a governmental unit other than state agencies, or state agencies under sections 17.117, 103F.725, subdivision 1a, 116J.403, and 116J.617, ~~and 462A.05~~; provided that no more than \$2,000,000 of the balance in the fund may be used for the small cities block grant program under section 116J.403 and the tourism loan program under section 116J.617, taken together, ~~and no more than \$2,000,000 of the balance in the fund may be used for home improvement loan programs under section 462A.05~~;

(5) to earn interest on fund accounts; and

(6) to pay the reasonable costs incurred by the authority and the agency of administering the fund and conducting activities required under the federal Water Pollution Control Act, including water quality management planning under section 205(j) of the act and water quality standards continuing planning under section 303(e) of the act.

Amounts spent under clause (6) may not exceed the amount allowed under the Federal Water Pollution Control Act.

Sec. 94. Minnesota Statutes 1994, section 446A.071, subdivision 2, is amended to read:

Subd. 2. [SUPPLEMENTAL ASSISTANCE.] The authority may provide supplemental assistance under this section in the form of loans; write-down of principal, interest, or both; or direct grants, as determined by authority rules. The amount and form of the supplemental assistance must be based on the authority's determination of the financial capability of the municipality, the municipality's eligibility to qualify for other grant programs, and the source of funds. In determining the financial capability of the municipality, the authority may not find the municipality to be ineligible based on the level of the municipality's annual sewer service charge if this charge exceeds 1.1 percent of the municipality's annual median household income.

Sec. 95. Minnesota Statutes 1994, section 473.845, subdivision 2, is amended to read:

Subd. 2. [WATER SUPPLY MONITORING AND HEALTH ASSESSMENTS.] ~~Up to ten percent of the Money in the fund~~ may be appropriated to the commissioner of health for water supply monitoring and health assessments. The commissioner shall monitor the quality of water in public water supply wells and may monitor private water supply wells in the metropolitan area that may be affected by their location in relation to a facility for mixed municipal solid waste. Testing under this subdivision must be for substances not funded under the Federal Safe Drinking

Water Act. The health assessments must be conducted in areas that may be affected by contaminants from mixed municipal solid waste facilities.

Sec. 96. Minnesota Statutes 1994, section 477A.11, subdivision 4, is amended to read:

Subd. 4. [OTHER NATURAL RESOURCES LAND.] "Other natural resources land" means:

(1) any other land presently owned in fee title by the state and administered by the commissioner, or any tax-forfeited land, other than platted lots within a city, which is owned by the state and administered by the commissioner ~~or by the county in which it is located~~; and

(2) land leased by the state from the United States of America through the United States Secretary of Agriculture pursuant to Title III of the Bankhead Jones Farm Tenant Act, which land is commonly referred to as land utilization project land that is administered by the commissioner.

Sec. 97. Minnesota Statutes 1994, section 477A.12, is amended to read:

477A.12 [ANNUAL APPROPRIATIONS; LANDS ELIGIBLE; CERTIFICATION OF ACREAGE.]

(a) There is annually appropriated to the commissioner of natural resources from the general fund for payment to counties within the state an amount equal to:

(1) for acquired natural resources land, \$3 multiplied by the total number of acres of acquired natural resources land, 75 cents multiplied by the number of acres of county-administered other natural resources land, or beginning July 1, 1996, at the county's option three-fourths of one percent of the appraised value of all acquired natural resource land in the county, whichever is greater; and

(2) 37.5 cents multiplied by the number of acres of commissioner-administered other natural resources land located in each county as of July 1 of each year.

(b) Lands for which payments in lieu are made pursuant to section 97A.061, subdivision 3, and Laws 1973, chapter 567, shall not be eligible for payments under this section. Each county auditor shall certify to the department of natural resources during July of each year the number of acres of county-administered other natural resources land within the county. The department of natural resources may, in addition to the certification of acreage, require descriptive lists of land so certified. The commissioner of natural resources shall determine and certify the number of acres of acquired natural resources land and commissioner-administered natural resources land within each county.

(c) For the purposes of this section, the appraised value of acquired natural resources land is the purchase price for the first five years after acquisition. The appraised value of acquired natural resources land received as a donation is the value determined for the commissioner of natural resources by a licensed appraiser, or the county assessor's estimated market value if no appraisal is done. The appraised value must be determined by the county assessor every five years after the land is acquired.

Sec. 98. Minnesota Statutes 1994, section 477A.14, is amended to read:

477A.14 [USE OF FUNDS.]

Forty percent of the total payment to the county shall be deposited in the county general revenue fund to be used to provide property tax levy reduction. The remainder shall be distributed by the county in the following priority:

(a) ~~42.5 cents for each acre of county-administered other natural resources land shall be deposited in a resource development fund to be created within the county treasury for use in resource development, forest management, game and fish habitat improvement, and recreational development and maintenance of county-administered other natural resources land. Any county receiving less than \$5,000 annually for the resource development fund may elect to deposit that amount in the county general revenue fund;~~

~~(b) From the funds remaining,~~ Within 30 days of receipt of the payment to the county, the county treasurer shall pay each organized township 30 cents per acre of acquired natural resources land and ~~8.5~~ 7.5 cents per acre of other natural resources land located within its boundaries. Payments for natural resources lands not located in an organized township shall be deposited in the county general revenue fund. Payments to counties and townships pursuant to this paragraph shall be used to provide property tax levy reduction. Provided that, if the total payment to the county pursuant to section 477A.12 is not sufficient to fully fund the distribution provided for in this clause, the amount available shall be distributed to each township and the county general revenue fund on a pro rata basis; and

~~(e)~~ (b) Any remaining funds shall be deposited in the county general revenue fund. Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the excess shall be used to provide property tax levy reduction.

Sec. 99. [CONSOLIDATION OF FUNCTIONS.]

Beginning in fiscal year 1997, the commissioners of the pollution control agency and natural resources shall consolidate the administrative, regional, and support functions of their respective agencies wherever feasible and expected to result in long-term overall cost reductions.

Sec. 100. [DEMONSTRATION PROGRAM RESTRICTIONS.]

(a) During fiscal years 1996 and 1997, loan participations under Minnesota Statutes, section 41B.045, must comply with the restrictions in this section.

(b) To the extent that herd health will not be jeopardized, farms receiving assistance from the authority must be available for tours within the first two years after completion of the expansion.

(c) All livestock expansion loans must be for expansions that include some of the most up-to-date, efficient systems available. Projects must be reviewed by a University of Minnesota extension livestock specialist prior to approval by the authority.

Sec. 101. [PERMIT APPLICATION FEES FOR TOWNS.]

Notwithstanding Minnesota Statutes, section 116.07, subdivision 4d, until July 1, 1997, the pollution control agency may not charge a town a stormwater permit application fee of more than \$160 in connection with the construction, reconstruction, or alteration of a town road, bridge, or culvert.

Sec. 102. [WASTEWATER INFRASTRUCTURE FUNDING PROGRAM; REPORT.]

By November 1, 1995, the public facilities authority shall report to the legislative water commission with recommendations for statutory changes that would allow the wastewater infrastructure funding program established in Minnesota Statutes, section 446A.071, to be implemented without the need for rules. The report must include a description of capital expenditures expected to be needed for wastewater treatment projects during fiscal years 1997 and 1998.

Sec. 103. [HARMFUL SUBSTANCE COMPENSATION BOARD ABOLISHED.]

The harmful substance compensation board is abolished. All powers and duties of the board are transferred to the pollution control agency.

Sec. 104. [REFUNDS.]

The commissioner of natural resources shall refund any payments made after August 1, 1991, under Minnesota Statutes, section 84.631, for easements along state trails by private property owners who had preexisting rights of ingress and egress.

Sec. 105. [REVISOR INSTRUCTION.]

In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall:

(1) change the term "landfill cleanup account" to "solid waste fund" in sections 115B.40,

subdivision 4; 115B.41, subdivisions 2 and 3; 115B.44, subdivision 2; 115B.45; and 116.07, subdivision 10; and

(2) change the terms "petroleum tank release cleanup account in the environmental fund" or "petroleum tank release cleanup account" and "account" where it refers to the petroleum tank cleanup account, to "petroleum tank fund" and "fund," respectively, in Minnesota Statutes, sections 115C.02, subdivision 1a; 115C.03, subdivision 9; 115C.04, subdivision 3; 115C.08; 115C.09, subdivisions 3 and 8; 115C.10; and 115C.11, subdivision 2.

Sec. 106. [REPEALER.]

(a) Minnesota Statutes 1994, sections 41A.09, subdivisions 2, 3, and 5; 115B.26, subdivision 1; 239.791, subdivisions 4, 5, 6, and 9; 282.018; 296.02, subdivision 7; 325E.0951, subdivision 5; and Laws 1993, chapter 172, section 10, are repealed.

(b) Minnesota Statutes, sections 28A.08, subdivision 2; and 446A.071, subdivision 7, are repealed.

Sec. 107. [EFFECTIVE DATE.]

Sections 7, subdivision 5; 18; 39; 41 to 46; 51; 52; and 92, are effective the day following final enactment. Section 106, paragraph (b), is effective July 1, 1996."

Delete the title and insert:

"A bill for an act relating to ethanol; modifying provisions relating to producer payments; modifying provisions relating to disposition of certain revenues from state trust lands, sales of software, agricultural and environmental loans, food handlers, ethanol and oxygenated fuels, the citizen's council on Voyageurs National Park, local recreation grants, zoo admission charges, watercraft surcharge, water information, well sealing grants, pollution control agency fees, special critical habitat license plates, sale of tax-forfeited lands, and payments in lieu of taxes; establishing the Passing on the Farm Center; authorizing establishment of a shooting area in Sand Dunes State Forest; abolishing the harmful substance compensation board and account; extending performance reporting requirements; providing for easements across state trails in certain circumstances; appropriating money; amending Minnesota Statutes 1994, sections 15.91, subdivision 1; 16A.125; 16B.405, subdivision 2; 17.117, subdivisions 2, 4, 6, 7, 8, 9, 10, 11, 14, 16, and by adding subdivisions; 28A.03; 28A.08; 41A.09, by adding subdivisions; 41B.02, subdivision 20; 41B.043, subdivisions 1b, 2, and 3; 41B.045, subdivision 2; 41B.046, subdivision 1, and by adding a subdivision; 84.631; 84.943, subdivision 3; 84B.11, subdivision 1; 85.015, by adding a subdivision; 85.019; 85A.02, subdivision 17; 86.72, subdivision 1; 86B.415, subdivision 7; 92.46, subdivision 1; 93.22; 103A.43; 103F.725, subdivision 1a; 103H.151, by adding a subdivision; 103I.331, subdivision 4; 115A.03, subdivision 29; 115A.908, subdivision 3; 115B.20, subdivision 1; 115B.25, subdivision 1a; 115B.26, subdivision 2; 115B.41, subdivision 1; 115B.42; 115C.03, subdivision 9; 116.07, subdivision 4d, and by adding a subdivision; 116.12, subdivision 1; 116.96, subdivision 5; 116C.69, subdivision 3; 116P.11; 239.791, subdivision 8; 282.01, subdivisions 2 and 3; 282.011, subdivision 1; 282.02; 282.04, subdivision 1; 296.02, by adding a subdivision; 446A.07, subdivision 8; 446A.071, subdivision 2; 473.845, subdivision 2; 477A.11, subdivision 4; 477A.12; 477A.14; proposing coding for new law in Minnesota Statutes, chapters 17; 28A; 89; 116; 168; repealing Minnesota Statutes 1994, sections 28A.08, subdivision 2; 41A.09, subdivisions 2, 3, and 5; 115B.26, subdivision 1; 239.791, subdivisions 4, 5, 6, and 9; 282.018; 296.02, subdivision 7; 325E.0951, subdivision 5; 446A.071, subdivision 7; and Laws 1993, chapter 172, section 10."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Ms. Berglin from the Committee on Health Care, to which was referred

S.F. No. 1110: A bill for an act relating to human services; appropriating money for the departments of human services and health, the veterans nursing homes board, the health-related boards, the telecommunication access for communication-impaired persons board, the council on disability, the ombudsman for mental health and mental retardation, and the ombudsman for families.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1
APPROPRIATIONS

Section 1. [HUMAN SERVICES APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or any other fund named, to the agencies and for the purposes specified in the following sections of this article, to be available for the fiscal years indicated for each purpose. The figures "1996" and "1997" where used in this article, mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 1996, or June 30, 1997, respectively. Where a dollar amount appears in parentheses, it means a reduction of an appropriation.

SUMMARY BY FUND

APPROPRIATIONS	1996	1997	BIENNIAL TOTAL
General	\$2,408,913,000	\$2,547,285,000	\$4,956,198,000
State Government			
Special Revenue	24,244,000	24,754,000	48,998,000
Metropolitan Landfill			
Contingency Action Fund	193,000	193,000	386,000
Trunk Highway	1,513,000	1,513,000	3,026,000
Special Revenue	8,000	8,000	16,000
TOTAL	2,434,871,000	2,573,753,000	5,008,642,000

APPROPRIATIONS
Available for the Year
Ending June 30

1996 1997

Sec. 2. COMMISSIONER OF
HUMAN SERVICES

Subdivision 1. Total Appropriation	2,351,060,000	2,488,610,000
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Summary by Fund

General	2,350,868,000	2,488,418,000
State Government		
Special Revenue	192,000	192,000

Subd. 2. Finance and Management

General

21,495,000	22,135,000
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[RECEIPTS FOR SYSTEMS PROJECTS.]

Appropriations and federal receipts for information system projects for MAXIS, electronic benefits, social services, child support enforcement, and Medicaid must be deposited in the state system account authorized in Minnesota Statutes, section 256.014. Money appropriated for computer projects approved by the information policy office, funded by the legislature, and approved by the commissioner of

finance may be transferred from one project to another and from development to operations as the commissioner of human services considers necessary. Any unexpended balance in the appropriation for these projects does not cancel but is available for ongoing development and operations.

[COMMUNICATION COSTS.] The commissioner shall continue to operate the special revenue fund account established in Laws 1993, First Special Session chapter 1, article 1, section 2, subdivision 2, to manage shared communication costs necessary for the operation of the programs the commissioner supervises. The commissioner may distribute the costs of operating and maintaining communication systems to participants in a manner that reflects actual system usage. Costs may include acquisition, licensing, insurance, maintenance, repair, staff time, and other direct costs as determined by the commissioner. The commissioner may accept on behalf of the state any gift, bequest, devise, or personal property of any kind or money tendered to the state for any lawful purpose pertaining to the communication activities of the department. Any money so received must be deposited in the state communication systems account. Money collected by the commissioner for the use of communication systems must be deposited in the state communication systems account and is appropriated to the commissioner for purposes of this section.

[ISSUANCE OPERATIONS CENTER.] Payments to the commissioner from other governmental units and private enterprises for (1) services performed by the issuance operations center or (2) reports generated by the payment and eligibility systems must be deposited in the state systems account authorized in Minnesota Statutes, section 256.014. These payments are appropriated to the commissioner for the operation of the issuance center or system, in accordance with Minnesota Statutes, section 256.014.

Subd. 3. Life Skills
Self-Sufficiency

General

64,130,000

69,044,000

[CROSS-CULTURAL TRAINING.] Of this appropriation, \$50,000 each year is for cross-cultural training for deaf and hard of hearing children and their families and is

available only upon the receipt of \$25,000 each year in nonstate matching funds.

[INDIAN ELDERS.] The Minnesota board on aging shall provide staff out of the available appropriation to support the Indian elders coordinator position.

[USE OF MENTAL HEALTH COLLABORATIVE FUNDS.] The appropriation for mental health collaborative funds may be used for two-year startup funding, but not for the cost of ongoing services.

[SILS TRANSFER.] For the purpose of transferring certain persons from the semi-independent living services (SILS) program to the home and community-based waived services program for persons with mental retardation or related conditions, the amount of funds transferred between the SILS account or the state community social services account and the state medical assistance account shall be based on each county's participation in transferring persons to the waived services program. No person for whom these funds are transferred shall be required to obtain a new living arrangement, notwithstanding Minnesota Statutes, section 252.28, subdivision 3, paragraph (4), and Minnesota Rules, parts 9525.1800, subpart 25a, and 9525.1869, subpart 6. When supported living services are provided to persons for whom these funds are transferred, the commissioner may substitute the licensing standards of Minnesota Rules, parts 9525.0500 to 9525.0660, for parts 9525.2000 to 9525.2140, if the services remain nonresidential as defined in Minnesota Statutes, section 245A.02, subdivision 10. For the purposes of Minnesota Statutes, chapter 256G, when a service is provided under these substituted licensing standards, the status of residence of the recipient of that service shall continue to be considered excluded time. Contingent upon continuing federal approval of expanding eligibility for home and community-based services for persons with mental retardation or related conditions, the commissioner shall reduce the state SILS payments to each county by the total medical assistance expenditures for nonresidential services attributable to former SILS recipients transferred by the county to the home and community-based services program for persons with mental retardation or related conditions. Of the reduced SILS payments determined above, the commissioner shall transfer to the state medical assistance account an amount equal to the nonfederal share of the nonresidential

services under the home and community-based services for persons with mental retardation or related conditions. Of the remaining reduced SILS payments, 80 percent shall be returned to the SILS grant program to provide additional SILS services and 20 percent shall be transferred to the general fund.

[NEW ICF/MR.] A newly constructed or newly established intermediate care facility for persons with mental retardation that is developed and financed during the biennium ending June 30, 1997, shall not be subject to the equity requirements in Minnesota Statutes, section 256B.501, subdivision 11, paragraph (d), or Minnesota Rules, part 9553.0060, subpart 3, item F, provided that the provider's interest rate does not exceed the interest rate available through state agency tax exempt financing.

[ICF/MR RECEIVERSHIP.] If a facility which is in receivership under Minnesota Statutes, section 245A.12 or 245A.13, is sold to an unrelated organization: (a) the facility shall be considered a newly established facility for rate setting purposes notwithstanding any provisions to the contrary in Minnesota Statutes, section 256B.501, subdivision 11; and (b) the facility's historical basis for the physical plant, land, and land improvements for each facility must not exceed the prior owner's aggregate historical basis for these same assets for each facility. The allocation of the purchase price between land, land improvements, and physical plant shall be based on the real estate appraisal using the depreciated replacement cost method.

[CHEMICAL DEPENDENCY RATE FREEZE.] Beginning January 1, 1996, rates for chemical dependency treatment services provided according to Minnesota Statutes, chapter 254B, shall be the same as those rates negotiated according to Minnesota Statutes, section 254B.03, subdivision 1, paragraph (b), and effective January 1, 1995. Rates for vendors under Minnesota Statutes, chapter 254B, enrolled after January 1, 1995, shall not be higher than the statewide average rate for vendors licensed at the same level of care. Counties and providers shall not negotiate an increase in rates between January 1, 1995, and December 31, 1997.

[GRH TO CSSA TRANSFER.] For the fiscal year ending June 30, 1995, the commissioner may transfer funds from the group residential housing (GRH) account to county community social services act (CSSA) grants to provide continuous funding for persons no longer eligible

for GRH payments for the following reasons: they reside in a setting with only a semi-independent living services license; or they reside in family foster care settings and have become ineligible for GRH difficulty of care payments due to receipt of mental retardation/related conditions waived services. The amount to be transferred must not exceed the amount of GRH payments for actual residents in the affected GRH settings during the fiscal year 1995. The amount transferred is to be added to the affected county's CSSA base.

Subd. 4. Children's Program	20,369,000	18,470,000
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Summary by Fund

General	20,177,000	18,278,000
State Government		
Special Revenue	192,000	192,000

[FAMILY SERVICES COLLABORATIVE.] Plans for the expenditure of funds for family services collaboratives must be approved by the children's cabinet according to criteria in Minnesota Statutes, section 121.8355. Money appropriated for these purposes may be expended in either year of the biennium.

[MENTAL HEALTH COLLABORATIVES.] A mental health collaborative may apply for family services collaboratives funding for planning purposes.

[STUDY OF HOMELESS YOUTH.] The commissioner shall study and report to the legislature by January 15, 1996, on the need for programs outside the seven-county metropolitan area to serve youths aged 16 to 21 who are homeless or at high risk of becoming homeless.

[HOME CHOICE PROGRAM.] Of this appropriation, \$75,000 each year must be used as a grant to the metropolitan council to support the housing and related counseling component of the home choice program.

[HIPPIY CARRY FORWARD.] \$50,000 in unexpended money appropriated in fiscal year 1995 for the Home Instruction Program for Preschool Youngsters (HIPPIY) in Laws 1994, chapter 636, article 1, section 11, does not cancel but is available for the same purposes for fiscal year 1996.

Subd. 5. Economic Self-Sufficiency

General

319,584,000	327,495,000
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[RAMSEY COUNTY ELECTRONIC

BENEFITS.] Notwithstanding the requirements for state contracts contained in Minnesota Statutes, chapter 16B, or Laws 1993, First Special Session chapter 1, article 1, section 2, subdivision 5, or any other law to the contrary, the commissioner, under terms and conditions approved by the attorney general, may accept assignment from Ramsey county of any existing contract, license agreement, or similar transactional document related to the Ramsey county electronic benefit system. The term of any contract, agreement, or other document assigned to the state, including the agreement arising from the Ramsey county electronic benefit services pilot project, may not extend beyond June 30, 1997, and the commissioner must publish a request for proposals for succeeding electronic benefits services in the State Register before January 1, 1996.

[STATE TAKEOVER ACCELERATION.] Notwithstanding Minnesota Statutes, section 256.025, \$800,000 of the funds appropriated for fiscal year 1996 under Minnesota Statutes, section 256.026, shall be used to reimburse the county share of project STRIDE case management and work readiness employment and training services for the first six months of calendar year 1995.

[FOOD STAMP EMPLOYMENT AND TRAINING.] Federal food stamp employment and training funds are appropriated to the commissioner to reimburse counties for food stamp employment and training expenditures.

[WELFARE REFORM.] Unexpended money appropriated for welfare reform initiatives in fiscal year 1996 does not cancel but is available to the commissioner for those initiatives in fiscal year 1997.

[PATERNITY ESTABLISHMENT.] Federal matching funds from the hospital acknowledgment reimbursement program may be retained by the commissioner to establish paternity in child support cases. These federal matching funds are appropriated to the commissioner and must be used for education and public information concerning paternity establishment and the prevention of nonmarital births.

[CASH BENEFITS IN ADVANCE.] The commissioner, with the advance approval of the commissioner of finance, is authorized to issue cash assistance benefits up to two days before the first day of each month, including two days before the start of each state fiscal year. Of the

money appropriated for the aid to families with dependent children program for fiscal year 1996, \$12,000,000 is available in fiscal year 1995. If that amount is insufficient for the costs incurred, an additional amount of the fiscal year 1996 appropriation as needed may be transferred with the advance approval of the commissioner of finance. This paragraph is effective the day following final enactment.

[MFIP TRANSFER.] Unexpended money appropriated for the Minnesota family investment plan in fiscal year 1996 does not cancel but is available for those purposes in fiscal year 1997.

[CHILD SUPPORT INCENTIVES.] The commissioner may transfer money appropriated for child support enforcement county performance incentives for fiscal years 1996 and 1997 between county performance incentive accounts. Unexpended money in fiscal year 1996 does not cancel but is available for county performance incentives in fiscal year 1997.

[PARENT'S FAIR SHARE.] Money appropriated for the Minnesota parent's fair share program must be paid to the Minnesota parent's fair share counties, in the form of quarterly advances, under the terms of the contract between the department and the counties. Federal JOBS financial participation funds earned by the Minnesota parent's fair share program are appropriated to the commissioner and must be refunded to the Minnesota parent's fair share counties in accordance with the terms of the contracts.

[GA/AFDC TO SSI CONVERSION.] The commissioner may contract with a private entity to convert general assistance and AFDC recipients to the federal Supplemental Security Income program. The contract shall pay only for cases successfully converted, at a rate to be negotiated by the commissioner.

[GA STANDARD.] The commissioner shall set the monthly standard of assistance for general assistance and work readiness assistance units consisting of an adult recipient who is childless and unmarried or living apart from his or her parents or a legal guardian at \$203.

[AFDC SUPPLEMENTARY GRANTS.] Of the appropriation for aid to families with dependent children, the commissioner shall provide supplementary grants not to exceed \$200,000 a year for aid to families with dependent children. The commissioner shall include the following

costs in determining the amount of the supplementary grants: major home repairs, repair of major home appliances, utility recaps, supplementary dietary needs not covered by medical assistance, and replacements of furnishings and essential major appliances.

Subd. 6. Health Care

General

1,670,550,000

1,792,397,000

[MANAGED CARE.] Notwithstanding any other law to the contrary, the commissioner shall allocate funds appropriated for county administration of the prepaid medical assistance program as deemed appropriate.

[PREADMISSION SCREENING TRANSFER.] Effective the day following final enactment, up to \$40,000 of the appropriation for preadmission screening and alternative care for fiscal year 1995 may be transferred to the health care administration account to pay the state's share of county claims for conducting nursing home assessments for persons with mental illness or mental retardation as required by Public Law Number 100-203.

[ICF/MR AND NURSING FACILITY INFLATION.] The commissioner of human services shall grant inflation adjustments for nursing facilities with rate years beginning during the biennium according to Minnesota Statutes, section 256B.431, and shall grant inflation adjustments for intermediate care facilities for persons with mental retardation or related conditions with rate years beginning during the biennium according to Minnesota Statutes, section 256B.501.

[MINNESOTACARE PHARMACY.] Notwithstanding the amendments in this act to Minnesota Statutes, section 256B.0625, subdivision 13, the pharmacy dispensing fee in the MinnesotaCare program shall be \$4.10.

[ALTERNATIVE CARE TRANSFER.] Any money allocated to the alternative care program that is not spent for the purposes indicated does not cancel but shall be transferred to the medical assistance account.

[RATABLE REDUCTION.] For services rendered on or after July 1, 1995, the commissioner shall ratably reduce general assistance medical care payments for all non-inpatient services by 5.4 percent.

[PHARMACY STUDY.] The commissioner shall study and report to the legislature by

January 15, 1996, on (1) the potential value of a program to reward pharmacists for cost-effective intervention with physicians prescribing for recipients of public programs in order to encourage lower-cost alternatives where warranted; (2) a limit on the number of prescriptions a recipient may have filled per month, with prior authorization required for additional prescriptions; (3) the utilization of pharmacy case management; and (4) the use of copayments to reduce the cost and misutilization of pharmacy services.

[PREADMISSION SCREENING RATE.] The preadmission screening payment to all counties shall continue at the payment amount in effect for fiscal year 1995.

[SAIL TRANSFER.] Appropriations for administrative costs associated with the senior's agenda for independent living (SAIL) program may be transferred to SAIL grants as the commissioner determines necessary to facilitate the delivery of the program.

[STUDY OF OUTPATIENT RATES.] The commissioner of human services shall conduct a review of payment rates and methodologies for services that are provided on an outpatient basis. The commissioner may convene a review panel of department and hospital staff to assist in that review. The commissioner shall submit recommendations for changes to the outpatient payment system to the governor and the legislature by January 15, 1996.

[ADDITIONAL WAIVERED SERVICES.] The commissioner shall seek the necessary amendments to home and community-based waiver programs to provide, to the extent possible, services to persons no longer eligible to receive personal care assistant services due to the restructuring of that program. Any additional allocations made available due to these requests for additional home and community-based services may be directed to persons eligible for home and community-based services who were receiving personal care assistant services prior to the restructuring of that program. The commissioner may transfer the additional funds made available for alternative services for these persons between the medical assistance grant and mental health grant accounts as necessary in order to serve people with mental health needs.

[ALLOCATION OF WAIVERED SLOTS.] In allocating waiver slots to counties under Minnesota Statutes, sections 256B.092 and 256B.501, the commissioner shall ensure that at

least as many individuals are served from county waiting lists as the net census reduction from regional treatment centers. Any unexpended appropriations from the regional treatment center supplements for state enhanced waiver slots shall be transferred into the regional treatment center salary account.

[CONSUMER SATISFACTION SURVEY.] Any federal matching money received through the medical assistance program for the consumer satisfaction survey is appropriated to the commissioner for this purpose. The commissioner may expend the federal money received for the consumer satisfaction survey in either year of the biennium.

[LONG-TERM CARE OPTIONS PROJECT.] Federal funds received by the commissioner of human services for the long-term care options project may be transferred among object of expenditure classifications as the commissioner determines necessary for the implementation of the project.

[MORATORIUM EXCEPTIONS.] Of this appropriation, \$300,000 each year is for the medical assistance costs of moratorium exceptions approved by the commissioner of health under Minnesota Statutes, section 144A.073.

[SURCHARGE COMPLIANCE.] In the event that federal financial participation in the Minnesota medical assistance program is reduced as a result of a determination that Minnesota is out of compliance with Public Law Number 102-234 or its implementing regulations or with any other federal law designed to restrict provider tax programs or intergovernmental transfers, the commissioner shall appeal the determination to the fullest extent permitted by law and may ratably reduce all medical assistance and general assistance medical care payments to providers other than the state of Minnesota in order to eliminate any shortfall resulting from the reduced federal funding. Any amount later recovered through the appeals process shall be used to reimburse providers for any ratable reductions taken.

Subd. 7. Community Mental Health and State-Operated Services

General

254,932,000

259,069,000

[CALCULATION OF FTE's.] When calculating regional treatment center full-time equivalent

employees, the commissioner of finance shall make a separate calculation for physicians and their salaries.

[REPAIRS AND BETTERMENTS.] The commissioner may transfer unencumbered appropriation balances between fiscal years for the state residential facilities repairs and betterments account and special equipment.

[PROJECT LABOR.] Wages for project labor may be paid by the commissioner of human services out of repairs and betterments money if the individual is to be engaged in a construction project or a repair project of short term and nonrecurring nature. Compensation for project labor shall be based on the prevailing wage rates, as defined in Minnesota Statutes, section 177.42, subdivision 6. Project laborers are excluded from the provisions of Minnesota Statutes, sections 43A.22 to 43A.30, and shall not be eligible for state-paid insurance and benefits.

[RELOCATIONS FROM FARIBAULT.] Of this appropriation, \$162,000 in fiscal year 1996 and \$37,000 in fiscal year 1997 are for grants to counties for discharge planning related to persons with mental retardation or related conditions being relocated from Faribault regional center to community services.

[AH GWAH CHING NURSING HOME.] Notwithstanding Minnesota Statutes, sections 429.061, subdivision 2, and 435.19, subdivision 2, the commissioner may, by contract with the city of Walker, agree to an assessment for sewer pond repairs which will constitute a valid lien on property now under the management and control of the commissioner of human services currently being used for the Ah Gwah Ching nursing home and the lien hereby authorized may, if not paid when due, be recovered in a civil action against the state or may be enforced as if the property described above were privately owned.

[TRANSFERS TO MOOSE LAKE.] Notwithstanding Minnesota Statutes, sections 253B.18, subdivisions 4 and 6, and 253B.185, subdivision 2, with the establishment of the Minnesota sexual psychopathic personality treatment center, the commissioner is authorized to transfer any person committed as a psychopathic personality, sexual psychopathic personality, or sexually dangerous person, between the Minnesota security hospital and the facility at Moose Lake.

[RTC CHEMICAL DEPENDENCY PROGRAMS.] When the operations of the

regional treatment center chemical dependency fund created in Minnesota Statutes, section 246.18, subdivision 2, are impeded by projected cash deficiencies resulting from delays in the receipt of grants, dedicated income, or other similar receivables, and when the deficiencies would be corrected within the budget period involved, the commissioner of finance may transfer general fund cash reserves into this account as necessary to meet cash demands. The cash flow transfers must be returned to the general fund in the fiscal year that the transfer was made. Any interest earned on general fund cash flow transfers accrues to the general fund and not the regional treatment center chemical dependency fund.

[RTC RESTRUCTURING.] For purposes of restructuring the regional treatment centers and state nursing homes, any regional treatment center or state nursing home employee whose position is to be eliminated shall be afforded the options provided in applicable collective bargaining agreements. All salary and mitigation allocations from fiscal year 1996 shall be carried forward into fiscal year 1997. Provided there is no conflict with any collective bargaining agreement, any regional treatment center or state nursing home position reduction must only be accomplished through mitigation, attrition, transfer, and other measures as provided in state or applicable collective bargaining agreements and in Minnesota Statutes, section 252.50, subdivision 11, and not through layoff.

[RTC POPULATION.] If the resident population at the regional treatment centers is projected to be higher than the estimates upon which the medical assistance forecast and budget recommendations for the 1996-97 biennium were based, the amount of the medical assistance appropriation that is attributable to the cost of services that would have been provided as an alternative to regional treatment center services, including resources for community placements and waived services for persons with mental retardation and related conditions, is transferred to the residential facilities appropriation.

Sec. 3. COMMISSIONER OF HEALTH

Subdivision 1. Total

Appropriation	55,418,000	55,910,000
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Summary by Fund

General	38,007,000	37,974,000
Metropolitan Landfill		
Contingency Action Fund	193,000	193,000

State Government		
Special Revenue	15,697,000	16,222,000
Trunk Highway	1,513,000	1,513,000
Special Revenue	8,000	8,000

[LANDFILL CONTINGENCY.] The appropriation from the metropolitan landfill contingency action fund is for monitoring well water supplies and conducting health assessments in the metropolitan area.

[TRUNK HIGHWAY FUND.] The appropriation from the trunk highway fund is for emergency medical services activities.

Subd. 2. Health		
Systems Development	27,907,000	27,758,000

Summary by Fund

General	27,478,000	27,328,000
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State Government		
Special Revenue	429,000	430,000

[WIC TRANSFERS.] General fund appropriations for the women, infants, and children food supplement program (WIC) are available for either year of the biennium. Transfers of appropriations between fiscal years must be for the purpose of maximizing federal funds or minimizing fluctuations in the number of participants.

[NURSING HOME RESIDENTS EDUCATION.] Any efforts undertaken by the Minnesota departments of health or human services to conduct periodic education programs for nursing home residents shall build on and be coordinated with the resident and family advisory council education program established in Minnesota Statutes, section 144A.33.

[CHILDREN WITH SPECIAL NEEDS.] When cost-effective, the commissioner may use money received for the services for children with special health care needs program to purchase health coverage for eligible children.

[MATERNAL AND CHILD HEALTH.] In the event that Minnesota is required to comply with the provision in the federal maternal and child health block grant law, which requires 30 percent of the allocation to be spent on primary services for children, federal funds allocated to the commissioner of health under Minnesota Statutes, section 145.882, subdivision 2, may be transferred to the commissioner of human services for the purchase of primary services for children covered by MinnesotaCare. The commissioner of human services shall transfer an equal amount of the money appropriated for

MinnesotaCare to the commissioner of health to assure access to quality child health services under Minnesota Statutes, section 145.88.

[CARRYOVER.] General fund appropriations for treatment services in the services for children with special health care needs program are available for either year of the biennium.

[HEALTH CARE ACCESS OFFICE GRANTS.] Of this appropriation, \$50,000 in fiscal year 1996 is appropriated to the commissioner of health to award a grant to an existing health care access office and to a rural community to establish a health care access office. Recipients of the grants must provide a local match equal to 30 percent of the state grant. A health care access office is a nonprofit organization that provides direct client services that increase access to health care by providing a single point of access for financial assessment and assistance, information and assisted referral to existing public and private health care programs and services, advocacy, counseling, and case management.

Subd. 3. Health Quality Assurance

6,734,000

7,115,000

Summary by Fund

General	1,185,000	1,185,000
Trunk Highway	1,431,000	1,431,000
State Government		
Special Revenue	4,118,000	4,499,000

[BED LAYAWAY.] The commissioner of health, in coordination with the commissioner of human services, may allow 16 licensed and certified beds located on July 1, 1994, in a 142-bed nursing home and 21-bed boarding care home facility in Minneapolis, notwithstanding the licensure and certification after July 1, 1995, of the Minneapolis facility as a 147-bed nursing home facility after completion of a construction project approved in 1993 under Minnesota Statutes, section 144A.073, to be laid away upon 30 days' prior written notice to the commissioner of health. Beds on layaway status shall have the same status as voluntarily delicensed or decertified beds except that they shall remain subject to the surcharge in Minnesota Statutes, section 256.9657. Notwithstanding section 10, the 16 beds on layaway status may be relicensed as nursing home beds and recertified at any time within five years of the effective date of the layaway upon relocation of some or all of the beds to a licensed and certified facility located in

Watertown, provided that the total project construction costs related to the relocation of beds from layaway status for the Watertown facility may not exceed the dollar threshold provided in Minnesota Statutes, section 144A.071, subdivision 2, unless the construction project has been approved through the moratorium exception process under Minnesota Statutes, section 144A.073. The property-related payment rate of the facility placing beds on layaway status must be adjusted by the incremental change in its rental per diem after recalculating the rental per diem as provided in Minnesota Statutes, section 256B.431, subdivision 3a, paragraph (d). The property-related payment rate for the facility relicensing and recertifying beds from layaway status must be adjusted by the incremental change in its rental per diem after recalculating its rental per diem using the number of beds after the relicensing to establish the facility's capacity day divisor, which shall be effective the first day of the month following the month in which the relicensing and recertification became effective. Any beds remaining on layaway status more than five years after the date the layaway status became effective must be removed from layaway status and immediately delicensed and decertified.

Subd. 4. Health Protection		16,765,000	16,861,000
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Summary by Fund

General	6,899,000	6,895,000
State Government		
Special Revenue	9,687,000	9,787,000
Metropolitan Landfill		
Contingency Action		
Fund	171,000	171,000
Special Revenue	8,000	8,000

[SMOKING PREVENTION.] The commissioner may sell at market value, all nonsmoking or tobacco use prevention advertising materials. Proceeds from the sale of the advertising materials are appropriated to the department of health for its nonsmoking program.

Subd. 5. Management and Support Services		4,012,000	4,176,000
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Summary by Fund

General	2,445,000	2,566,000
Metropolitan Landfill		
Contingency Action Fund	22,000	22,000

Trunk Highway	82,000	82,000	
State Government Special Revenue	1,463,000	1,506,000	
Sec. 4. VETERANS NURSING HOMES BOARD		18,242,000	19,084,000

[SPECIAL REVENUE ACCOUNT.] The general fund appropriations made to the veterans homes board shall be transferred to a veterans homes special revenue account in the special revenue fund in the same manner as other receipts are deposited in accordance with Minnesota Statutes, section 198.34, and are appropriated to the veterans homes board of directors for the operation of board facilities and programs.

[SETTING THE COST OF CARE.] The board may set the cost of care at the Silver Bay and Luverne facilities based on the cost of average skilled nursing care provided to residents of the Minneapolis veterans home for fiscal year 1996.

[ROOMS WITH MORE THAN FOUR BEDS.] Until June 30, 1996, the commissioner of health shall not apply the provisions of Minnesota Statutes, section 144.55, subdivision 6, paragraph (b), to the Minnesota veterans home at Hastings.

[LICENSED CAPACITY.] The department of health shall not reduce the licensed bed capacity for the Minneapolis veterans home, in lieu of presentation to the legislature of buildings needs and options by the veterans homes board.

[ALLOWANCE FOR FOOD.] The allowance for food may be adjusted annually to reflect changes in the producer price index, as prepared by the United States Bureau of Labor Statistics, with the approval of the commissioner of finance. Adjustments for fiscal year 1996 and fiscal year 1997 must be based on the June 1994 and June 1995 producer price index respectively, but the adjustment must be prorated if it would require money in excess of the appropriation.

[FERGUS FALLS.] If a federal grant for the construction of the Fergus Falls veterans home is received before the start of the 1996 legislative session, the veterans homes board of directors may use up to \$150,000 of current appropriations to fund positions and support services to coordinate and oversee the construction of the home and to begin planning for the opening of the facility.

Sec. 5. HEALTH-RELATED BOARDS

Subdivision 1. Total Appropriation		8,355,000	8,340,000
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[SPECIAL REVENUE FUND.] The appropriations in this section are from the state government special revenue fund.

[NO SPENDING IN EXCESS OF REVENUES.] The commissioner of finance shall not permit the allotment, encumbrance, or expenditure of money appropriated in this section in excess of the anticipated biennial revenues from fees collected by the boards. Neither this provision nor Minnesota Statutes, section 214.06, applies to transfers from the general contingent account, if the amount transferred does not exceed the amount of surplus revenue accumulated by the transferee during the previous five years.

Subd. 2. Board of Chiropractic Examiners	309,000	313,000
Subd. 3. Board of Dentistry	698,000	708,000
Subd. 4. Board of Dietetic and Nutrition Practice	63,000	64,000
Subd. 5. Board of Marriage and Family Therapy	95,000	96,000
Subd. 6. Board of Medical Practice	3,204,000	3,204,000
Subd. 7. Board of Nursing	1,710,000	1,714,000
[DISCIPLINE AND LICENSING SYSTEMS PROJECT.] Of this appropriation, \$548,000 the first year and \$295,000 the second year is to implement the discipline and licensing systems project as recommended by the information policy office. In accordance with Minnesota Statutes, section 214.06, subdivision 1, the board may raise fees to fund this activity.		
Subd. 8. Board of Nursing Home Administrators	182,000	186,000
Subd. 9. Board of Optometry	78,000	79,000
Subd. 10. Board of Pharmacy	900,000	906,000
Subd. 11. Board of Podiatry	31,000	32,000
Subd. 12. Board of Psychology	393,000	396,000
Subd. 13. Board of Social Work	550,000	491,000
Subd. 14. Board of Veterinary Medicine	142,000	151,000
Sec. 6. COUNCIL ON DISABILITY	575,000	581,000
Sec. 7. OMBUDSMAN FOR MENTAL HEALTH AND MENTAL RETARDATION	1,088,000	1,091,000
Sec. 8. OMBUDSMAN FOR FAMILIES	133,000	137,000
Sec. 9. CARRYOVER LIMITATION		

None of the appropriations in this act which are allowed to be carried forward from fiscal year 1996 to fiscal year 1997 shall become part of the base level funding for the 1997-1999 biennial budget, unless specifically directed by the legislature.

Sec. 10. SUNSET OF UNCODIFIED LANGUAGE

All uncodified language contained in this article expires on June 30, 1997, unless a different expiration is explicit.

Sec. 11. TRANSFERS

Subdivision 1. Transfers in fiscal year 1995

Effective the day following final enactment, the commissioner of human services may transfer unencumbered appropriation balances for fiscal year 1995 among the aid to families with dependent children, aid to families with dependent children child care, Minnesota family investment, general assistance, general assistance medical care, medical assistance, Minnesota supplemental aid, and work readiness programs, and the entitlement portion of the chemical dependency consolidated treatment fund, with the approval of the commissioner of finance after notification of the chair of the senate health care and family services finance division and the chair of the house of representatives health and human services finance division.

Subd. 2. Transfers of unencumbered entitled grant and aid appropriations

The commissioner of human services, with the approval of the commissioner of finance, and after notification of the chair of the senate health care and family services finance division and the chair of the house of representatives health and human services finance division, may transfer unencumbered appropriation balances within fiscal years among the aid to families with dependent children, aid to families with dependent children child care, Minnesota family investment, general assistance, general assistance medical care, medical assistance, Minnesota supplemental aid, group residential housing, and work readiness programs, and the entitlement portion of the chemical dependency consolidated treatment fund, and between fiscal years of the biennium.

Subd. 3. Approval required

Positions, salary money, and nonsalary administrative money may be transferred within the departments of human services and health

and within the programs operated by the veterans nursing homes board as the commissioners and the board consider necessary, with the advance approval of the commissioner of finance. The commissioners and the board shall inform the chairs of the health and human services finance division of the house of representatives and the health and family services finance division of the senate quarterly about transfers made under this provision.

Subd. 4. Transfer

Funding appropriated by the legislature may not be transferred to a different department than that specified by the legislature without legislative authority.

Sec. 12. PROVISIONS

(a) Money appropriated to the commissioner of human services for the purchase of provisions within the item "current expense" must be used solely for that purpose. Money provided and not used for the purchase of provisions must be canceled into the fund from which appropriated, except that money provided and not used for the purchase of provisions because of population decreases may be transferred and used for the purchase of drugs and medical and hospital supplies and equipment with written approval of the governor after consultation with the legislative advisory commission.

(b) For fiscal year 1996 the allowance for food may be adjusted to the equivalent of the 75th percentile of the comparable raw food costs for community nursing homes as reported to the commissioner of human services. For fiscal year 1997 an adjustment may be made to reflect the annual change in the United States Bureau of Labor Statistics producer price index as of June 1996 with the approval of the commissioner of finance. The adjustments for either year must be prorated if they would require money in excess of this appropriation.

ARTICLE 2

DEPARTMENT OF HUMAN SERVICES FINANCE AND MANAGEMENT

Section 1. Minnesota Statutes 1994, section 256.025, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the following terms have the meanings given them.

(b) "Base amount" means the calendar year 1990 county share of county agency expenditures for all of the programs specified in subdivision 2, except for the programs in subdivision 2, clauses (4), (7), and (13). The 1990 base amount for subdivision 2, clause (4), shall be reduced by one-seventh for each county, and the 1990 base amount for subdivision 2, clause (7), shall be reduced by seven-tenths for each county, and those amounts in total shall be the 1990 base amount for group residential housing in subdivision 2, clause (13).

(c) "County agency expenditure" means the total expenditure or cost incurred by the county of financial responsibility for the benefits and services for each of the programs specified in subdivision 2 up to the amount required by statute or rule, and excluding county optional costs which are not reimbursable with state funds. The term includes the federal, state, and county share of costs for programs in which there is federal financial participation. For programs in which there is no federal financial participation, the term includes the state and county share of costs. The term excludes county administrative costs, unless otherwise specified.

(d) "Nonfederal share" means the sum of state and county shares of costs of the programs specified in subdivision 2.

(e) The "county share of county agency expenditures growth amount" is the amount by which the county share of county agency expenditures in calendar years 1991 to 2000 has increased over the base amount.

Sec. 2. Minnesota Statutes 1994, section 256.025, subdivision 2, is amended to read:

Subd. 2. [COVERED PROGRAMS AND SERVICES.] The procedures in this section govern payment of county agency expenditures for benefits and services distributed under the following programs:

- (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 for employment and training services costs incurred prior to July 1, 1995;
- (10) case management services under section 256.736, subdivision 13, for case management service costs incurred prior to July 1, 1995;
- (11) general assistance claims processing, medical transportation and related costs;
- (12) medical assistance, medical transportation and related costs; and
- (13) group residential housing under section 256I.05, subdivision 8, transferred from programs in clauses (4) and (7).

Sec. 3. Minnesota Statutes 1994, section 256.026, is amended to read:

256.026 [ANNUAL APPROPRIATION.]

(a) There shall be appropriated from the general fund to the commissioner of human services in fiscal year ~~1994~~ 1996 the amount of \$140,481,973 and in fiscal year 1997 and each fiscal year thereafter the amount of ~~\$142,339,359, which is the sum of the amount of human services aid determined for all counties in Minnesota for calendar year 1992 under Minnesota Statutes 1992, section 273.1398, subdivision 5a, before any adjustments for calendar year 1991~~ \$139,681,973.

(b) In addition to the amount in paragraph (a), there shall also be annually appropriated from the general fund to the commissioner of human services in fiscal years 1996, 1997, 1998, 1999, 2000, and 2001 the amount of ~~\$5,930,807~~ \$5,820,083.

(c) The amounts appropriated under paragraphs (a) and (b) shall be used with other appropriations to make payments required under section 256.025 for fiscal year ~~1994~~ 1996 and thereafter.

Sec. 4. Minnesota Statutes 1994, section 256D.051, subdivision 6, is amended to read:

Subd. 6. [SERVICE COSTS.] The commissioner shall reimburse 92 percent of county agency expenditures for providing work readiness services including direct participation expenses and administrative costs, except as provided in section 256.017. State work readiness funds shall be used only to pay the county agency's and work readiness service provider's actual costs of providing participant support services, direct program services, and program administrative costs for persons who participate in work readiness services. Beginning July 1, 1991, the average annual reimbursable cost for providing work readiness services to a recipient for whom an individualized employability development plan is not completed must not exceed \$60 for the work readiness services, and \$223 for necessary recipient support services such as transportation or child care needed to participate in work readiness services. If an individualized employability development plan has been completed, the average annual reimbursable cost for providing work readiness services must not exceed \$283, except that the total annual average reimbursable cost shall not exceed \$804 for recipients who participate in a pilot project work experience program under Laws 1993, First Special Session chapter 1, article 6, section 55, for all services and costs necessary to implement the plan, including the costs of training, employment search assistance, placement, work experience, on-the-job training, other appropriate activities, the administrative and program costs incurred in providing these services, and necessary recipient support services such as tools, clothing, and transportation needed to participate in work readiness services. Beginning July 1, 1991, the state will reimburse counties, up to the limit of state appropriations, according to the payment schedule in section 256.025 for the county share of costs incurred under this subdivision on or after January 1, 1991, through June 30, 1995. Payment to counties under this subdivision is subject to the provisions of section 256.017. Beginning July 1, 1995, the commissioner shall reimburse 100 percent of county agency expenditures, up to the limit of state appropriations and subject to the provisions of this subdivision.

Sec. 5. Minnesota Statutes 1994, section 256D.36, subdivision 1, is amended to read:

Subdivision 1. [STATE PARTICIPATION.] ~~(a) [ELIGIBILITY.] Commencing January 1, 1974, the commissioner shall certify to each county agency the names of all county residents who were eligible for and did receive aid during December, 1973, pursuant to a categorical aid program of old age assistance, aid to the blind, or aid to the disabled. The amount of supplemental aid for each individual eligible under this section shall be calculated according to the formula in title II, section 212(a) (3) of Public Law Number 93-66, as amended.~~

~~(b) [DIVISION COSTS.] From and after January 1, 1980, until January 1, 1981, the state shall pay 70 percent and the county shall pay 30 percent of the supplemental aid calculated for each county resident certified under this section who is an applicant for or recipient of supplemental security income. After December 31, 1980, The state share of aid paid shall be 85 percent and the county share shall be 15 percent. Benefits shall be issued to recipients by the state or county and funded according to section 256.025, subdivision 3, subject to provisions of section 256.017.~~

Beginning July 1, 1991, the state will reimburse counties according to the payment schedule in section 256.025 for the county share of county agency expenditures for financial benefits to individuals under this subdivision from January 1, 1991, on. Payment to counties under this subdivision is subject to the provisions of section 256.017.

ARTICLE 3

LIFE SKILLS SELF-SUFFICIENCY

Section 1. Minnesota Statutes 1994, section 252.292, subdivision 4, is amended to read:

Subd. 4. [FACILITY RATES.] For purposes of this section, the commissioner shall establish payment rates under section 256B.501 and Minnesota Rules, parts 9553.0010 to 9553.0080, except that, in order to facilitate an orderly transition of residents from community intermediate care facilities for persons with mental retardation or related conditions to services provided under the home and community-based services program, the commissioner may, in a contract with the

provider, modify the effect of provisions in Minnesota Rules, parts 9553.0010 to 9553.0080, as stated in clauses (a) to (i):

- (a) extend the interim and settle-up rate provisions to include facilities covered by this section;
- (b) extend the length of the interim period but not to exceed ~~24~~ 12 months. The commissioner may grant a variance to exceed the ~~24-month~~ 12-month interim period, as necessary, for facilities which are licensed and certified to serve more than 99 persons. In no case shall the commissioner approve an interim period which exceeds ~~36~~ 24 months;
- (c) waive the investment per bed limitations for the interim period and the settle-up rate;
- (d) limit the amount of reimbursable expenses related to the acquisition of new capital assets;
- (e) prohibit the acquisition of additional capital debt or refinancing of existing capital debt unless prior approval is obtained from the commissioner;
- (f) establish an administrative operating cost limitation for the interim period and the settle-up rate;
- (g) require the retention of financial and statistical records until the commissioner has audited the interim period and the settle-up rate;
- (h) require that the interim period be audited by a certified or licensed public accounting firm; or
- (i) change any other provision to which all parties to the contract agree.

Sec. 2. Minnesota Statutes 1994, section 252.46, subdivision 6, is amended to read:

Subd. 6. [VARIANCES.] (a) A variance from the minimum or maximum payment rates in subdivisions 2 and 3 may be granted by the commissioner when the vendor requests and the county board submits to the commissioner a written variance request on forms supplied by the commissioner with the recommended payment rates. A variance to the rate maximum may be utilized for costs associated with compliance with state administrative rules, compliance with court orders, capital costs required for continued licensure, increased insurance costs, start-up and conversion costs for supported employment, direct service staff salaries and benefits, transportation, and other program related costs when any of the criteria in clauses (1) to ~~(3)~~ (4) is also met:

- (1) change is necessary to comply with licensing citations;
- (2) a licensed vendor currently serving fewer than 70 persons with payment rates of 80 percent or less of the statewide average rates and with clients meeting the behavioral or medical criteria under clause (3) approved by the commissioner as a significant program change under section 252.28;
- (3) a significant change is approved by the commissioner under section 252.28 that is necessary to provide authorized services to a new client or clients with very severe self-injurious or assaultive behavior, or medical conditions requiring delivery of physician-prescribed medical interventions requiring one-to-one staffing for at least 15 minutes each time they are performed, or to a new client or clients directly discharged to the vendor's program from a regional treatment center; or
- ~~(3) a significant increase in the average level of (4) there is a need to maintain required staffing is needed levels in order to provide authorized services approved by the commissioner under section 252.28, that is necessitated by a significant and permanent decrease in licensed capacity or loss of clientele when counties choose alternative services under Laws 1992, chapter 513, article 9, section 41.~~

The county shall review the adequacy of services provided by vendors whose payment rates are 80 percent or more of the statewide average rates and 50 percent or more of the vendor's clients meet the behavioral or medical criteria in clause (3).

A variance under this paragraph may be approved only if the costs to the medical assistance program do not exceed the medical assistance costs for all clients served by the alternatives and all clients remaining in the existing services.

(b) A variance to the rate minimum may be granted when (1) the county board contracts for increased services from a vendor and for some or all individuals receiving services from the vendor lower per unit fixed costs result or (2) when the actual costs of delivering authorized service over a 12-month contract period have decreased.

(c) The written variance request under this subdivision must include documentation that all the following criteria have been met:

(1) The commissioner and the county board have both conducted a review and have identified a need for a change in the payment rates and recommended an effective date for the change in the rate.

(2) The vendor documents efforts to reallocate current staff and any additional staffing needs cannot be met by using temporary special needs rate exceptions under Minnesota Rules, parts 9510.1020 to 9510.1140.

(3) The vendor documents that financial resources have been reallocated before applying for a variance. No variance may be granted for equipment, supplies, or other capital expenditures when depreciation expense for repair and replacement of such items is part of the current rate.

(4) For variances related to loss of clientele, the vendor documents the other program and administrative expenses, if any, that have been reduced.

(5) The county board submits verification of the conditions for which the variance is requested, a description of the nature and cost of the proposed changes, and how the county will monitor the use of money by the vendor to make necessary changes in services.

(6) The county board's recommended payment rates do not exceed 95 percent of the greater of 125 percent of the current statewide median or 125 percent of the regional average payment rates, whichever is higher, for each of the regional commission districts under sections 462.381 to 462.396 in which the vendor is located except for the following: when a variance is recommended to allow authorized service delivery to new clients with severe self-injurious or assaultive behaviors or with medical conditions requiring delivery of physician prescribed medical interventions, or to persons being directly discharged from a regional treatment center to the vendor's program, those persons must be assigned a payment rate of 200 percent of the current statewide average rates. All other clients receiving services from the vendor must be assigned a payment rate equal to the vendor's current rate unless the vendor's current rate exceeds 95 percent of 125 percent of the statewide median or 125 percent of the regional average payment rates, whichever is higher. When the vendor's rates exceed 95 percent of 125 percent of the statewide median or 125 percent of the regional average rates, the maximum rates assigned to all other clients must be equal to the greater of 95 percent of 125 percent of the statewide median or 125 percent of the regional average rates. The maximum payment rate that may be recommended for the vendor under these conditions is determined by multiplying the number of clients at each limit by the rate corresponding to that limit and then dividing the sum by the total number of clients.

~~(7) The vendor has not received a variance under this subdivision in the past 12 months.~~

(d) The commissioner shall have 60 calendar days from the date of the receipt of the complete request to accept or reject it, or the request shall be deemed to have been granted. If the commissioner rejects the request, the commissioner shall state in writing the specific objections to the request and the reasons for its rejection.

Sec. 3. Minnesota Statutes 1994, section 252.46, is amended by adding a subdivision to read:

Subd. 19. [VENDOR APPEALS.] With the concurrence of the county board, a vendor may appeal the commissioner's rejection of a variance request which has been submitted by the county under subdivision 6 and may appeal the commissioner's denial under subdivision 9 of a rate which has been recommended by the county. To appeal, the vendor and county board must file a written notice of appeal with the commissioner. The notice of appeal must be filed or received by the

commissioner within 45 days of the postmark date on the commissioner's notification to the vendor and county agency that a variance request or county recommended rate has been denied. The notice of appeal must specify the reasons for the appeal, the dollar amount in dispute, and the basis in statute or rule for challenging the commissioner's decision.

Within 45 days of receipt of the notice of appeal, the commissioner must convene a reconciliation conference to attempt to resolve the rate dispute. If the dispute is not resolved to the satisfaction of the parties, the parties may initiate a contested case proceeding under sections 14.57 to 14.69. In a contested case hearing held under this section, the appealing party must demonstrate by a preponderance of the evidence that the commissioner incorrectly applied the governing law or regulations, or that the commissioner improperly exercised the commissioner's discretion, in refusing to grant a variance or in refusing to adopt a county recommended rate.

Until the appeal is fully resolved, payments must continue at the existing rate pending the appeal. Retroactive payments consistent with the final decision shall be made after the appeal is fully resolved.

Sec. 4. [256.476] [CONSUMER SUPPORT PROGRAM.]

Subdivision 1. [PURPOSE AND GOALS.] The commissioner of human services shall establish a consumer support grant program to assist individuals with functional limitations and their families in purchasing and securing supports which the individuals need to live as independently and productively in the community as possible. The commissioner and local agencies shall jointly develop an implementation plan which must include a way to resolve the issues related to county liability. The program shall:

(1) make support grants available to individuals or families as an effective alternative to existing programs and services, such as the developmental disability family support program, the alternative care program, personal care attendant services, home health aide services, and nursing facility services;

(2) provide consumers more control, flexibility, and responsibility over the needed supports;

(3) promote local program management and decision-making; and

(4) encourage the use of informal and typical community supports.

Subd. 2. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given them:

(a) "County board" means the county board of commissioners for the county of financial responsibility as defined in section 256G.02, subdivision 4, or its designated representative. When a human services board has been established under sections 402.01 to 402.10, it shall be considered the county board for the purposes of this section.

(b) "Family" means the person's birth parents, adoptive parents or stepparents, siblings or stepsiblings, children or stepchildren, grandparents, grandchildren, niece, nephew, aunt, uncle, or spouse. For the purposes of this section, a family member is at least 18 years of age.

(c) "Functional limitations" means the long-term inability to perform an activity or task in one or more areas of major life activity, including self-care, understanding and use of language, learning, mobility, self-direction, and capacity for independent living. For the purpose of this section, the inability to perform an activity or task results from a mental, emotional, psychological, sensory, or physical disability, condition, or illness.

(d) "Informed choice" means a voluntary decision made by the person or the person's legal representative, after becoming familiarized with the alternatives to:

(1) select a preferred alternative from a number of feasible alternatives;

(2) select an alternative which may be developed in the future; and

(3) refuse any or all alternatives.

(e) "Local agency" means the local agency authorized by the county board to carry out the provisions of this section.

(f) "Person" or "persons" means a person or persons meeting the eligibility criteria in subdivision 3.

(g) "Responsible individual" means an individual designated by the person or their legal representative to act on their behalf. This individual may be a family member, guardian, representative payee, or other individual designated by the person or their legal representative, if any, to assist in purchasing and arranging for supports. For the purposes of this section, a responsible individual is at least 18 years of age.

(h) "Screening" means the screening of a person's service needs under sections 256B.0911 and 256B.092.

(i) "Supports" means services, care, aids, home modifications, or assistance purchased by the person or the person's family. Examples of supports include respite care, assistance with daily living, and adaptive aids. For the purpose of this section, notwithstanding the provisions of section 144A.43, supports purchased under the consumer support program are not considered home care services.

Subd. 3. [ELIGIBILITY TO APPLY FOR GRANTS.] (a) A person is eligible to apply for a consumer support grant if the person meets all of the following criteria:

(1) the person is eligible for medical assistance as determined under sections 256B.055 and 256B.056 or the person is eligible for alternative care services as determined under section 256B.0913;

(2) the person is able to direct and purchase their own care and supports, or the person has a family member, legal representative, or other responsible individual who can purchase and arrange supports on the person's behalf;

(3) the person has functional limitations, requires ongoing supports to live in the community, and is at risk of or would continue institutionalization without such supports; and

(4) the person will live in a home. For the purpose of this section, "home" means the person's own home or home of a person's family member. These homes are natural home settings and are not licensed by the department of health or human services.

(b) Persons may not concurrently receive a consumer support grant if they are:

(1) receiving home and community-based services under United States Code, title 42, section 1396h(c); personal care attendant and home health aide services under section 256B.0625; a developmental disability family support grant; or alternative care services under section 256B.0913; or

(2) residing in an institutional or congregate care setting.

(c) A person or person's family receiving a consumer support grant shall not be charged a fee or premium by a local agency for participating in the program. A person or person's family is not eligible for a consumer support grant if their income is at a level where they are required to pay a parental fee under sections 252.27, 256B.055, subdivision 12, and 256B.14 and rules adopted under those sections for medical assistance services to a disabled child living with at least one parent.

Subd. 4. [SUPPORT GRANTS; CRITERIA AND LIMITATIONS.] (a) A county board may choose to participate in the consumer support grant program. If a county board chooses to participate in the program, the local agency shall establish written procedures and criteria to determine the amount and use of support grants. These procedures must include, at least, the availability of respite care, assistance with daily living, and adaptive aids. The local agency may establish monthly or annual maximum amounts for grants and procedures where exceptional resources may be required to meet the health and safety needs of the person on a time-limited basis.

(b) Support grants to a person or a person's family may be provided through a monthly subsidy or lump sum payment basis and be in the form of cash, voucher, or direct county payment to vendor. Support grant amounts must be determined by the local agency. Each service and item purchased with a support grant must meet all of the following criteria:

(1) it must be over and above the normal cost of caring for the person if the person did not have functional limitations;

(2) it must be directly attributable to the person's functional limitations;

(3) it must enable a person or the person's family to delay or prevent out-of-home placement of the person; and

(4) it must be consistent with the needs identified in the service plan, when applicable.

(c) Items and services purchased with support grants must be those for which there are no other public or private funds available to the person or the person's family. Fees assessed to the person or the person's family for health and human services are not reimbursable through the grant.

(d) In approving or denying applications, the local agency shall consider the following factors:

(1) the extent and areas of the person's functional limitations;

(2) the degree of need in the home environment for additional support; and

(3) the potential effectiveness of the grant to maintain and support the person in the family environment or the person's own home.

(e) At the time of application to the program or screening for other services, the person or the person's family shall be provided sufficient information to ensure an informed choice of alternatives by the person, the person's legal representative, if any, or the person's family. The application shall be made to the local agency and shall specify the needs of the person and family, the form and amount of grant requested, the items and services to be reimbursed, and evidence of eligibility for medical assistance or alternative care program.

(f) Upon approval of an application by the local agency and agreement on a support plan for the person or person's family, the local agency shall make grants to the person or the person's family. The grant shall be in an amount for the direct costs of the services or supports outlined in the service agreement.

(g) Reimbursable costs shall not include costs for resources already available, such as special education classes, day training and habilitation, case management, other services to which the person is entitled, medical costs covered by insurance or other health programs, or other resources usually available at no cost to the person or the person's family.

Subd. 5. [REIMBURSEMENT, ALLOCATIONS, AND REPORTING.] (a) For the purpose of transferring persons to the consumer support grant program from specific programs or services, such as the developmental disability family support program and alternative care program, personal care attendant, home health aide, or nursing facility services, the amount of funds transferred by the commissioner between the developmental disability family support program account, the alternative care account, the medical assistance account, or the consumer support grant account shall be based on each county's participation in transferring persons to the consumer support grant program from those programs and services.

(b) At the beginning of each fiscal year, county allocations for consumer support grants shall be based on:

(1) the number of persons to whom the county board expects to provide consumer supports grants;

(2) their eligibility for current program and services;

(3) the amount of nonfederal dollars expended on those individuals for those programs and services; and

(4) projected dates when persons will start receiving grants. County allocations shall be adjusted periodically by the commissioner based on the actual transfer of persons or service openings, and the nonfederal dollars associated with those persons or service openings, to the consumer support grant program.

(c) The commissioner shall use up to five percent of each county's allocation, as adjusted, for payments to that county for administrative expenses, to be paid as a proportionate addition to reported direct service expenditures.

(d) The commissioner may recover, suspend, or withhold payments if the county board, local agency, or grantee does not comply with the requirements of this section.

Subd. 6. [RIGHT TO APPEAL.] Notice, appeal, and hearing procedures shall be conducted in accordance with section 256.045. The denial, suspension, or termination of services under this program may be appealed by a recipient or applicant under section 256.045, subdivision 3. It is an absolute defense to an appeal under this section, if the county board proves that it followed the established written procedures and criteria and determined that the grant could not be provided within the county board's allocation of money for consumer support grants.

Subd. 7. [FEDERAL FUNDS.] The commissioner and the counties shall make reasonable efforts to maximize the use of federal funds including funds available through grants and federal waivers. If federal funds are made available to the consumer support grant program, the money shall be allocated to the responsible county agency's consumer support grant fund.

Subd. 8. [COMMISSIONER RESPONSIBILITIES.] The commissioner shall:

- (1) transfer and allocate funds pursuant to this section;
- (2) determine allocations based on projected and actual local agency use;
- (3) monitor and oversee overall program spending;
- (4) evaluate the effectiveness of the program;
- (5) provide training and technical assistance for local agencies and consumers to help identify potential applicants to the program; and
- (6) develop guidelines for local agency program administration and consumer information.

Subd. 9. [COUNTY BOARD RESPONSIBILITIES.] County boards receiving funds under this section shall:

- (1) determine the needs of persons and families for services and supports;
- (2) determine the eligibility for persons proposed for program participation;
- (3) approve items and services to be reimbursed and inform families of their determination;
- (4) issue support grants directly to or on behalf of persons;
- (5) submit quarterly financial reports and an annual program report to the commissioner;
- (6) coordinate services and supports with other programs offered or made available to persons or their families; and
- (7) provide assistance to persons or their families in securing or maintaining supports, as needed.

Subd. 10. [CONSUMER RESPONSIBILITIES.] Persons receiving grants under this section shall:

- (1) spend the grant money in a manner consistent with their agreement with the local agency;
- (2) notify the local agency of any necessary changes in the grant or the items on which it is spent;

(3) notify the local agency of any decision made by the person, the person's legal representative, or the person's family that would change their eligibility for consumer support grants;

(4) arrange and pay for supports; and

(5) inform the local agency of areas where they have experienced difficulty securing or maintaining supports.

Sec. 5. [256.973] [HOUSING FOR PERSONS WHO ARE ELDERLY, PERSONS WITH PHYSICAL OR DEVELOPMENTAL DISABILITIES, AND SINGLE-PARENT FAMILIES.]

Subdivision 1. [HOME SHARING.] The home-sharing grant program authorized by section 462A.05, subdivision 24, is transferred from the Minnesota housing finance agency to the department of human services per section 15.039. The housing finance agency shall administer the current grants that terminate on August 30, 1995. The department of human services shall administer grants funded after August 30, 1995. The department of human services may engage in housing programs, as defined by the agency, to provide grants to housing sponsors who will provide a home-sharing program for low- and moderate-income elderly, persons with physical or developmental disabilities, or single-parent families in urban and rural areas.

Subd. 2. [MATCHING OWNERS AND TENANTS.] Housing sponsors of home sharing programs, as defined by the agency, shall match existing homeowners with prospective tenants who will contribute either rent or services to the homeowner, where either the homeowner or the prospective tenant is elderly, a person with physical or developmental disabilities, or the head of a single-parent family. Home-sharing projects will coordinate efforts with appropriate public and private agencies and organizations in their area.

Subd. 3. [INFORMATION FOR PARTICIPANTS.] Housing sponsors who receive funding through these programs shall provide homeowners and tenants participating in a home-sharing program with information regarding their rights and obligations as they relate to federal and state tax law including, but not limited to, taxable rental income, homestead credit under chapter 273, and the property tax refund act under chapter 290A.

Subd. 4. [TECHNICAL ASSISTANCE.] The department of human services may provide technical assistance to sponsors of home-sharing programs or may contract or delegate the provision of technical assistance.

Subd. 5. [USING OUTSIDE AGENCIES.] The department of human services may delegate, use, or employ any federal, state, regional, or local public or private agency or organization, including organizations of physically handicapped persons, upon terms it deems necessary or desirable, to assist in the exercise of any of the powers granted in this section.

Sec. 6. [REPEALER.]

Minnesota Statutes 1994, sections 144.0723, subdivision 5; and 252.47, are repealed.

Sec. 7. [EFFECTIVE DATE.]

Section 4 (256.476) is effective July 1, 1996.

ARTICLE 4

CHILDREN'S PROGRAMS

Section 1. Minnesota Statutes 1994, section 256H.03, subdivision 4, is amended to read:

Subd. 4. [ALLOCATION FORMULA.] Beginning July 1, 1992 January 1, 1996, the basic sliding fee state and federal funds shall be allocated on a calendar year basis. Funds shall be allocated first in amounts equal to each county's guaranteed floor according to subdivision 6, with any remaining available funds allocated according to the following formula:

(a) One-half One-third of the funds shall be allocated in proportion to each county's total expenditures for the basic sliding fee child care program reported during the 12-month period

ending on December 31 of the preceding state fiscal year most recent calendar year completed at the time of the notice of allocation.

(b) ~~One-fourth~~ One-third of the funds shall be allocated based on the number of children under age 13 in each county who are enrolled in general assistance medical care, medical assistance, and ~~the children's health plan on July 1, of each year MinnesotaCare on December 31 of the most recent calendar year completed at the time of the notice of allocation.~~

(c) ~~One-fourth~~ One-third of the funds shall be allocated based on the number of children under age 13 who reside in each county, from the most recent estimates of the state demographer.

Sec. 2. Minnesota Statutes 1994, section 256H.05, subdivision 6, is amended to read:

Subd. 6. [~~NON-STRIDE AFDC CHILD CARE PROGRAM ACCESS CHILD CARE PROGRAM.~~] Starting one month after April 30, 1992, the ~~department of human services commissioner~~ shall reimburse eligible expenditures for 2,000 family slots for AFDC caretakers not eligible for services under section 256.736, who are engaged in an authorized educational or job search program. Each county will receive a number of family slots based on the county's proportion of the AFDC caseload. A county must receive at least two family slots. Eligibility and reimbursement are limited to the number of family slots allocated to each county. County agencies shall authorize an educational plan for each student and may prioritize families eligible for this program in their child care fund plan upon approval of the commissioner of ~~human services.~~

(a) Persons eligible for but unable to participate in the JOBS (STRIDE) program because of a waiting list may be accepted as a new participant, or continue to participate in the ACCESS child care program if a slot is available as long as all other eligibility factors are met. Child care assistance must continue under the ACCESS child care program until the participant loses eligibility or is enrolled in project STRIDE.

(b)(1) Effective July 1, 1995, the commissioner shall reclaim 90 percent of the vacant slots in each county and distribute those slots to counties with waiting lists of persons eligible for the ACCESS child care program. The slots must be distributed to eligible families based on the July 1, 1995, waiting list placement date, first-come, first-served basis.

(2) ACCESS child care slots remaining after the waiting list under clause (1) has been eliminated must be distributed to eligible families on a first-come, first-served basis, based on the client's date of request.

(3) The county must notify the commissioner when an ACCESS slot in the county becomes available. Notification by the county must be within five calendar days of the effective date of the termination of the ACCESS child care services. The resulting vacant slot must be returned to the department of human services. The slot must then be redistributed under clause (2).

(4) The commissioner shall consult with the task force on child care and make recommendations to the 1996 legislature for future distribution of the ACCESS slots under this paragraph.

Sec. 3. Minnesota Statutes 1994, section 357.021, subdivision 2, is amended to read:

Subd. 2. [FEE AMOUNTS.] The fees to be charged and collected by the court administrator shall be as follows:

(1) In every civil action or proceeding in said court, the plaintiff, petitioner, or other moving party shall pay, when the first paper is filed for that party in said action, a fee of \$122, except a marriage dissolution fee is \$134.

The defendant or other adverse or intervening party, or any one or more of several defendants or other adverse or intervening parties appearing separately from the others, shall pay, when the first paper is filed for that party in said action, a fee of \$122.

The party requesting a trial by jury shall pay \$75.

The fees above stated shall be the full trial fee chargeable to said parties irrespective of whether

trial be to the court alone, to the court and jury, or disposed of without trial, and shall include the entry of judgment in the action, but does not include copies or certified copies of any papers so filed or proceedings under chapter 103E, except the provisions therein as to appeals.

(2) Certified copy of any instrument from a civil or criminal proceeding, \$10, and \$5 for an uncertified copy.

(3) Issuing a subpoena, \$3 for each name.

(4) Issuing an execution and filing the return thereof; issuing a writ of attachment, injunction, habeas corpus, mandamus, quo warranto, certiorari, or other writs not specifically mentioned, \$10.

(5) Issuing a transcript of judgment, or for filing and docketing a transcript of judgment from another court, \$7.50.

(6) Filing and entering a satisfaction of judgment, partial satisfaction, or assignment of judgment, \$5.

(7) Certificate as to existence or nonexistence of judgments docketed, \$5 for each name certified to.

(8) Filing and indexing trade name; or recording basic science certificate; or recording certificate of physicians, osteopaths, chiropractors, veterinarians, or optometrists, \$5.

(9) For the filing of each partial, final, or annual account in all trusteeships, \$10.

(10) For the deposit of a will, \$5.

(11) For recording notary commission, \$25, of which, notwithstanding subdivision 1a, paragraph (b), \$20 must be forwarded to the state treasurer to be deposited in the state treasury and credited to the general fund.

(12) When a defendant pleads guilty to or is sentenced for a petty misdemeanor other than a parking violation, the defendant shall pay a fee of \$11.

(13) Filing a motion or response to a motion for modification of child support, a fee fixed by rule or order of the supreme court.

(14) All other services required by law for which no fee is provided, such fee as compares favorably with those herein provided, or such as may be fixed by rule or order of the court.

The fees in clauses (3) and (4) need not be paid by a public authority or the party the public authority represents.

Sec. 4. Minnesota Statutes 1994, section 357.021, subdivision 2a, is amended to read:

Subd. 2a. [CERTAIN FEE PURPOSES.] Of the petitioner's marriage dissolution fee collected pursuant to subdivision 2, the court administrator shall pay \$35 to the state treasurer to be deposited in the general fund, and \$12 to the state treasurer to be deposited in the special revenue fund to be appropriated to the commissioner of human services for purposes of section 256F.09.

ARTICLE 5

ECONOMIC SELF-SUFFICIENCY

Section 1. Minnesota Statutes 1994, section 256.73, subdivision 3a, is amended to read:

Subd. 3a. [PERSONS INELIGIBLE.] No assistance shall be given under sections 256.72 to 256.87:

(1) on behalf of any person who is receiving supplemental security income under title XVI of the Social Security Act unless permitted by federal regulations;

(2) for any month in which the assistance unit's gross income, without application of deductions or disregards, exceeds 185 percent of the standard of need for a family of the same size

and composition; except that the earnings of a dependent child who is a full-time student may be disregarded for six months per calendar year and the earnings of a dependent child that are derived from the jobs training and partnership act (JTPA) may be disregarded for six months per calendar year. These two earnings disregards cannot be combined to allow more than a total of six months per calendar year when the earned income of a full-time student is derived from participation in a program under the JTPA. If a stepparent's income is taken into account in determining need, the disregards specified in section 256.74, subdivision 1a, shall be applied to determine income available to the assistance unit before calculating the unit's gross income for purposes of this paragraph. If a stepparent's needs are included in the assistance unit as specified in section 256.74, subdivision 1, the disregards specified in section 256.74, subdivision 1, shall be applied;

(3) to any assistance unit for any month in which any caretaker relative with whom the child is living is, on the last day of that month, participating in a strike;

(4) on behalf of any other individual in the assistance unit, nor shall the individual's needs be taken into account for any month in which, on the last day of the month, the individual is participating in a strike;

(5) on behalf of any individual who is the principal earner in an assistance unit whose eligibility is based on the unemployment of a parent when the principal earner, without good cause, fails or refuses to accept employment, or to register with a public employment office, unless the principal earner is exempt from these work requirements.

Sec. 2. Minnesota Statutes 1994, section 256.736, subdivision 3, is amended to read:

Subd. 3. [REGISTRATION.] (a) To the extent permissible under federal law, every caretaker or child is required to register for employment and training services, as a condition of receiving AFDC, unless the caretaker or child is:

(1) a child who is under age 16, a child age 16 or 17 who is attending elementary or secondary school or a secondary level vocational or technical school full time;

(2) ill, incapacitated, or age 60 or older;

(3) a person for whom participation in an employment and training service would require a round trip commuting time by available transportation of more than two hours;

(4) a person whose presence in the home is required because of illness or incapacity of another member of the household;

(5) a caretaker or other caretaker relative of a child under the age of three who personally provides full-time care for the child. In AFDC-UP cases, only one parent or other relative may qualify for this exemption;

(6) a caretaker or other caretaker relative personally providing care for a child under six years of age, except that when child care is arranged for or provided, the caretaker or caretaker relative may be required to register and participate in employment and training services up to a maximum of 20 hours per week. In AFDC-UP cases, only one parent or other relative may qualify for this exemption;

(7) a pregnant woman, if it has been medically verified that the child is expected to be born within the next six months; or

(8) employed at least 30 hours per week; or

(9) an individual added to an assistance unit as an essential person under section 256.74, subdivision 1, who does not meet the definition of a "caretaker" as defined in subdivision 1a, paragraph (c).

(b) To the extent permissible by federal law, applicants for benefits under the AFDC program are registered for employment and training services by signing the application form. Applicants must be informed that they are registering for employment and training services by signing the form. Persons receiving benefits on or after July 1, 1987, shall register for employment and

training services to the extent permissible by federal law. The caretaker has a right to a fair hearing under section 256.045 with respect to the appropriateness of the registration.

Sec. 3. Minnesota Statutes 1994, section 256.74, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] The amount of assistance which shall be granted to or on behalf of any dependent child and ~~mother~~ parent or other needy eligible relative caring for the dependent child shall be determined by the county agency in accordance with rules promulgated by the commissioner and shall be sufficient, when added to all other income and support available to the child, to provide the child with a reasonable subsistence compatible with decency and health. To the extent permissible under federal law, an eligible relative caretaker or parent shall have the option to include in the assistance unit the needs, income, and resources of the following essential persons who are not otherwise eligible for AFDC because they do not qualify as a caretaker or as a dependent child:

(1) a parent or relative caretaker's spouse and stepchildren; or

(2) blood or legally adopted relatives who are under the age of 18 or under the age of 19 years who are regularly attending as a full-time student, and are expected to complete before or during the month of their 19th birthday, a high school or secondary level course of vocational or technical training designed to prepare students for gainful employment. The amount shall be based on the method of budgeting required in Public Law Number 97-35, section 2315, United States Code, title 42, section 602, as amended and federal regulations at Code of Federal Regulations, title 45, section 233. Nonrecurring lump sum income received by an AFDC family must be budgeted in the normal retrospective cycle. When the family's income, after application of the applicable disregards, exceeds the need standard for the family because of receipt of earned or unearned lump sum income, the family will be ineligible for the full number of months derived by dividing the sum of the lump sum income and other income by the monthly need standard for a family of that size. Any income remaining from this calculation is income in the first month following the period of ineligibility. The first month of ineligibility is the payment month that corresponds with the budget month in which the lump sum income was received. For purposes of applying the lump sum provision, family includes those persons defined in the Code of Federal Regulations, title 45, section 233.20(a)(3)(ii)(F). A period of ineligibility must be shortened when the standard of need increases and the amount the family would have received also changes, an amount is documented as stolen, an amount is unavailable because a member of the family left the household with that amount and has not returned, an amount is paid by the family during the period of ineligibility to cover a cost that would otherwise qualify for emergency assistance, or the family incurs and pays for medical expenses which would have been covered by medical assistance if eligibility existed. In making its determination the county agency shall disregard the following from family income:

(1) all the earned income of each dependent child applying for AFDC if the child is a full-time student and all of the earned income of each dependent child receiving AFDC who is a full-time student or is a part-time student who is not a full-time employee. A student is one who is attending a school, college, or university, or a course of vocational or technical training designed to fit students for gainful employment and includes a participant in the Job Corps program under the Job Training Partnership Act (JTPA). The county agency shall also disregard all income of each dependent child applying for or receiving AFDC when the income is derived from a program carried out under JTPA, except that disregard of earned income may not exceed six months per calendar year;

(2) all educational ~~grants and loans~~ assistance, except the county agency shall count graduate student teaching assistantships, fellowships, and other similar paid work as earned income and, after allowing deductions for any unmet and necessary educational expenses, shall count scholarships or grants awarded to graduate students that do not require teaching or research as unearned income;

(3) the first \$90 of each individual's earned income. For self-employed persons, the expenses directly related to producing goods and services and without which the goods and services could not be produced shall be disregarded pursuant to rules promulgated by the commissioner;

(4) thirty dollars plus one-third of each individual's earned income for individuals found otherwise eligible to receive aid or who have received aid in one of the four months before the

month of application. With respect to any month, the county welfare agency shall not disregard under this clause any earned income of any person who has: (a) reduced earned income without good cause within 30 days preceding any month in which an assistance payment is made; (b) refused without good cause to accept an offer of suitable employment; (c) left employment or reduced earnings without good cause and applied for assistance so as to be able later to return to employment with the advantage of the income disregard; or (d) failed without good cause to make a timely report of earned income in accordance with rules promulgated by the commissioner of human services. Persons who are already employed and who apply for assistance shall have their needs computed with full account taken of their earned and other income. If earned and other income of the family is less than need, as determined on the basis of public assistance standards, the county agency shall determine the amount of the grant by applying the disregard of income provisions. The county agency shall not disregard earned income for persons in a family if the total monthly earned and other income exceeds their needs, unless for any one of the four preceding months their needs were met in whole or in part by a grant payment. The disregard of \$30 and one-third of earned income in this clause shall be applied to the individual's income for a period not to exceed four consecutive months. Any month in which the individual loses this disregard because of the provisions of subclauses (a) to (d) shall be considered as one of the four months. An additional \$30 work incentive must be available for an eight-month period beginning in the month following the last month of the combined \$30 and one-third work incentive. This period must be in effect whether or not the person has earned income or is eligible for AFDC. To again qualify for the earned income disregards under this clause, the individual must not be a recipient of aid for a period of 12 consecutive months. When an assistance unit becomes ineligible for aid due to the fact that these disregards are no longer applied to income, the assistance unit shall be eligible for medical assistance benefits for a 12-month period beginning with the first month of AFDC ineligibility;

(5) an amount equal to the actual expenditures for the care of each dependent child or incapacitated individual living in the same home and receiving aid, not to exceed: (a) \$175 for each individual age two and older, and \$200 for each individual under the age of two. The dependent care disregard must be applied after all other disregards under this subdivision have been applied;

(6) the first \$50 per assistance unit of the monthly support obligation collected by the support and recovery (IV-D) unit. The first \$50 of periodic support payments collected by the public authority responsible for child support enforcement from a person with a legal obligation to pay support for a member of the assistance unit must be paid to the assistance unit within 15 days after the end of the month in which the collection of the periodic support payments occurred and must be disregarded when determining the amount of assistance. A review of a payment decision under this clause must be requested within 30 days after receiving the notice of collection of assigned support or within 90 days after receiving the notice if good cause can be shown for not making the request within the 30-day limit;

(7) that portion of an insurance settlement earmarked and used to pay medical expenses, funeral and burial costs, or to repair or replace insured property; and

(8) all earned income tax credit payments received by the family as a refund of federal income taxes or made as advance payments by an employer.

All payments made pursuant to a court order for the support of children not living in the assistance unit's household shall be disregarded from the income of the person with the legal obligation to pay support, provided that, if there has been a change in the financial circumstances of the person with the legal obligation to pay support since the support order was entered, the person with the legal obligation to pay support has petitioned for a modification of the support order.

Sec. 4. Minnesota Statutes 1994, section 256D.385, is amended to read:

256D.385 [RESIDENCE.]

To be eligible for Minnesota supplemental aid, a person must be a resident of Minnesota and (1) a citizen of the United States, or (2) ~~an alien lawfully admitted to the United States for permanent residence, or (3) otherwise permanently residing in the United States under color of law as defined by the~~ an alien eligible to receive supplemental security income program.

Sec. 5. Minnesota Statutes 1994, section 256D.405, subdivision 3, is amended to read:

Subd. 3. [REPORTS.] Recipients must report changes in circumstances that affect eligibility or assistance payment amounts within ten days of the change. Recipients ~~with earned income, and recipients who do not receive SSI because of excess income must complete a monthly report form if they have earned income, if they have income allocated deemed to them from a financially responsible relative with whom the recipient resides, must complete a monthly household report form or if they have income deemed to them by a sponsor.~~ If the report form is not received before the end of the month in which it is due, the county agency must terminate assistance. The termination shall be effective on the first day of the month following the month in which the report was due. If a complete report is received within the month the assistance was terminated, the assistance unit is considered to have continued its application for assistance, effective the first day of the month the assistance was terminated.

Sec. 6. Minnesota Statutes 1994, section 256D.425, subdivision 1, is amended to read:

Subdivision 1. [PERSONS ENTITLED TO RECEIVE AID.] ~~A person who is aged, blind, or 18 years of age or older and disabled, whose income is less than the standards of assistance in section 256D.44 and whose resources are less than the limits in subdivision 2 is eligible for and entitled to Minnesota supplemental aid. A person found eligible by the Social Security Administration for supplemental security income under Title XVI on the basis of age, blindness, or disability meets these requirements. A person who would be eligible for the supplemental security income program except for income that exceeds the limit of that program but that A person receiving supplemental security benefits under Title XVI on the basis of age, blindness, or disability (or would be eligible for such benefits except for excess income) is eligible for a supplemental payment under the Minnesota supplemental aid program, if the person's net income is less than the standards in section 256D.44. Persons who are not receiving SSI benefits due to exhausting time limited benefits or for failure to meet or comply with SSI program requirements are not eligible to receive a supplemental payment from the MSA program. People who are found ineligible for SSI because of excess income, but whose income is within the limits of the Minnesota supplemental aid program, must have blindness or disability determined by the state medical review team.~~

Sec. 7. Minnesota Statutes 1994, section 256D.435, subdivision 1, is amended to read:

Subdivision 1. [EXCLUSIONS INCOME.] ~~The following is excluded from income in determining eligibility for Minnesota supplemental aid:~~

- ~~(1) the value of food stamps;~~
- ~~(2) home produced food used by the household;~~
- ~~(3) Indian claim payments made by the United States Congress to compensate members of Indian tribes for the taking of tribal lands by the federal government;~~
- ~~(4) cash payments to displaced persons who face relocation as a result of the Housing Act of 1965, the Housing and Urban Development Act of 1965, or the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;~~
- ~~(5) one third of child support payments received by an eligible child from an absent parent;~~
- ~~(6) displaced homemaker payments;~~
- ~~(7) reimbursement received for maintenance costs of providing foster care to adults or children;~~
- ~~(8) benefits received under Title IV and Title VII of the Older Americans Act of 1965;~~
- ~~(9) Minnesota renter or homeowner property tax refunds;~~
- ~~(10) infrequent, irregular income that does not total more than \$20 per person in a month;~~
- ~~(11) reimbursement payments received from the VISTA program;~~
- ~~(12) in kind income;~~

~~(13) payments received for providing volunteer services under Title I, Title II, and Title III of the Domestic Volunteer Service Act of 1973;~~

~~(14) loans that have to be repaid;~~

~~(15) federal low income heating assistance program payments;~~

~~(16) any other type of funds excluded as income by state law;~~

~~(17) student financial aid, as allowed for the supplemental security income program; and~~

~~(18) other income excluded by the supplemental security income program. For persons receiving supplemental security income benefits, the countable income used to determine eligibility and benefits for Minnesota supplemental aid is the gross amount of the Federal Benefit Rate (FBR) after allowing for the general income disregard in subdivision 5. For persons who have been denied a supplemental security income benefit due to excess income, and have had their blindness or disability determined through the state medical review team, the countable income is the gross amount of earned and unearned income, minus the exclusions and disregards listed in subdivisions 4a, 5, and 6.~~

Sec. 8. Minnesota Statutes 1994, section 256D.435, subdivision 3, is amended to read:

~~Subd. 3. [APPLICATION FOR FEDERALLY FUNDED BENEFITS.] Persons for whom the applicant or recipient has financial responsibility and who have unmet needs~~ Persons who live with the applicant or recipient, who have unmet needs and for whom the applicant or recipient has financial responsibility, must apply for and, if eligible, accept AFDC and other federally funded benefits. If the persons are determined potentially eligible for AFDC by the county agency, the applicant or recipient may not allocate earned or unearned income to those persons while an AFDC application is pending, or after the persons are determined eligible for AFDC. If the persons are determined potentially eligible for other federal benefits, the applicant or recipient may only allocate income to those persons until they are determined eligible for those other benefits unless the amount of those benefits is less than the amount in subdivision 4.

Sec. 9. Minnesota Statutes 1994, section 256D.435, subdivision 4, is amended to read:

~~Subd. 4. [ALLOCATION AND DEEMING OF INCOME.] The rate of allocation to relatives for whom the applicant or recipient is financially responsible is one half the individual supplemental security income standard of assistance, except as restricted in subdivision 3.~~

If the applicant or recipient shares a residence with another person who has financial responsibility for the applicant or recipient, the income of that person is considered available to the applicant or recipient after allowing: (1) the deductions in subdivisions 7 and 8; and (2) a deduction for the needs of the financially responsible relative and others in the household for whom that relative is financially responsible. The rate allowed to meet the needs of each of these people is one half the individual supplemental security income standard. The county agency shall apply the supplemental security income rules regarding financial responsibility when determining the amount of income to allocate or deem.

Sec. 10. Minnesota Statutes 1994, section 256D.435, is amended by adding a subdivision to read:

Subd. 4a. [EXCLUSIONS.] The income exclusions used to determine eligibility for Minnesota supplemental aid are those used to determine benefits for supplemental security income.

Sec. 11. Minnesota Statutes 1994, section 256D.435, subdivision 5, is amended to read:

~~Subd. 5. [GENERAL INCOME DISREGARD.] The county agency shall disregard the first \$20 of the assistance unit's unearned or earned income from the assistance unit's gross earned income.~~

Sec. 12. Minnesota Statutes 1994, section 256D.435, subdivision 6, is amended to read:

~~Subd. 6. [EARNED INCOME DISREGARDS.] From the assistance unit's gross earned~~

income, the county agency shall disregard \$65 plus one half of the remaining income. The earned income disregards used to determine eligibility for Minnesota supplemental aid are those used to determine benefits for supplemental security income.

Sec. 13. Minnesota Statutes 1994, section 256D.44, subdivision 1, is amended to read:

Subdivision 1. [USE OF STANDARDS; INCREASES.] The state standards of assistance for ~~shelter, basic needs, and plus special need items that~~ establish the total amount of maintenance need for an applicant for or recipient of Minnesota supplemental aid, ~~are~~ used to determine the assistance unit's eligibility for Minnesota supplemental aid. The state standards of assistance for basic needs must increase by an amount equal to the dollar value, rounded up to the nearest dollar, of any cost of living increases in the supplemental security income program.

Sec. 14. Minnesota Statutes 1994, section 256D.44, subdivision 2, is amended to read:

Subd. 2. [STANDARD OF ASSISTANCE FOR ~~SHELTER PERSONS ELIGIBLE FOR MEDICAL ASSISTANCE WAIVERS OR AT RISK OF INSTITUTIONALIZATION.~~] ~~The state standard of assistance for shelter provides for the recipient's shelter costs. The monthly state standard of assistance for shelter must be determined according to paragraphs (a) to (f).~~

~~(a) If an applicant or recipient does not reside with another person or persons, the state standard of assistance is the actual cost for shelter items or \$124, whichever is less.~~

~~(b) If an applicant married couple or recipient married couple, who live together, does not reside with others, the state standard of assistance is the actual cost for shelter items or \$186, whichever is less.~~

~~(c) If an applicant or recipient resides with another person or persons, the state standard of assistance is the actual cost for shelter items or \$93, whichever is less.~~

~~(d) If an applicant married couple or recipient married couple, who live together, resides with others, the state standard of assistance is the actual cost for shelter items or \$124, whichever is less.~~

~~(e) Actual shelter costs for applicants or recipients, who reside with others, are determined by dividing the total monthly shelter costs by the number of persons who share the residence.~~

~~(f) Married couples, living together and receiving MSA on January 1, 1994, and whose eligibility has not been terminated for a full calendar month, are exempt from the standards in paragraphs (b) and (d). The state standard of assistance for a person who is eligible for a medical assistance waiver or a person who has been determined by the local agency to require placement in a group residential housing facility is the standard established in subdivision 3, paragraph (a) or (b).~~

Sec. 15. Minnesota Statutes 1994, section 256D.44, subdivision 3, is amended to read:

Subd. 3. [STANDARD OF ASSISTANCE FOR BASIC NEEDS.] ~~The state standard of assistance for basic needs provides for the applicant's or recipient's maintenance needs, other than actual shelter costs. Except as provided in subdivision 4, the monthly state standard of assistance for basic needs is as follows:~~

~~(a) If an applicant or recipient does not reside with another person or persons, the state standard of assistance is \$374 \$519.~~

~~(b) If an applicant married couple or recipient married couple who live together, does not reside with others, the state standard of assistance is \$557 \$778.~~

~~(c) If an applicant or recipient resides with another person or persons, the state standard of assistance is \$286 \$395.~~

~~(d) If an applicant married couple or recipient married couple who live together, resides with others, the state standard of assistance is \$374 \$519.~~

~~(e) Married couples, living together who do not reside with others, and were receiving MSA on~~

prior to January 1, 1994, and whose eligibility has not been terminated a full calendar month, are exempt from the standards in paragraphs (b) and (d) is \$/93.

(f) The state standard of assistance for married couples living together who reside with others and were receiving MSA prior to January 1, 1994, and whose eligibility has not been terminated a full calendar month, is \$682.

(g) The state standard of assistance for an individual who is a resident of a nursing home, a regional treatment center, or a group residential housing facility is the personal needs allowance for medical assistance recipients under section 256B.35.

Sec. 16. Minnesota Statutes 1994, section 256D.44, subdivision 4, is amended to read:

Subd. 4. [TEMPORARY ABSENCE DUE TO ILLNESS.] For the purposes of this subdivision, "home" means a residence owned or rented by a recipient or the recipient's spouse. Home does not include a negotiated-rate group residential housing facility. Assistance payments for recipients who are temporarily absent from their home due to hospitalization for illness must continue at the same level of payment during their absence if the following criteria are met:

- (1) a physician certifies that the absence is not expected to continue for more than three months;
- (2) a physician certifies that the recipient will be able to return to independent living; and
- (3) the recipient has expenses associated with maintaining a residence in the community.

Sec. 17. Minnesota Statutes 1994, section 256D.44, subdivision 5, is amended to read:

Subd. 5. [SPECIAL NEEDS.] ~~Notwithstanding~~ In addition to the state standards of assistance established in subdivisions 1 to 4, payments are allowed for the following special needs of recipients of Minnesota supplemental aid who are not residents of a nursing home, a regional treatment center, or a group residential housing facility:

(a) The county agency shall pay a monthly allowance for medically prescribed diets payable under the AFDC program if the cost of those additional dietary needs cannot be met through some other maintenance benefit.

(b) Payment for nonrecurring special needs must be allowed for necessary home repairs or necessary repairs or replacement of household furniture and appliances using the payment standard of the AFDC program for these expenses, as long as other funding sources are not available.

(c) A fee for guardian or conservator service is allowed at a reasonable rate negotiated by the county or approved by the court. This rate shall not exceed five percent of the assistance unit's gross monthly income up to a maximum of \$100 per month. If the guardian or conservator is a member of the county agency staff, no fee is allowed.

(d) The county agency shall continue to pay a monthly allowance of \$68 for restaurant meals for a person who was receiving a restaurant meal allowance on June 1, 1990, and who eats two or more meals in a restaurant daily. The allowance must continue until the person has not received Minnesota supplemental aid for one full calendar month or until the person's living arrangement changes and the person no longer meets the criteria for the restaurant meal allowance, whichever occurs first.

(e) A fee of ten percent of the recipients gross income or \$25, whichever is less, is allowed for representative payee services provided by an agency that meets the requirements under SSI regulations to charge a fee for representative payee services. This special need is available to all recipients of Minnesota supplemental aid regardless of their living arrangement.

Sec. 18. Minnesota Statutes 1994, section 256D.44, subdivision 6, is amended to read:

Subd. 6. [COUNTY AGENCY STANDARDS OF ASSISTANCE.] The county agency may establish standards of assistance for ~~shelter~~, basic needs, special needs, and clothing and personal

needs, ~~and negotiated rates~~ that exceed the corresponding state standards of assistance. State aid is not available for costs above state standards.

Sec. 19. Minnesota Statutes 1994, section 256D.45, subdivision 1, is amended to read:

Subdivision 1. ~~[PROSPECTIVE BUDGETING.] A calendar month is The payment period and budgeting cycle for Minnesota supplemental aid. The monthly payment to a recipient must be determined prospectively~~ are those of the supplemental security income program.

Sec. 20. Minnesota Statutes 1994, section 256I.04, subdivision 3, is amended to read:

Subd. 3. ~~[MORATORIUM ON THE DEVELOPMENT OF GROUP RESIDENTIAL HOUSING BEDS.] (a) County agencies shall not enter into agreements for new group residential housing beds with total rates in excess of the MSA equivalent rate except: (1) for group residential housing establishments meeting the requirements of subdivision 2a, clause (2), with department approval; (2) for group residential housing establishments licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, provided the facility is needed to meet the census reduction targets for persons with mental retardation or related conditions at regional treatment centers; (3) to ensure compliance with the federal Omnibus Budget Reconciliation Act alternative disposition plan requirements for inappropriately placed persons with mental retardation or related conditions or mental illness; or (4) up to 80 beds in a single, specialized facility located in Hennepin county that will provide housing for chronic inebriates who are repetitive users of detoxification centers and are refused placement in emergency shelters because of their state of intoxication. Planning for the specialized facility must have been initiated before July 1, 1991, in anticipation of receiving a grant from the housing finance agency under section 462A.05, subdivision 20a, paragraph (b); or (5) for up to 180 supportive housing units, notwithstanding the provisions of subdivision 2a, in Anoka, Dakota, Hennepin, or Ramsey county for homeless adults with a mental illness, a history of substance abuse, or human immunodeficiency virus or acquired immunodeficiency syndrome. For purposes of this section, "homeless adult" means a person who is living on the street or in a shelter or is evicted from a dwelling unit or discharged from a regional treatment center, community hospital, or residential treatment program and has no appropriate housing available and lacks the resources and support necessary to access appropriate housing. At least 70 percent of the supportive housing units must serve homeless adults with mental illness, substance abuse problems, or human immunodeficiency virus or acquired immunodeficiency syndrome who are about to be discharged from a regional treatment center, or state-contracted psychiatric bed in a community hospital, or a residential mental health or chemical dependency treatment program. If a person meets the requirements of subdivision 1, paragraph (a), the group residential housing rate for that person is limited to the supplementary rate under section 256I.05, subdivision 1a, and is determined by subtracting the amount of the person's countable income that exceeds the MSA equivalent rate from the group residential housing supplementary rate. Service funding under section 256I.05, subdivision 1a, must end June 30, 1997. Effective July 1, 1997, services to persons in these settings must be provided through a managed care entity. This provision is subject to the availability of matching federal funds.~~

(b) A county agency may enter into a group residential housing agreement for beds with rates in excess of the MSA equivalent rate in addition to those currently covered under a group residential housing agreement if the additional beds are only a replacement of beds with rates in excess of the MSA equivalent rate which have been made available due to closure of a setting, a change of licensure or certification which removes the beds from group residential housing payment, or as a result of the downsizing of a group residential housing setting. The transfer of available beds from one county to another can only occur by the agreement of both counties.

~~(c) Group residential housing beds which become available as a result of downsizing settings which have a license issued under Minnesota Rules, parts 9520.0500 to 9520.0690, must be permanently removed from the group residential housing census and not replaced.~~

Sec. 21. Minnesota Statutes 1994, section 256I.05, subdivision 1a, is amended to read:

Subd. 1a. ~~[SUPPLEMENTARY RATES.] In addition to the room and board rate specified in subdivision 1, the county agency may negotiate a payment not to exceed \$426.37 for other services necessary to provide room and board provided by the group residence if the residence is licensed by or registered by the department of health, or licensed by the department of human~~

services to provide services in addition to room and board, and if the recipient provider of services is not also concurrently receiving funding for services for a recipient under a home and community-based waiver under title XIX of the Social Security Act or residing in a setting which receives funding under Minnesota Rules, parts 9535.2000 to 9535.3000. If funding is available for other necessary services through a home and community-based waiver, then the GRH rate is limited to the rate set in subdivision 1. The registration and licensure requirement does not apply to establishments which are exempt from state licensure because they are located on Indian reservations and for which the tribe has prescribed health and safety requirements. Service payments under this section may be prohibited under rules to prevent the supplanting of federal funds with state funds. The commissioner shall pursue the feasibility of obtaining the approval of the Secretary of Health and Human Services to provide home and community-based waiver services under title XIX of the Social Security Act for residents who are not eligible for an existing home and community-based waiver due to a primary diagnosis of mental illness or chemical dependency and shall apply for a waiver if it is determined to be cost-effective.

Sec. 22. Minnesota Statutes 1994, section 393.07, subdivision 10, is amended to read:

Subd. 10. [FEDERAL FOOD STAMP PROGRAM.] (a) The local social services agency shall establish and administer the food stamp program pursuant to rules of the commissioner of human services, the supervision of the commissioner as specified in section 256.01, and all federal laws and regulations. The commissioner of human services shall monitor food stamp program delivery on an ongoing basis to ensure that each county complies with federal laws and regulations. Program requirements to be monitored include, but are not limited to, number of applications, number of approvals, number of cases pending, length of time required to process each application and deliver benefits, number of applicants eligible for expedited issuance, length of time required to process and deliver expedited issuance, number of terminations and reasons for terminations, client profiles by age, household composition and income level and sources, and the use of phone certification and home visits. The commissioner shall determine the county-by-county and statewide participation rate.

(b) On July 1 of each year, the commissioner of human services shall determine a statewide and county-by-county food stamp program participation rate. The commissioner may designate a different agency to administer the food stamp program in a county if the agency administering the program fails to increase the food stamp program participation rate among families or eligible individuals, or comply with all federal laws and regulations governing the food stamp program. The commissioner shall review agency performance annually to determine compliance with this paragraph.

(c) A person who commits any of the following acts has violated section 256.98 or 609.821, or both, and is subject to both the criminal and civil penalties provided under those sections:

(1) obtains or attempts to obtain, or aids or abets any person to obtain by means of a willfully false statement or representation, or intentional concealment of a material fact, food stamps to which the person is not entitled or in an amount greater than that to which that person is entitled; or

(2) presents or causes to be presented, coupons for payment or redemption knowing them to have been received, transferred or used in a manner contrary to existing state or federal law;

(3) willfully uses, possesses, or transfers food stamp coupons or authorization to purchase cards in any manner contrary to existing state or federal law, rules, or regulations; or

(4) buys or sells food stamp coupons, authorization to purchase cards or other assistance transaction devices for cash or consideration other than eligible food.

(d) A peace officer or welfare fraud investigator may confiscate food stamps, authorization to purchase cards, or other assistance transaction devices found in the possession of any person who is neither a recipient of the food stamp program nor otherwise authorized to possess and use such materials. Confiscated property shall be disposed of as the commissioner may direct and consistent with state and federal food stamp law. The confiscated property must be retained for a period of not less than 30 days to allow any affected person to appeal the confiscation under section 256.045.

(e) Food stamp claims which are due in whole or in part to client error shall be established by the county agency for a period of six years from the date of any resultant overpayment.

(f) With regard to the federal tax revenue offset program only, recovery incentives authorized by the federal food and consumer service shall be retained at the rate of 50 percent by the state agency and 50 percent by the certifying county agency.

Sec. 23. [REPEALER.]

Minnesota Statutes 1994, sections 256.851; 256D.35, subdivisions 14 and 19; 256D.36, subdivision 1a; 256D.37; 256D.425, subdivision 3; 256D.435, subdivisions 2, 7, 8, 9, and 10; 256D.44, subdivision 7; and 256I.04, subdivision 1b, are repealed.

ARTICLE 6

HEALTH CARE

Section 1. Minnesota Statutes 1994, section 144.0721, is amended by adding a subdivision to read:

Subd. 3. [LEVEL OF CARE CRITERIA; MODIFICATIONS.] The commissioner shall seek appropriate federal waivers to implement this subdivision. Notwithstanding any laws or rules to the contrary, effective July 1, 1996, Minnesota's level of care criteria for admission of any person to a nursing facility licensed under chapter 144A, or a boarding care home licensed under sections 144.50 to 144.56, are modified as follows:

(1) the resident reimbursement classifications and terminology established by rule under sections 256B.41 to 256B.48 are the basis for applying the level of care criteria changes;

(2) an applicant to a certified nursing facility or certified boarding care home who is dependent in one or two case mix activities of daily living, is classified as a case mix A, and is independent in orientation and self-preservation, is reclassified as a high function class A person and is not eligible for admission to Minnesota certified nursing facilities or certified boarding care homes;

(3) applicants in clause (2) who are eligible for assistance as determined under sections 256B.055 and 256B.056 or meet eligibility criteria for section 256B.0913 are eligible for a service allowance under section 256B.0913, subdivision 15, and are not eligible for services under sections 256B.0913, subdivisions 1 to 14, and 256B.0915. Applicants in clause (2) shall have the option of receiving personal care assistant and home health aide services under section 256B.0625, if otherwise eligible, or of receiving the service allowance option, but not both. Applicants in clause (2) shall have the option of residing in community settings under sections 256I.01 to 256I.06, if otherwise eligible, or receiving the services allowance option under section 256B.0913, subdivision 15, but not both;

(4) residents of a certified nursing facility or certified boarding care home who were admitted before July 1, 1996, or individuals receiving services under sections 256B.0913, subdivisions 1 to 14, or section 256B.0915, before July 1, 1996, are not subject to the new level of care criteria unless the resident is discharged home or to another service setting other than a certified nursing facility or certified boarding care home and applies for admission to a certified nursing facility or certified boarding care home after June 30, 1996;

(5) the local screening teams under section 256B.0911 shall make preliminary determinations concerning the existence of extraordinary circumstances and may authorize an admission for a short-term stay at a certified nursing facility or certified boarding care home in accordance with a treatment and discharge plan for up to 30 days per year; and

(6) an individual deemed ineligible for admission to Minnesota certified nursing facilities is entitled to an appeal under section 256.045.

If the commissioner determines upon appeal that an applicant in clause (2) presents extraordinary circumstances including but not limited to the absence or inaccessibility of suitable alternatives, contravening family circumstances, and protective service issues, the applicant may be eligible for admission to Minnesota certified nursing facilities or certified boarding care homes.

Sec. 2. Minnesota Statutes 1994, section 144.0721, is amended by adding a subdivision to read:

Subd. 3a. [EXCEPTION.] Subdivision 3 does not apply to a facility whose rates are subject to section 256I.05, subdivision 2.

Sec. 3. Minnesota Statutes 1994, section 147.01, subdivision 6, is amended to read:

Subd. 6. [LICENSE SURCHARGE.] In addition to any fee established under section 214.06, the board shall assess an annual license surcharge of \$400 against each physician licensed under this chapter residing in Minnesota and the states contiguous to Minnesota. The surcharge applies to a physician who is licensed as of or after October 1, 1992, and whose license is issued or renewed on or after April 1, 1992, and is assessed as follows:

(1) a physician whose license is issued or renewed between April 1 and September 30 shall be billed on or before November 15, and the physician must pay the surcharge by December 15; and

(2) a physician whose license is issued or renewed between October 1 and March 31 shall be billed on or before May 15, and the physician must pay the surcharge by June 15.

The board shall provide that the surcharge payment must be remitted to the commissioner of human services to be deposited in the general fund under section 256.9656. The board shall not renew the license of a physician who has not paid the surcharge required under this section. The board shall promptly provide to the commissioner of human services upon request information available to the board and specifically required by the commissioner to operate the provider surcharge program. ~~The board shall limit the surcharge to physicians residing in Minnesota and the states contiguous to Minnesota upon notification from the commissioner of human services that the federal government has approved a waiver to allow the surcharge to be applied in that manner.~~

Sec. 4. Minnesota Statutes 1994, section 256.9365, is amended to read:

256.9365 [PURCHASE OF CONTINUATION COVERAGE FOR AIDS PATIENTS.]

Subdivision 1. [PROGRAM ESTABLISHED.] The commissioner of human services shall establish a program to pay private health plan premiums for persons who have contracted human immunodeficiency virus (HIV) to enable them to continue coverage under a group or individual health plan. If a person is determined to be eligible under subdivision 2, the commissioner shall: ~~(1) pay the eligible person's group plan premium for the period of continuation coverage provided in the Consolidated Omnibus Budget Reconciliation Act of 1985; or (2) pay the eligible person's individual plan premium for 24 months~~ pay the portion of the group plan premium for which the individual is responsible, if the individual is responsible for at least 50 percent of the cost of the premium, or pay the individual plan premium. The commissioner shall not pay for that portion of a premium that is attributable to other family members or dependents.

Subd. 2. [ELIGIBILITY REQUIREMENTS.] To be eligible for the program, an applicant must satisfy the following requirements:

(1) the applicant must provide a physician's statement verifying that the applicant is infected with HIV and is, or within three months is likely to become, too ill to work in the applicant's current employment because of HIV-related disease;

(2) the applicant's monthly gross family income must not exceed 300 percent of the federal poverty guidelines, after deducting medical expenses and insurance premiums;

(3) the applicant must not own assets with a combined value of more than \$25,000; and

(4) if applying for payment of group plan premiums, the applicant must be covered by an employer's or former employer's group insurance plan ~~and be eligible to purchase continuation coverage; and~~

~~(5) if applying for payment of individual plan premiums, the applicant must be covered by an individual health plan whose coverage and premium costs satisfy additional requirements established by the commissioner in rule.~~

Subd. 3. ~~[RULES COST-EFFECTIVE COVERAGE.] The commissioner shall establish rules as necessary to implement the program. Special Requirements for the payment of individual plan premiums under subdivision 2, clause (5), must be designed to ensure that the state cost of paying an individual plan premium over a two-year period does not exceed the estimated state cost that would otherwise be incurred in the medical assistance or general assistance medical care program. The commissioner shall purchase the most cost-effective coverage available for eligible individuals.~~

Sec. 5. Minnesota Statutes 1994, section 256.9657, subdivision 3, is amended to read:

Subd. 3. [HEALTH MAINTENANCE ORGANIZATION; INTEGRATED SERVICE NETWORK SURCHARGE.] (a) Effective October 1, 1992, each health maintenance organization with a certificate of authority issued by the commissioner of health under chapter 62D and each integrated service network and community integrated service network licensed by the commissioner under chapter 62N shall pay to the commissioner of human services a surcharge equal to six-tenths of one percent of the total premium revenues of the health maintenance organization, integrated service network, or community integrated service network as reported to the commissioner of health according to the schedule in subdivision 4.

(b) For purposes of this subdivision, total premium revenue means:

(1) premium revenue recognized on a prepaid basis from individuals and groups for provision of a specified range of health services over a defined period of time which is normally one month, excluding premiums paid to a health maintenance organization, integrated service network, or community integrated service network from the Federal Employees Health Benefit Program;

(2) premiums from Medicare wrap-around subscribers for health benefits which supplement Medicare coverage;

(3) Medicare revenue, as a result of an arrangement between a health maintenance organization, an integrated service network, or a community integrated service network and the health care financing administration of the federal Department of Health and Human Services, for services to a Medicare beneficiary; and

(4) medical assistance revenue, as a result of an arrangement between a health maintenance organization, integrated service network, or community integrated service network and a Medicaid state agency, for services to a medical assistance beneficiary.

If advance payments are made under clause (1) or (2) to the health maintenance organization, integrated service network, or community integrated service network for more than one reporting period, the portion of the payment that has not yet been earned must be treated as a liability.

(c) When a health maintenance organization or an integrated service network or community integrated service network merges or consolidates with or is acquired by another health maintenance organization, integrated service network, or community integrated service network, the surviving corporation or the new corporation shall be responsible for the annual surcharge originally imposed on each of the entities or corporations subject to the merger, consolidation, or acquisition, regardless of whether one of the entities or corporations does not retain a certificate of authority under chapter 62D or a license under chapter 62N.

(d) Effective July 1 of each year, the surviving corporation's or the new corporation's surcharge shall be based on the revenues earned in the second previous calendar year by all of the entities or corporations subject to the merger, consolidation, or acquisition regardless of whether one of the entities or corporations does not retain a certificate of authority under chapter 62D or a license under chapter 62N until the total premium revenues of the surviving corporation include the total premium revenues of all the merged entities as reported to the commissioner of health.

(e) When a health maintenance organization, integrated service network, or community integrated service network, which is subject to liability for the surcharge under this chapter, transfer, assigns, sells, leases, or disposes of all or substantially all of its property or assets, liability for the surcharge imposed by this chapter is imposed on the transferee, assignee, or buyer of the health maintenance organization, integrated service network, or community integrated service network.

(f) In the event a health maintenance organization, integrated service network, or community integrated service network converts its licensure to a different type of entity subject to liability for the surcharge under this chapter, but survives in the same or substantially similar form, the surviving entity remains liable for the surcharge regardless of whether one of the entities or corporations does not retain a certificate of authority under chapter 62D or a license under chapter 62N.

(g) The surcharge assessed to a health maintenance organization, integrated service network, or community integrated service network ends when the entity ceases providing services for premiums and the cessation is not connected with a merger, consolidation, acquisition, or conversion.

Sec. 6. Minnesota Statutes 1994, section 256.9685, subdivision 1b, is amended to read:

Subd. 1b. [APPEAL OF RECONSIDERATION.] Notwithstanding section 256B.72, the commissioner may recover inpatient hospital payments for services that have been determined to be medically unnecessary after the reconsideration and determinations. A physician or hospital may appeal the result of the reconsideration process by submitting a written request for review to the commissioner within 30 days after receiving notice of the action. The commissioner shall review the medical record and information submitted during the reconsideration process and the medical review agent's basis for the determination that the services were not medically necessary for inpatient hospital services. The commissioner shall issue an order upholding or reversing the decision of the reconsideration process based on the review. ~~A hospital or physician who is aggrieved by an order of the commissioner may appeal the order to the district court of the county in which the physician or hospital is located by serving a written copy of the notice of appeal upon the commissioner within 30 days after the date the commissioner issued the order.~~

Sec. 7. Minnesota Statutes 1994, section 256.9685, is amended by adding a subdivision to read:

Subd. 1c. [JUDICIAL REVIEW.] A hospital or physician aggrieved by an order of the commissioner under subdivision 1b may appeal the order to the district court of the county in which the physician or hospital is located by:

(1) serving a written copy of a notice of appeal upon the commissioner within 30 days after the date the commissioner issued the order; and

(2) filing the original notice of appeal and proof of service with the court administrator of the district court. The appeal shall be treated as a dispositive motion under the Minnesota General Rules of Practice, rule 115. The district court scope of review shall be as set forth in section 14.69.

Sec. 8. Minnesota Statutes 1994, section 256.9685, is amended by adding a subdivision to read:

Subd. 1d. [TRANSMITTAL OF RECORD.] Within 30 days after being served with the notice of appeal, the commissioner shall transmit to the district court the original or certified copy of the entire record considered by the commissioner in making the final agency decision. The district court shall not consider evidence that was not included in the record before the commissioner.

Sec. 9. Minnesota Statutes 1994, section 256.969, subdivision 1, is amended to read:

Subdivision 1. [HOSPITAL COST INDEX.] (a) ~~The hospital cost index shall be obtained from an independent source and shall represent a weighted average of historical, as limited to statutory maximums, and projected cost change estimates determined for expense categories to include wages and salaries, employee benefits, medical and professional fees, raw food, utilities, insurance including malpractice insurance, and other applicable expenses as determined by the commissioner. The index shall reflect Minnesota cost category weights. Individual indices shall be specific to Minnesota if the commissioner determines that sufficient accuracy of the hospital cost index is achieved.~~ the change in the Consumer Price Index-All Items (United States city average) (CPI-U) forecasted by Data Resources, Inc. The commissioner shall use the indices as forecasted in the third quarter of the calendar year prior to the rate year. The hospital cost index may be used to adjust the base year operating payment rate through the rate year on an annually compounded basis. Notwithstanding section 256.9695, subdivision 3, paragraph (c), the hospital cost index shall not be effective under the general assistance medical care program and shall be limited to five

percent under the medical assistance program for admissions occurring during the biennium ending June 30, 1995.

(b) For fiscal years beginning on or after July 1, 1993, the commissioner of human services shall not provide automatic annual inflation adjustments for hospital payment rates under medical assistance, nor under general assistance medical care, except that the inflation adjustments under paragraph (a) for medical assistance, excluding general assistance medical care, shall apply for the biennium ending June 30, 1997. The commissioner of finance shall include as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11 annual adjustments in hospital payment rates under medical assistance and general assistance medical care, based upon the hospital cost index.

Sec. 10. Minnesota Statutes 1994, section 256.969, is amended by adding a subdivision to read:

Subd. 1a. [ADJUSTMENTS TO REFLECT INFLATIONARY FORECAST ERRORS.] The commissioner shall adjust the medical assistance hospital cost index under subdivision 1 for admissions occurring on or after July 1, 1995, to recover payments under both medical assistance and general assistance medical care made to hospitals in prior years in which projected inflation exceeded actual inflation. For the biennium ending June 30, 1997, the adjustment shall be determined by the commissioner and established at a level sufficient to recover the difference between projected inflation and actual inflation for rate years 1990 to 1992. The adjustment during a rate year beginning after June 30, 1997, shall be for the next progressive error in which projected inflation exceeded actual inflation.

Sec. 11. Minnesota Statutes 1994, section 256.969, subdivision 9, is amended to read:

Subd. 9. [DISPROPORTIONATE NUMBERS OF LOW-INCOME PATIENTS SERVED.] (a) For admissions occurring on or after October 1, 1992, through December 31, 1992, the medical assistance disproportionate population adjustment shall comply with federal law and shall be paid to a hospital, excluding regional treatment centers and facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of the arithmetic mean. The adjustment must be determined as follows:

(1) for a hospital with a medical assistance inpatient utilization rate above the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service but less than or equal to one standard deviation above the mean, the adjustment must be determined by multiplying the total of the operating and property payment rates by the difference between the hospital's actual medical assistance inpatient utilization rate and the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service; and

(2) for a hospital with a medical assistance inpatient utilization rate above one standard deviation above the mean, the adjustment must be determined by multiplying the adjustment that would be determined under clause (1) for that hospital by 1.1. If federal matching funds are not available for all adjustments under this subdivision, the commissioner shall reduce payments on a pro rata basis so that all adjustments qualify for federal match. The commissioner may establish a separate disproportionate population operating payment rate adjustment under the general assistance medical care program. For purposes of this subdivision medical assistance does not include general assistance medical care. The commissioner shall report annually on the number of hospitals likely to receive the adjustment authorized by this paragraph. The commissioner shall specifically report on the adjustments received by public hospitals and public hospital corporations located in cities of the first class.

(b) For admissions occurring on or after July 1, 1993, the medical assistance disproportionate population adjustment shall comply with federal law and shall be paid to a hospital, excluding regional treatment centers and facilities of the federal Indian Health Service, with a medical assistance inpatient utilization rate in excess of the arithmetic mean. The adjustment must be determined as follows:

(1) for a hospital with a medical assistance inpatient utilization rate above the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service but less than or equal to one standard deviation above the mean, the adjustment must be

determined by multiplying the total of the operating and property payment rates by the difference between the hospital's actual medical assistance inpatient utilization rate and the arithmetic mean for all hospitals excluding regional treatment centers and facilities of the federal Indian Health Service;

(2) for a hospital with a medical assistance inpatient utilization rate above one standard deviation above the mean, the adjustment must be determined by multiplying the adjustment that would be determined under clause (1) for that hospital by 1.1. The commissioner may establish a separate disproportionate population operating payment rate adjustment under the general assistance medical care program. For purposes of this subdivision, medical assistance does not include general assistance medical care. The commissioner shall report annually on the number of hospitals likely to receive the adjustment authorized by this paragraph. The commissioner shall specifically report on the adjustments received by public hospitals and public hospital corporations located in cities of the first class; and

(3) for a hospital that ~~(i)~~ had medical assistance fee-for-service payment volume during calendar year 1991 in excess of 13 percent of total medical assistance fee-for-service payment volume; ~~or (ii)~~ a medical assistance disproportionate population adjustment shall be paid in addition to any other disproportionate payment due under this subdivision as follows: \$1,515,000 due on the 15th of each month after noon, beginning July 15, 1995. For a hospital that had medical assistance fee-for-service payment volume during calendar year 1991 in excess of eight percent of total medical assistance fee-for-service payment volume and is affiliated with the University of Minnesota, a medical assistance disproportionate population adjustment shall be paid in addition to any other disproportionate payment due under this subdivision as follows: \$1,010,000 \$505,000 due on the 15th of each month after noon, beginning July 15, 1993 1995.

(c) The commissioner shall adjust rates paid to a health maintenance organization under contract with the commissioner to reflect rate increases provided in paragraph (b), clauses (1) and (2), on a nondiscounted hospital-specific basis but shall not adjust those rates to reflect payments provided in clause (3).

(d) If federal matching funds are not available for all adjustments under paragraph (b), the commissioner shall reduce payments under paragraph (b), clauses (1) and (2), on a pro rata basis so that all adjustments under paragraph (b) qualify for federal match.

(e) For purposes of this subdivision, medical assistance does not include general assistance medical care.

Sec. 12. Minnesota Statutes 1994, section 256.969, subdivision 24, is amended to read:

Subd. 24. [HOSPITAL PEER GROUPS.] ~~(a) For admissions occurring on or after the later of July 1, 1994 1995, or the implementation date of the upgrade to the Medicaid management information system, operating payment rates of each hospital shall be limited to the payment rates within its peer group so that the statewide payment level is reduced by ten percent under the medical assistance program and by 15 percent under the general assistance medical care program. For subsequent rate years, the limits shall be adjusted by the hospital cost index. The commissioner shall contract for the development of criteria for and the establishment of the peer groups. Peer groups must be established based on variables that affect medical assistance cost such as scope and intensity of services, acuity of patients, location, and capacity. Rates shall be standardized by the case mix index and adjusted, if applicable, for the variable outlier percentage. The peer groups may exclude and have separate limits or be standardized for operating cost differences that are not common to all hospitals in order to establish a minimum number of groups; under paragraphs (b) and (c). Rates established for neonatal transfer rates that are paid according to subdivision 13 are not subject to peer group limitations.~~

(b) Peer groups are established based on the status of the hospital or the rehabilitation distinct part of the hospital on the October 1 prior to a rebased rate year using the criteria of clauses (1) to (7), except that the criteria of clauses (3) and (4) must be combined under general assistance medical care:

(1) nonmetropolitan statistical area hospitals;

(2) metropolitan statistical area major teaching hospitals. A major teaching hospital is one that meets the certification requirements of the council of teaching hospitals including the operation of a minimum of four approved active residency programs with at least two in medicine, surgery, obstetrics, pediatrics, family practice, or psychiatry;

(3) metropolitan statistical area minor teaching hospitals as designated by the Medicare program;

(4) metropolitan statistical area nonteaching hospitals;

(5) children's hospitals with neonatal intensive care units. A children's hospital is a hospital in which the admissions are predominantly individuals under 18 years of age;

(6) rehabilitation hospitals and rehabilitation distinct parts of hospitals as designated by the Medicare program and children's hospitals without neonatal intensive care units; and

(7) long-term hospitals as designated by the Medicare program.

(c) The limitation on rates is established for each eligibility and rehabilitation category of rates within a peer group by the method in clauses (1) to (6):

(1) combine the adjusted base year operating rate per admission and outlier rate per day into a rate per admission for each hospital after recalculating each hospital's case mix index based on the Medicare diagnostic related groups using the grouper in effect for the rate year;

(2) determine the metropolitan statistical area, nonmetropolitan statistical area, and statewide average rates from clause (1);

(3) after excluding rates based on averages in clause (2), establish the limit at the interpolated median for each medical assistance and general assistance medical care category, and at 139 percent of the interpolated median for the rehabilitation category;

(4)(i) for medical assistance, if clause (1) is greater than clause (3), add 80 percent of the difference between clause (1) and clause (3) to clause (3) and divide the result by clause (1). Multiply this result by each hospital's adjusted base year operating rate per admission and outlier rate per day;

(ii) for general assistance medical care, if the result of clause (1) is greater than the result of clause (3), add 64 percent of the difference between clause (1) and clause (3) to clause (3) and divide the result by clause (1). Multiply this result by each hospital's adjusted base year operating rate per admission and outlier rate per day; and

(iii) for rates established for the rehabilitation category, regardless of program eligibility, if the result of clause (1) is greater than the result of clause (3), divide clause (3) by clause (1) and multiply the result by each hospital's adjusted base year operating rate per admission and outlier rate per day;

(5) for any hospital with an admission or outlier rate that is based on an average rate of other hospitals:

(i) for medical assistance, if the result of clause (2) is greater than the result of clause (3), add 80 percent of the difference between clause (2) and clause (3) to clause (3) and divide the result by clause (2). Multiply this result by each hospital's applicable average adjusted base year operating rate per admission or outlier rate per day;

(ii) for general assistance medical care, if the result of clause (2) is greater than the result of clause (3), add 64 percent of the difference between clause (2) and clause (3) to clause (3) and divide the result by clause (2). Multiply this result by each hospital's applicable average adjusted base year operating rate per admission or outlier rate per day;

(iii) for rates established for the rehabilitation category, regardless of program eligibility, if the result of clause (2) is greater than the result of clause (3), divide clause (3) by clause (2) and multiply the result by each hospital's adjusted base year operating rate per admission and outlier rate per day; and

(6) for rate years in which the rates are not rebased to more recent data, the limits are adjusted by the hospital cost index.

(d) No payment rate shall be reduced by more than five percent as a result of this subdivision.

Sec. 13. Minnesota Statutes 1994, section 256.969, is amended by adding a subdivision to read:

Subd. 25. [LONG-TERM HOSPITAL RATES.] For admissions occurring on or after April 1, 1995, a long-term hospital as designated by Medicare that does not have admissions in the base year shall have inpatient rates established at the average of other hospitals with the same designation. For subsequent rate-setting periods in which base years are updated, the hospital's base year shall be the first Medicare cost report filed with the long-term hospital designation and shall remain in effect until it falls within the same period as other hospitals.

Sec. 14. Minnesota Statutes 1994, section 256B.056, is amended by adding a subdivision to read:

Subd. 3b. [TREATMENT OF TRUSTS.] (a) A "medical assistance qualifying trust" is a revocable or irrevocable trust, or similar legal device, established on or before August 10, 1993, by a person or the person's spouse under the terms of which the person receives or could receive payments from the trust principal or income and the trustee has discretion in making payments to the person from the trust principal or income. Notwithstanding that definition, a medical assistance qualifying trust does not include: (1) a trust set up by will; (2) a trust set up before April 7, 1986, solely to benefit a person with mental retardation living in an intermediate care facility for persons with mental retardation; or (3) a trust set up by a person with payments made by the Social Security Administration pursuant to the United States Supreme Court decision in Sullivan v. Zebley, 110 S. Ct. 885 (1990). The maximum amount of payments that a trustee of a medical assistance qualifying trust may make to a person under the terms of the trust is considered to be available assets to the person, without regard to whether the trustee actually makes the maximum payments to the person and without regard to the purpose for which the medical assistance qualifying trust was established.

(b) Trusts established after August 10, 1993, are treated according to section 13611(b) of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, commonly known as OBRA 1993.

Sec. 15. Minnesota Statutes 1994, section 256B.0575, is amended to read:

256B.0575 [AVAILABILITY OF INCOME FOR INSTITUTIONALIZED PERSONS.]

When an institutionalized person is determined eligible for medical assistance, the income that exceeds the deductions in paragraphs (a) and (b) must be applied to the cost of institutional care.

(a) The following amounts must be deducted from the institutionalized person's income in the following order:

(1) the personal needs allowance under section 256B.35 or, for a veteran who does not have a spouse or child, or a surviving spouse of a veteran having no child, the amount of an improved pension received from the veteran's administration not exceeding \$90 per month;

(2) the personal allowance for disabled individuals under section 256B.36;

(3) if the institutionalized person has a legally appointed guardian or conservator, five percent of the recipient's gross monthly income up to \$100 as reimbursement for guardianship or conservatorship services;

(4) a monthly income allowance determined under section 256B.058, subdivision 2, but only to the extent income of the institutionalized spouse is made available to the community spouse;

(5) a monthly allowance for children under age 18 which, together with the net income of the children, would provide income equal to the medical assistance standard for families and children according to section 256B.056, subdivision 4, for a family size that includes only the minor children. This deduction applies only if the children do not live with the community spouse ~~and only if the children resided with the institutionalized person immediately prior to admission;~~

(6) a monthly family allowance for other family members, equal to one-third of the difference between 122 percent of the federal poverty guidelines and the monthly income for that family member;

(7) reparations payments made by the Federal Republic of Germany; and

(8) amounts for reasonable expenses incurred for necessary medical or remedial care for the institutionalized spouse that are not medical assistance covered expenses and that are not subject to payment by a third party.

For purposes of clause (6), "other family member" means a person who resides with the community spouse and who is a minor or dependent child, dependent parent, or dependent sibling of either spouse. "Dependent" means a person who could be claimed as a dependent for federal income tax purposes under the Internal Revenue Code.

(b) Income shall be allocated to an institutionalized person for a period of up to three calendar months, in an amount equal to the medical assistance standard for a family size of one if:

(1) a physician certifies that the person is expected to reside in the long-term care facility for three calendar months or less;

(2) if the person has expenses of maintaining a residence in the community; and

(3) if one of the following circumstances apply:

(i) the person was not living together with a spouse or a family member as defined in paragraph (a) when the person entered a long-term care facility; or

(ii) the person and the person's spouse become institutionalized on the same date, in which case the allocation shall be applied to the income of one of the spouses.

For purposes of this paragraph, a person is determined to be residing in a licensed nursing home, regional treatment center, or medical institution if the person is expected to remain for a period of one full calendar month or more.

Sec. 16. Minnesota Statutes 1994, section 256B.0625, subdivision 8, is amended to read:

Subd. 8. [PHYSICAL THERAPY.] Medical assistance covers physical therapy and related services. Services provided by a physical therapy assistant shall be reimbursed at the same rate as services performed by a physical therapist when the services of the physical therapy assistant are provided under the direction of a physical therapist who is on the premises. Services provided by a physical therapy assistant that are provided under the direction of a physical therapist who is not on the premises shall be reimbursed at 65 percent of the physical therapist rate.

Sec. 17. Minnesota Statutes 1994, section 256B.0625, subdivision 8a, is amended to read:

Subd. 8a. [OCCUPATIONAL THERAPY.] Medical assistance covers occupational therapy and related services. Services provided by an occupational therapy assistant shall be reimbursed at the same rate as services performed by an occupational therapist when the services of the occupational therapy assistant are provided under the direction of the occupational therapist who is on the premises. Services provided by an occupational therapy assistant that are provided under the direction of an occupational therapist who is not on the premises shall be reimbursed at 65 percent of the occupational therapist rate.

Sec. 18. Minnesota Statutes 1994, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. [DRUGS.] (a) Medical assistance covers drugs, except for fertility drugs when specifically used to enhance fertility, 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 professional medical associations and professional pharmacist associations, 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 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 three-year terms and shall serve without compensation. Members may be reappointed once.

(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;

(iii) 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;

(iv) anorectics; and

(v) drugs for which medical value has not been established.

The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

(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. The dispensing fee shall be \$3.60 for services rendered between July 1, 1995, and June 30, 1996, and shall be \$2.95 for services rendered after June 30, 1996. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug shall be estimated by the commissioner, at average wholesale price minus 7.6 percent effective January 1, 1994. 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.

~~(d) Until the date the on-line, real-time Medicaid Management Information System (MMIS) upgrade is successfully implemented, as determined by the commissioner of administration, a pharmacy provider may require individuals who seek to become eligible for medical assistance under a one-month spenddown, as provided in section 256B.056, subdivision 5, to pay for services to the extent of the spenddown 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 spenddown of (1) their right to appeal the denial of services on the grounds that they have satisfied the spenddown requirement, and (2) their potential eligibility for the MinnesotaCare program or the children's health plan.~~

Sec. 19. Minnesota Statutes 1994, section 256B.0625, is amended by adding a subdivision to read:

Subd. 13a. [PHARMACY COPAYMENT REQUIREMENTS.] A copayment of \$1 per prescription shall be required under the medical assistance and general assistance medical care programs according to paragraphs (a) to (d):

(a) A copayment shall not be required of children, pregnant women through the postpartum period, or institutionalized recipients or, under medical assistance only, from any other persons required to be exempted under federal law;

(b) A lower copayment shall be collected, under medical assistance only, up to the maximum permitted by federal law, for prescriptions on which federal law prohibits a \$1 copayment;

(c) The amount of the copayment under this subdivision shall be subtracted from the payment under subdivision 13; and

(d) This subdivision does not apply to services under the MinnesotaCare program.

Sec. 20. Minnesota Statutes 1994, section 256B.0625, is amended by adding a subdivision to read:

Subd. 38. [CHILDHOOD IMMUNIZATIONS.] Providers who administer pediatric vaccines within the scope of their licensure, and who are enrolled as a medical assistance provider, must enroll in the pediatric vaccine administration program established by section 13631 of the Omnibus Budget Reconciliation Act of 1993. Medical assistance shall pay an \$8.50 fee per dose for administration of the vaccine to children eligible for medical assistance. Medical assistance

does not pay for vaccines that are available at no cost from the pediatric vaccine administration program.

Sec. 21. Minnesota Statutes 1994, section 256B.0641, subdivision 1, is amended to read:

Subdivision 1. [RECOVERY PROCEDURES; SOURCES.] Notwithstanding section 256B.72 or any law or rule to the contrary, when the commissioner or the federal government determines that an overpayment has been made by the state to any medical assistance vendor, the commissioner shall recover the overpayment as follows:

(1) if the federal share of the overpayment amount is due and owing to the federal government under federal law and regulations, the commissioner shall recover from the medical assistance vendor the federal share of the determined overpayment amount paid to that provider using the schedule of payments required by the federal government; and

(2) if the overpayment to a medical assistance vendor is due to a retroactive adjustment made because the medical assistance vendor's temporary payment rate was higher than the established desk audit payment rate or because of a department error in calculating a payment rate, the commissioner shall recover from the medical assistance vendor the total amount of the overpayment within 120 days after the date on which written notice of the adjustment is sent to the medical assistance vendor or according to a schedule of payments approved by the commissioner; and

(3) a medical assistance vendor is liable for the overpayment amount owed by a long-term care provider if the vendors or their owners are under common control or ownership.

Sec. 22. Minnesota Statutes 1994, section 256B.0911, subdivision 4, is amended to read:

Subd. 4. [RESPONSIBILITIES OF THE COUNTY AND THE SCREENING TEAM.] (a) The county shall:

(1) provide information and education to the general public regarding availability of the preadmission screening program;

(2) accept referrals from individuals, families, human service and health professionals, and hospital and nursing facility personnel;

(3) assess the health, psychological, and social needs of referred individuals and identify services needed to maintain these persons in the least restrictive environments;

(4) determine if the individual screened needs nursing facility level of care;

(5) assess specialized service needs based upon an evaluation by:

(i) a qualified independent mental health professional for persons with a primary or secondary diagnosis of a serious mental illness; and

(ii) a qualified mental retardation professional for persons with a primary or secondary diagnosis of mental retardation or related conditions. For purposes of this clause, a qualified mental retardation professional must meet the standards for a qualified mental retardation professional in Code of Federal Regulations, title 42, section 483.430;

(6) make recommendations for individuals screened regarding cost-effective community services which are available to the individual;

(7) make recommendations for individuals screened regarding nursing home placement when there are no cost-effective community services available;

(8) develop an individual's community care plan and provide follow-up services as needed; and

(9) prepare and submit reports that may be required by the commissioner of human services.

(b) The screener shall document that the most cost-effective alternatives available were offered to the individual or the individual's legal representative. For purposes of this section,

"cost-effective alternatives" means community services and living arrangements that cost the same or less than nursing facility care.

(c) Screeners shall adhere to the level of care criteria for admission to a certified nursing facility established under section 144.0721.

(d) For persons who are eligible for medical assistance or who would be eligible within 180 days of admission to a nursing facility and who are admitted to a nursing facility, the nursing facility must include a screener or the case manager in the discharge planning process for those individuals who the team has determined have discharge potential. The screener or the case manager must ensure a smooth transition and follow-up for the individual's return to the community.

Screeners shall cooperate with other public and private agencies in the community, in order to offer a variety of cost-effective services to the disabled and elderly. The screeners shall encourage the use of volunteers from families, religious organizations, social clubs, and similar civic and service organizations to provide services.

Sec. 23. Minnesota Statutes 1994, section 256B.0911, subdivision 7, is amended to read:

Subd. 7. [REIMBURSEMENT FOR CERTIFIED NURSING FACILITIES.] (a) Medical assistance reimbursement for nursing facilities shall be authorized for a medical assistance recipient only if a preadmission screening has been conducted prior to admission or the local county agency has authorized an exemption. Medical assistance reimbursement for nursing facilities shall not be provided for any recipient who the local screener has determined does not meet the level of care criteria for nursing facility placement or, if indicated, has not had a level II PASARR evaluation completed unless an admission for a recipient with mental illness is approved by the local mental health authority or an admission for a recipient with mental retardation or related condition is approved by the state mental retardation authority. The county preadmission screening team may deny certified nursing facility admission using the level of care criteria established under section 144.0721 and deny medical assistance reimbursement for certified nursing facility care. Persons receiving care in a certified nursing facility or certified boarding care home who are reassessed and no longer meet the level of care criteria for a certified nursing facility or certified boarding care home may no longer remain a resident in the certified nursing facility or certified boarding care home and must be relocated to the community if the persons were admitted on or after July 1, 1996. Persons receiving services under section 256B.0913, subdivisions 1 to 14, or 256B.0915 who are reassessed and found to not meet the level of care criteria for admission to a certified nursing facility or certified boarding care home may no longer receive these services after July 1, 1996. The commissioner shall make a request to the health care financing administration for a waiver allowing screening team approval of Medicaid payments for certified nursing facility care. An individual has a choice and makes the final decision between nursing facility placement and community placement after the screening team's recommendation, except as provided in paragraphs (b) and (c).

(b) The local county mental health authority or the state mental retardation authority under Public Law Numbers 100-203 and 101-508 may prohibit admission to a nursing facility, if the individual does not meet the nursing facility level of care criteria or needs specialized services as defined in Public Law Numbers 100-203 and 101-508. For purposes of this section, "specialized services" for a person with mental retardation or a related condition means "active treatment" as that term is defined in Code of Federal Regulations, title 42, section 483.440(a)(1).

(c) Upon the receipt by the commissioner of approval by the Secretary of Health and Human Services of the waiver requested under paragraph (a), the local screener shall deny medical assistance reimbursement for nursing facility care for an individual whose long-term care needs can be met in a community-based setting and whose cost of community-based home care services is less than 75 percent of the average payment for nursing facility care for that individual's case mix classification, and who is either:

- (i) a current medical assistance recipient being screened for admission to a nursing facility; or
- (ii) an individual who would be eligible for medical assistance within 180 days of entering a nursing facility and who meets a nursing facility level of care.

(d) Appeals from the screening team's recommendation or the county agency's final decision shall be made according to section 256.045, subdivision 3.

Sec. 24. Minnesota Statutes 1994, section 256B.0913, is amended by adding a subdivision to read:

Subd. 15. [SERVICE ALLOWANCE FUND AVAILABILITY.] (a) Effective July 1, 1996, the commissioner may use alternative care funds for services to high function class A persons as defined in section 144.0721, subdivision 3, clause (2). The county alternative care grant allocation will be supplemented with a special allocation amount based on the projected number of eligible high function class A's and computed on the basis of \$240 per month per projected eligible person. Individual monthly expenditures under the service allowance option are permitted to be either greater or less than the amount of \$240 per month based on individual need. County allocations shall be adjusted periodically based on the actual provision of services to high function class A persons.

(b) Counties shall have the option of providing services, cash service allowances, vouchers, or a combination of these options to high function class A persons defined in section 144.0721, subdivision 3, clause (2). High function class A persons may choose services from among the categories of services listed under section 256B.0913, subdivision 5, except for case management services.

(c) If the allocation to a county is not sufficient to serve all persons who qualify for alternative care services, the county is not required to provide any alternative care services to a high function class A person but shall establish a waiting list to provide services as funding becomes available.

Sec. 25. Minnesota Statutes 1994, section 256B.0913, is amended by adding a subdivision to read:

Subd. 15a. [REIMBURSEMENT RATE; ANOKA COUNTY.] Notwithstanding subdivision 14, paragraph (e), or any other law to the contrary, for services rendered on or after January 1, 1996, Anoka county may pay vendors, and the commissioner shall reimburse the county, for actual costs up to the rate in effect on December 31, 1995, plus half the difference between that rate and the maximum allowed state rate for home health aide and homemaker services. For services rendered on or after January 1, 1997, Anoka county may pay, and the commissioner shall reimburse the county, for actual costs up to the maximum allowed state rate for these services.

Sec. 26. Minnesota Statutes 1994, section 256B.0915, subdivision 2, is amended to read:

Subd. 2. [SPOUSAL IMPOVERISHMENT POLICIES.] The commissioner shall seek to amend the federal waiver and the medical assistance state plan to allow spousal impoverishment criteria as authorized in Code of Federal Regulations, title 42, section 435.726(1924) under United States Code, title 42, section 1396r-5, and as implemented in sections 256B.0575, 256B.058, and 256B.059 to be applied to persons who are screened and determined to need a nursing facility level of care, except that the amendment shall seek to add to the personal needs allowance permitted in section 256B.0575, an amount equivalent to the group residential housing rate as set by section 256I.03, subdivision 5.

Sec. 27. Minnesota Statutes 1994, section 256B.0915, is amended by adding a subdivision to read:

Subd. 3a. [REIMBURSEMENT RATE; ANOKA COUNTY.] Notwithstanding subdivision 3, paragraph (h), or any other law to the contrary, for services rendered on or after January 1, 1996, Anoka county may pay vendors, and the commissioner shall reimburse the county, for actual costs up to the rate in effect on December 31, 1995, plus half the difference between that rate and the maximum allowed state rate for home health aide and homemaker services. For services rendered on or after January 1, 1997, Anoka county may pay, and the commissioner shall reimburse the county, for actual costs up to the maximum allowed state rate for these services.

Sec. 28. Minnesota Statutes 1994, section 256B.15, subdivision 1a, is amended to read:

Subd. 1a. [ESTATES SUBJECT TO CLAIMS.] If a person receives any medical assistance hereunder, on the person's death, if single, or on the death of the survivor of a married couple,

either or both of whom received medical assistance, the total amount paid for medical assistance rendered for the person and spouse shall be filed as a claim against the estate of the person or the estate of the surviving spouse in the court having jurisdiction to probate the estate.

A claim shall be filed if medical assistance was rendered for either or both persons under one of the following circumstances:

(a) the person was over 65 55 years of age, and received services under this chapter, excluding alternative care;

(b) the person resided in a medical institution for six months or longer, received services under this chapter excluding alternative care, and, at the time of institutionalization or application for medical assistance, whichever is later, the person could not have reasonably been expected to be discharged and returned home, as certified in writing by the person's treating physician. For purposes of this section only, a "medical institution" means a skilled nursing facility, intermediate care facility, intermediate care facility for persons with mental retardation, nursing facility, or inpatient hospital; or

(c) the person received general assistance medical care services under chapter 256D.

The claim shall be considered an expense of the last illness of the decedent for the purpose of section 524.3-805. Any statute of limitations that purports to limit any county agency or the state agency, or both, to recover for medical assistance granted hereunder shall not apply to any claim made hereunder for reimbursement for any medical assistance granted hereunder. Notice of the claim shall be given to all heirs and devisees of the decedent whose identity can be ascertained with reasonable diligence. The notice must include procedures and instructions for making an application for a hardship waiver under subdivision 5; time frames for submitting an application and determination; and information regarding appeal rights and procedures. Counties are entitled to one-half of the nonfederal share of medical assistance collections from estates that are directly attributable to county effort.

Sec. 29. Minnesota Statutes 1994, section 256B.15, subdivision 2, is amended to read:

Subd. 2. [LIMITATIONS ON CLAIMS.] The claim shall include only the total amount of medical assistance rendered after age 65 55 or during a period of institutionalization described in subdivision 1a, clause (b), and the total amount of general assistance medical care rendered, and shall not include interest. Claims that have been allowed but not paid shall bear interest according to section 524.3-806, paragraph (d). A claim against the estate of a surviving spouse who did not receive medical assistance, for medical assistance rendered for the predeceased spouse, is limited to the value of the assets of the estate that were marital property or jointly owned property at any time during the marriage.

Sec. 30. Minnesota Statutes 1994, section 256B.15, is amended by adding a subdivision to read:

Subd. 5. [UNDUE HARDSHIP.] Any person entitled to notice in subdivision 1a has a right to apply for waiver of the claim based upon undue hardship. Any claim pursuant to this section may be fully or partially waived because of undue hardship. Undue hardship does not include action taken by the decedent which divested or diverted assets from the estate recovery during the period of time prescribed by federal law. Any waiver of a claim must benefit the person claiming undue hardship.

Sec. 31. Minnesota Statutes 1994, section 256B.19, subdivision 1c, is amended to read:

Subd. 1c. [ADDITIONAL PORTION OF NONFEDERAL SHARE.] In addition to any payment required under subdivision 1b, Hennepin county and the University of Minnesota shall be responsible for a monthly transfer payment of ~~\$1,000,000~~ \$1,500,000, due before noon on the 15th of each month and the University of Minnesota shall be responsible for a monthly transfer payment of \$500,000 due before noon on the 15th of each month, beginning July 15, ~~1993~~ 1995. These sums shall be part of the designated governmental unit's portion of the nonfederal share of medical assistance costs, but shall not be subject to payback provisions of section 256.025.

Sec. 32. Minnesota Statutes 1994, section 256B.19, subdivision 1d, is amended to read:

Subd. 1d. [PORTION OF NONFEDERAL SHARE TO BE PAID BY CERTAIN COUNTIES.] In addition to the percentage contribution paid by a county under subdivision 1, the governmental units designated in this subdivision shall be responsible for an additional portion of the nonfederal share of medical assistance cost. For purposes of this subdivision, "designated governmental unit" means the counties of Becker, Beltrami, Clearwater, Cook, Dodge, Hubbard, Itasca, Lake, ~~Mahnomen~~, Pennington, Pipestone, Ramsey, St. Louis, Steele, Todd, Traverse, and Wadena.

Beginning in 1994, each of the governmental units designated in this subdivision shall transfer before noon on May 31 to the state Medicaid agency an amount equal to the number of licensed beds in any nursing home owned and operated by the county, with the county named as licensee, multiplied by \$5,723. If two or more counties own and operate a nursing home, the payment shall be prorated. These sums shall be part of the designated governmental unit's portion of the nonfederal share of medical assistance costs, but shall not be subject to payback provisions of section 256.025.

Sec. 33. Minnesota Statutes 1994, section 256B.431, subdivision 2b, is amended to read:

Subd. 2b. [OPERATING COSTS, AFTER JULY 1, 1985.] (a) For rate years beginning on or after July 1, 1985, the commissioner shall establish procedures for determining per diem reimbursement for operating costs.

(b) The commissioner shall contract with an econometric firm with recognized expertise in and access to national economic change indices that can be applied to the appropriate cost categories when determining the operating cost payment rate.

(c) The commissioner shall analyze and evaluate each nursing facility's cost report of allowable operating costs incurred by the nursing facility during the reporting year immediately preceding the rate year for which the payment rate becomes effective.

(d) The commissioner shall establish limits on actual allowable historical operating cost per diems based on cost reports of allowable operating costs for the reporting year that begins October 1, 1983, taking into consideration relevant factors including resident needs, geographic location, size of the nursing facility, and the costs that must be incurred for the care of residents in an efficiently and economically operated nursing facility. In developing the geographic groups for purposes of reimbursement under this section, the commissioner shall ensure that nursing facilities in any county contiguous to the Minneapolis-St. Paul seven-county metropolitan area are included in the same geographic group. The limits established by the commissioner shall not be less, in the aggregate, than the 60th percentile of total actual allowable historical operating cost per diems for each group of nursing facilities established under subdivision 1 based on cost reports of allowable operating costs in the previous reporting year. For rate years beginning on or after July 1, 1989, facilities located in geographic group I as described in Minnesota Rules, part 9549.0052, on January 1, 1989, may choose to have the commissioner apply either the care related limits or the other operating cost limits calculated for facilities located in geographic group II, or both, if either of the limits calculated for the group II facilities is higher. The efficiency incentive for geographic group I nursing facilities must be calculated based on geographic group I limits. The phase-in must be established utilizing the chosen limits. For purposes of these exceptions to the geographic grouping requirements, the definitions in Minnesota Rules, parts 9549.0050 to 9549.0059 (Emergency), and 9549.0010 to 9549.0080, apply. The limits established under this paragraph remain in effect until the commissioner establishes a new base period. Until the new base period is established, the commissioner shall adjust the limits annually using the appropriate economic change indices established in paragraph (e). In determining allowable historical operating cost per diems for purposes of setting limits and nursing facility payment rates, the commissioner shall divide the allowable historical operating costs by the actual number of resident days, except that where a nursing facility is occupied at less than 90 percent of licensed capacity days, the commissioner may establish procedures to adjust the computation of the per diem to an imputed occupancy level at or below 90 percent. The commissioner shall establish efficiency incentives as appropriate. The commissioner may establish efficiency incentives for different operating cost categories. The commissioner shall consider establishing efficiency incentives in care related cost categories. The commissioner may combine one or more operating cost categories and may use different methods for calculating payment rates for each operating cost category or combination of operating cost categories. For the rate year beginning on July 1, 1985, the commissioner shall:

(1) allow nursing facilities that have an average length of stay of 180 days or less in their skilled nursing level of care, 125 percent of the care related limit and 105 percent of the other operating cost limit established by rule; and

(2) exempt nursing facilities licensed on July 1, 1983, by the commissioner to provide residential services for the physically handicapped under Minnesota Rules, parts 9570.2000 to 9570.3600, from the care related limits and allow 105 percent of the other operating cost limit established by rule.

For the purpose of calculating the other operating cost efficiency incentive for nursing facilities referred to in clause (1) or (2), the commissioner shall use the other operating cost limit established by rule before application of the 105 percent.

(e) The commissioner shall establish a composite index or indices by determining the appropriate economic change indicators to be applied to specific operating cost categories or combination of operating cost categories.

(f) Each nursing facility shall receive an operating cost payment rate equal to the sum of the nursing facility's operating cost payment rates for each operating cost category. The operating cost payment rate for an operating cost category shall be the lesser of the nursing facility's historical operating cost in the category increased by the appropriate index established in paragraph (e) for the operating cost category plus an efficiency incentive established pursuant to paragraph (d) or the limit for the operating cost category increased by the same index. If a nursing facility's actual historic operating costs are greater than the prospective payment rate for that rate year, there shall be no retroactive cost settle-up. In establishing payment rates for one or more operating cost categories, the commissioner may establish separate rates for different classes of residents based on their relative care needs.

(g) The commissioner shall include the reported actual real estate tax liability or payments in lieu of real estate tax of each nursing facility as an operating cost of that nursing facility. Allowable costs under this subdivision for payments made by a nonprofit nursing facility that are in lieu of real estate taxes shall not exceed the amount which the nursing facility would have paid to a city or township and county for fire, police, sanitation services, and road maintenance costs had real estate taxes been levied on that property for those purposes. For rate years beginning on or after July 1, 1987, the reported actual real estate tax liability or payments in lieu of real estate tax of nursing facilities shall be adjusted to include an amount equal to one-half of the dollar change in real estate taxes from the prior year. The commissioner shall include a reported actual special assessment, and reported actual license fees required by the Minnesota department of health, for each nursing facility as an operating cost of that nursing facility. For rate years beginning on or after July 1, 1989, the commissioner shall include a nursing facility's reported public employee retirement act contribution for the reporting year as apportioned to the care-related operating cost categories and other operating cost categories multiplied by the appropriate composite index or indices established pursuant to paragraph (e) as costs under this paragraph. Total adjusted real estate tax liability, payments in lieu of real estate tax, actual special assessments paid, the indexed public employee retirement act contribution, and license fees paid as required by the Minnesota department of health, for each nursing facility (1) shall be divided by actual resident days in order to compute the operating cost payment rate for this operating cost category, (2) shall not be used to compute the care-related operating cost limits or other operating cost limits established by the commissioner, and (3) shall not be increased by the composite index or indices established pursuant to paragraph (e), unless otherwise indicated in this paragraph.

(h) For rate years beginning on or after July 1, 1987, the commissioner shall adjust the rates of a nursing facility that meets the criteria for the special dietary needs of its residents and the requirements in section 31.651. The adjustment for raw food cost shall be the difference between the nursing facility's allowable historical raw food cost per diem and 115 percent of the median historical allowable raw food cost per diem of the corresponding geographic group.

The rate adjustment shall be reduced by the applicable phase-in percentage as provided under subdivision 2h.

(i) For the cost report year ending September 30, 1995, and for all subsequent reporting years, certified nursing facilities must identify, differentiate, and record resident day statistics for

residents in case mix classification A who, on or after July 1, 1996, meet the modified level of care criteria in section 144.0721. The resident day statistics shall be separated into case mix classification A-1 for any resident day meeting the high-function class A level of care criteria and case mix classification A-2 for other case mix class A resident days.

Sec. 34. Minnesota Statutes 1994, section 256B.431, subdivision 23, is amended to read:

Subd. 23. [COUNTY NURSING HOME PAYMENT ADJUSTMENTS.] (a) Beginning in 1994, the commissioner shall pay a nursing home payment adjustment on May 31 after noon to a county in which is located a nursing home that, as of January 1 of the previous year, was county-owned and operated, with the county named as licensee by the commissioner of health, and had over 40 beds and medical assistance occupancy in excess of 50 percent during the reporting year ending September 30, 1991. The adjustment shall be an amount equal to \$16 per calendar day multiplied by the number of beds licensed in the facility as of September 30, 1991.

(b) Payments under paragraph (a) are excluded from medical assistance per diem rate calculations. These payments are required notwithstanding any rule prohibiting medical assistance payments from exceeding payments from private pay residents. A facility receiving a payment under paragraph (a) may not increase charges to private pay residents by an amount equivalent to the per diem amount payments under paragraph (a) would equal if converted to a per diem.

Sec. 35. Minnesota Statutes 1994, section 256B.49, subdivision 1, is amended to read:

Subdivision 1. [STUDY; WAIVER APPLICATION.] The commissioner shall authorize a study to assess the need for home and community-based waivers for chronically ill children who have been and will continue to be hospitalized without a waiver, and for disabled individuals under the age of 65 who are likely to reside in an acute care or nursing home facility in the absence of a waiver. If a need for these waivers can be demonstrated, the commissioner shall apply for federal waivers necessary to secure, to the extent allowed by law, federal participation under United States Code, title 42, sections 1396-1396p, as amended through December 31, 1982, for the provision of home and community-based services to chronically ill children who, in the absence of such a waiver, would remain in an acute care setting, and to disabled individuals under the age of 65 who, in the absence of a waiver, would reside in an acute care or nursing home setting. If the need is demonstrated, the commissioner shall request a waiver under United States Code, title 42, sections 1396-1396p, to allow medicaid eligibility for blind or disabled children with ineligible parents where income deemed from the parents would cause the applicant to be ineligible for supplemental security income if the family shared a household and to furnish necessary services in the home or community to disabled individuals under the age of 65 who would be eligible for medicaid if institutionalized in an acute care or nursing home setting. These waivers are requested to furnish necessary services in the home and community setting to children or disabled adults under age 65 who are medicaid eligible when institutionalized in an acute care or nursing home setting. The commissioner shall assure that the cost of home and community-based care will not be more than the cost of care if the eligible child or disabled adult under age 65 were to remain institutionalized. The commissioner shall seek to amend the federal waivers obtained under this section to apply criteria to protect against spousal impoverishment as authorized under United States Code, title 42, section 1396r-5, and as implemented in sections 256B.0575, 256B.058, and 256B.059, except that the amendment shall seek to add to the personal needs allowance permitted in section 256B.0575, an amount equivalent to the group residential housing rate as set by section 256I.03, subdivision 5.

Sec. 36. Minnesota Statutes 1994, section 256B.69 is amended by adding a subdivision to read:

Subd. 3a. [COUNTY AUTHORITY.] The commissioner, when implementing the general assistance medical care or medical assistance prepayment program within a county, must include the county board in the development, approval, and issuance of the request for proposals to provide services to eligible individuals within the proposed county. The process of reviewing proposals must include county board approval of local networks based on county identification of community needs to ensure that provider networks and health plan companies assure adequate availability and access to necessary services. Individual county staff who are employed by a publicly-owned health plan that intends to respond to the request for proposal are prohibited from reviewing, critiquing, or approving any proposals submitted in accordance with this section. The

provider or health plan must be accountable and respond directly to county advocacy activities. The county board may recommend a maximum number of participating health plans after considering the size of the enrolling population; ensuring adequate access and capacity; considering the client and county administrative complexity; and considering the need to promote the viability of locally developed health plans. Prior to the development of the request for proposal, there shall be established a mutually agreed upon timetable. This process should in no way delay the department's ability to secure and finalize contracts for the medical assistance prepayment program.

Sec. 37. Minnesota Statutes 1994, section 256B.69, subdivision 5, is amended to read:

Subd. 5. [PROSPECTIVE PER CAPITA PAYMENT.] The commissioner shall establish the method and amount of payments for services. The commissioner shall annually contract with demonstration providers to provide services consistent with these established methods and amounts for payment. Notwithstanding section 62D.02, subdivision 1, payments for services rendered as part of the project may be made to providers that are not licensed health maintenance organizations on a risk-based, prepaid capitation basis.

If allowed by the commissioner, a demonstration provider may contract with an insurer, health care provider, nonprofit health service plan corporation, or the commissioner, to provide insurance or similar protection against the cost of care provided by the demonstration provider or to provide coverage against the risks incurred by demonstration providers under this section. The recipients enrolled with a demonstration provider are a permissible group under group insurance laws and chapter 62C, the Nonprofit Health Service Plan Corporations Act. Under this type of contract, the insurer or corporation may make benefit payments to a demonstration provider for services rendered or to be rendered to a recipient. Any insurer or nonprofit health service plan corporation licensed to do business in this state is authorized to provide this insurance or similar protection.

Payments to providers participating in the project are exempt from the requirements of sections 256.966 and 256B.03, subdivision 2. The commissioner shall complete development of capitation rates for payments before delivery of services under this section is begun. For payments made during calendar year 1990 and later years, the commissioner shall contract with an independent actuary to establish prepayment rates.

The basis for rates shall be actuarially sound and adjusted to reflect regional differences in cost and utilization. The commissioner shall, at a minimum, establish four different geographic reimbursement rates in greater Minnesota and two different geographic reimbursement rates in the seven-county metropolitan area.

The rates established in counties implementing the prepaid medical assistance program after July 1, 1995, must be set by an actuary at a level at least ten percent below the equivalent fee-for-service payments for persons under age 65 and at least five percent below equivalent fee-for-service payments for persons aged 65 and older. Savings from care provided under this section must be reported in each budget document submitted to the legislature, beginning in 1996. By January 15, 1996, the commissioner shall report to the legislature on the adequacy of the methodology to counties by the state for the nonfederal share of advocacy and enrollment administrative costs for this program.

Sec. 38. Minnesota Statutes 1994, section 256B.69, subdivision 9, is amended to read:

Subd. 9. [REPORTING.] Each demonstration provider shall submit information as required by the commissioner, including data required for assessing client satisfaction, quality of care, cost, and utilization of services for purposes of project evaluation. The commissioner shall also develop methods of data collection from county advocacy activities in order to provide aggregate enrollee information on encounters and outcomes to determine access and quality assurance. Required information shall be specified before the commissioner contracts with a demonstration provider.

Sec. 39. Minnesota Statutes 1994, section 256D.03, subdivision 3b, is amended to read:

Subd. 3b. [COOPERATION.] General assistance or general assistance medical care applicants and recipients must cooperate with the state and local agency to identify potentially liable third-party payors and assist the state in obtaining third-party payments. Cooperation includes

identifying any third party who may be liable for care and services provided under this chapter to the applicant, recipient, or any other family member for whom application is made and providing relevant information to assist the state in pursuing a potentially liable third party. General assistance medical care applicants and recipients must cooperate by providing information about any group health plan in which they may be eligible to enroll. They must cooperate with the state and local agency in determining if the plan is cost-effective. If the plan is determined cost-effective and the premium will be paid by the state or local agency or is available at no cost to the person, they must enroll or remain enrolled in the group health plan. Cost-effective insurance premiums approved for payment by the state agency and paid by the local agency are eligible for reimbursement according to subdivision 6.

Sec. 40. Minnesota Statutes 1994, section 256D.03, subdivision 4, is amended to read:

Subd. 4. [GENERAL ASSISTANCE MEDICAL CARE; SERVICES.] (a) For a person who is eligible under subdivision 3, paragraph (a), clause (3), general assistance medical care covers:

- (1) inpatient hospital services;
- (2) outpatient hospital services;
- (3) services provided by Medicare certified rehabilitation agencies;
- (4) prescription drugs and other products recommended through the process established in section 256B.0625, subdivision 13;
- (5) equipment necessary to administer insulin and diagnostic supplies and equipment for diabetics to monitor blood sugar level;
- (6) eyeglasses and eye examinations provided by a physician or optometrist;
- (7) hearing aids;
- (8) prosthetic devices;
- (9) laboratory and X-ray services;
- (10) physician's services;
- (11) medical transportation;
- (12) chiropractic services as covered under the medical assistance program;
- (13) podiatric services;
- (14) dental services;
- (15) outpatient services provided by a mental health center or clinic that is under contract with the county board and is established under section 245.62;
- (16) day treatment services for mental illness provided under contract with the county board;
- (17) prescribed medications for persons who have been diagnosed as mentally ill as necessary to prevent more restrictive institutionalization;
- (18) case management services for a person with serious and persistent mental illness who would be eligible for medical assistance except that the person resides in an institution for mental diseases;
- (19) psychological services, medical supplies and equipment, and Medicare premiums, coinsurance and deductible payments;
- (20) medical equipment not specifically listed in this paragraph when the use of the equipment will prevent the need for costlier services that are reimbursable under this subdivision; and
- (21) services performed by a certified pediatric nurse practitioner, a certified family nurse

practitioner, a certified adult nurse practitioner, a certified obstetric/gynecological nurse practitioner, or a certified geriatric nurse practitioner in independent practice, if the services are otherwise covered under this chapter as a physician service, and if the service is within the scope of practice of the nurse practitioner's license as a registered nurse, as defined in section 148.171; and

(22) services of a certified public health nurse or a registered nurse practicing in a public health nursing clinic that is a department of, or that operates under the direct authority of, a unit of government, if the service is within the scope of practice of the public health nurse's license as a registered nurse, as defined in section 148.171.

(b) For a recipient who is eligible under subdivision 3, paragraph (a), clause (1) or (2), general assistance medical care covers the services listed in paragraph (a) with the exception of special transportation services.

(c) In order to contain costs, the commissioner of human services shall select vendors of medical care who can provide the most economical care consistent with high medical standards and shall where possible contract with organizations on a prepaid capitation basis to provide these services. The commissioner shall consider proposals by counties and vendors for prepaid health plans, competitive bidding programs, block grants, or other vendor payment mechanisms designed to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. Before implementing prepaid programs in counties with a county operated or affiliated public teaching hospital or a hospital or clinic operated by the University of Minnesota, the commissioner shall consider the risks the prepaid program creates for the hospital and allow the county or hospital the opportunity to participate in the program in a manner that reflects the risk of adverse selection and the nature of the patients served by the hospital, provided the terms of participation in the program are competitive with the terms of other participants considering the nature of the population served. Payment for services provided pursuant to this subdivision shall be as provided to medical assistance vendors of these services under sections 256B.02, subdivision 8, and 256B.0625, and for contracts beginning on or after July 1, 1995, shall be discounted ten percent from comparable fee for service payments. For payments made during fiscal year 1990 and later years, the commissioner shall consult with an independent actuary in establishing prepayment rates, but shall retain final control over the rate methodology.

(d) The commissioner of human services may reduce payments provided under sections 256D.01 to 256D.21 and 261.23 in order to remain within the amount appropriated for general assistance medical care, within the following restrictions.

For the period July 1, 1985 to December 31, 1985, reductions below the cost per service unit allowable under section 256.966, are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 30 percent; payments for all other inpatient hospital care may be reduced no more than 20 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than ten percent.

For the period January 1, 1986 to December 31, 1986, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 20 percent; payments for all other inpatient hospital care may be reduced no more than 15 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

For the period January 1, 1987 to June 30, 1987, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than ten percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

For the period July 1, 1987 to June 30, 1988, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than five percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

For the period July 1, 1988 to June 30, 1989, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may not be reduced. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

There shall be no copayment required of any recipient of benefits for any services provided under this subdivision. A hospital receiving a reduced payment as a result of this section may apply the unpaid balance toward satisfaction of the hospital's bad debts.

(e) Any county may, from its own resources, provide medical payments for which state payments are not made.

(f) Chemical dependency services that are reimbursed under chapter 254B must not be reimbursed under general assistance medical care.

(g) The maximum payment for new vendors enrolled in the general assistance medical care program after the base year shall be determined from the average usual and customary charge of the same vendor type enrolled in the base year.

(h) The conditions of payment for services under this subdivision are the same as the conditions specified in rules adopted under chapter 256B governing the medical assistance program, unless otherwise provided by statute or rule.

Sec. 41. Minnesota Statutes 1994, section 256D.03 is amended by adding a subdivision to read:

Subd. 4a. [GENDER REASSIGNMENT SERVICES.] Notwithstanding subdivision 4, general assistance medical care does not cover gender reassignment surgery and related services. This subdivision does not apply to an individual who began receiving general reassignment services prior to July 1, 1995.

Sec. 42. Minnesota Statutes 1994, section 256D.425, is amended by adding a subdivision to read:

Subd. 4. [COOPERATION.] To be eligible for the Minnesota supplemental aid program, applicants and recipients must cooperate with the state and local agency to identify potentially liable third-party payors and assist the state in obtaining third-party payments. Cooperation includes identifying any third party who may be liable for benefits provided under this chapter to the applicant, recipient, or any other family member for whom application is made, and providing relevant information to assist the state in pursuing a potentially liable third party.

Sec. 43. Minnesota Statutes 1994, section 501B.89, subdivision 1, is amended to read:

Subdivision 1. [TRUSTS CONTAINING LIMITATIONS LINKED TO ELIGIBILITY FOR PUBLIC ASSISTANCE.] (a) Except as allowed by subdivision 2 or 3, a provision in a trust that provides for the suspension, termination, limitation, or diversion of the principal, income, or beneficial interest of a beneficiary if the beneficiary applies for, is determined eligible for, or receives public assistance or benefits under a public health care program is unenforceable as against the public policy of this state, without regard to the irrevocability of the trust or the purpose for which the trust was created.

(b) This subdivision applies to trust provisions created after July 1, 1992. For purposes of this section, a trust provision is created on the date of execution of the first instrument that contains the

provision, even though the trust provision is later amended or reformed or the trust is not funded until a later date.

Sec. 44. Minnesota Statutes 1994, section 501B.89, is amended by adding a subdivision to read:

Subd. 3. [SUPPLEMENTAL NEEDS TRUSTS UNDER FEDERAL LAW.] A trust created on or after August 11, 1993, which qualifies as a supplemental needs trust for a person with a disability under United States Code, title 42, section 1396p(c)(2)(B)(iv) or 1396p(d), as amended by section 13611(b) of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, commonly known as OBRA 1993, is enforceable, and the courts of this state may authorize creation and funding of a trust which so qualifies.

Sec. 45. [REIMBURSEMENT INCREASE.]

Notwithstanding statutory provisions to the contrary, the commissioner of human services shall increase reimbursement rates for the following by two percent on January 1, 1996: (1) personal care services under Minnesota Statutes, section 256B.0625, subdivision 19a; (2) home- and community-based services waiver for persons with mental retardation and related conditions under Minnesota Statutes, section 256B.501; (3) adult residential program grants, under Minnesota Rules, parts 9535.2000 to 9535.3000; (4) adult and family community support grants, under Minnesota Rules, parts 9535.1700 to 9535.1760; (5) day training and habilitation services for adults with mental retardation and related conditions under Minnesota Statutes, sections 252.40 to 252.47; and (6) semi-independent living services under Minnesota Statutes, section 252.275.

Sec. 46. [RISK ADJUSTMENT METHODOLOGY.]

The commissioner shall form an advisory group consisting of representatives of health plans, public program providers, disproportionate share and teaching hospitals, independent actuaries, counties, and consumer representatives to develop recommendations for a prospective rate setting methodology with a risk adjustment mechanism to be implemented by January 1, 1997. The commissioner shall deliver a progress report to the legislature by January 31, 1996.

Sec. 47. [JOINT PURCHASER DEMONSTRATION PROJECTS.]

Subdivision 1. [DEMONSTRATION PROJECTS.] A county or counties may apply or the commissioner of human services shall solicit a demonstration project or projects under the prepaid medical assistance program for a state/county partnership as a joint purchaser for services provided to eligible individuals under medical assistance, general assistance medical care, and county-reimbursed services. Individual county staff who are employed by a publicly owned health plan that intends to respond to the request for proposal are prohibited from reviewing, critiquing, or approving any proposals submitted in accordance with this section. As part of this project, the commissioner, in cooperation with the county boards, must explore options for various purchasing models including contracting directly with providers or provider networks. The commissioner retains total responsibility for the medical assistance and general assistance medical care contracts.

Carlton, Cook, Koochiching, Lake, and St. Louis counties shall be one of the joint purchasing demonstration projects, if the counties elect to participate in the demonstration project.

Subd. 2. [OBJECTIVES.] The objective of the demonstration project is to promote the development of local provider networks; further define the county role and authorities in providing publicly reimbursed health services, including services reimbursed by the county; to provide better coordination of services; and to identify costs and methods to reduce cost-shifting.

Sec. 48. [DEMONSTRATION PROJECT TO TEST ALTERNATIVES TO DELIVERY OF SERVICES TO HIGH RISK MEDICAL ASSISTANCE RECIPIENTS.]

Subdivision 1. [AUTHORIZATION FOR DEMONSTRATION PROJECTS.] The commissioner of human services, in cooperation with county government and the commissioner of health, upon federal waiver approval, may approve demonstration projects to test alternatives to the delivery of health services and human services to high risk medical assistance recipients.

Subd. 2. [PROGRAM DESIGN AND IMPLEMENTATION.] (a) The demonstration projects shall be established jointly by the commissioners and participating county boards to design and

plan an improved health services delivery system for high risk medical assistance recipients who also receive services under other publicly funded health, human services, or corrections programs. In the proposal the county must delineate exactly which populations would be served and what enrollment procedures would be used. The projects must address one or more of the following:

(1) provide an array of health and social services that are better coordinated for persons and families now served by multiple, uncoordinated programs;

(2) be based on purchasing strategies that improve access and coordinate services without cost shifting;

(3) coordinate between provider networks or health plan companies and the community health and human services infrastructure through creative partnerships with local vendors; and

(4) utilize existing categorical funding streams and reimbursement sources in coordinated and creative ways.

(b) All projects must complete their planning phase and be operational by June 30, 1997.

Subd. 3. [PROGRAM EVALUATION.] Evaluation of each project will be based on outcome evaluation criteria negotiated with each project prior to implementation.

Subd. 4. [NOTICE OF PROJECT DISCONTINUATION.] Each project may be discontinued for any reason by the county board or the commissioner of human services, after 90 days' written notice to the other party.

Subd. 5. [PLANNING FOR DEMONSTRATION PROJECTS.] Each local plan for a demonstration project must be developed under the direction of the county board, or multiple county boards acting jointly, as the local health and human services authority. The planning process for each demonstration shall include, but not be limited to, advocates, providers, and the departments of health and human services.

Subd. 6. [DUTIES OF COMMISSIONER.] (a) For purposes of the demonstration projects, the commissioner of human services shall facilitate coordination of funds or other resources as needed and requested by each project. These resources may include: medical assistance, general assistance medical care, MinnesotaCare, and other categorical state and federal funds if requested by the county boards, and if the commissioner determines this would be consistent with the state's overall health care reform efforts.

(b) The commissioner shall consider the following criteria in awarding start-up and implementation grants for the demonstration projects:

(1) the ability of the proposed projects to accomplish the objectives described in subdivision 2;

(2) the size of the target population to be served; and

(3) geographical distribution.

(c) The commissioner shall review overall status of the projects at least every two years and recommend any legislative changes needed by January 15 of each odd-numbered year.

(d) The county boards may seek a waiver of administrative procedural rules under Minnesota Statutes, section 465.797.

(e) The commissioner may exempt the participating counties from state fiscal sanctions for noncompliance with requirements in laws and rules which are incompatible with the implementation of the demonstration project.

(f) The commissioner may award grants to a county board or group of county boards to pay for start-up, implementation, and evaluation costs of the demonstration project.

Subd. 7. [DUTIES OF COUNTY BOARD.] The county board, or other entity which is approved to administer a demonstration project, shall:

(1) administer the project in a manner which is consistent with the objectives described in subdivision 2 and the planning process described in subdivision 5;

(2) assure that no one is denied services for which they would otherwise be eligible; and

(3) provide the commissioner of human services with timely and pertinent information through the following methods:

(i) submission of community health services act, maternal and child health act, and community social services act plans and plan amendments;

(ii) submission of health and social services expenditure and grant reconciliation reports, based on a coding format to be determined by mutual agreement between the project's managing entity and the commissioner; and

(iii) submission of data and participation in an evaluation of the demonstration projects, to be designed cooperatively by the commissioner and the projects.

Sec. 49. [EFFECTIVE DATE.]

Sections 14, 43, and 44 (256B.056, subdivision 3b; 501B.89, subdivisions 1 and 3) are effective retroactive to August 11, 1993.

The amendments to Minnesota Statutes, section 256B.15, subdivisions 1a and 2, relating only to the age of a medical assistance recipient for purposes of estate claims, are effective for persons who are between the ages of 55 and 64 on or after July 1, 1995, for the total amount of medical assistance rendered on or after July 1, 1995.

Sections 5 (256.9657, subdivision 3), 20 (256B.0625, subdivision 38), 32 (256B.19, subdivision 1d), and 34 (256B.431, subdivision 23) are effective the day following final enactment.

ARTICLE 7

PERSONAL CARE ASSISTANT SERVICES AND TEFRA

Section 1. Minnesota Statutes 1994, section 252.27, subdivision 2a, is amended to read:

Subd. 2a. [CONTRIBUTION AMOUNT.] (a) The natural or adoptive parents of a minor child, including a child determined eligible for medical assistance without consideration of parental income, must contribute monthly to the cost of services, unless the child is married or has been married, parental rights have been terminated, or the child's adoption is subsidized according to section 259.67 or through title IV-E of the Social Security Act.

(b) The parental contribution shall be computed by applying to the adjusted gross income of the natural or adoptive parents that exceeds ~~200~~ 150 percent of the federal poverty guidelines for the applicable household size, the following schedule of rates:

(1) on the amount of adjusted gross income over ~~200~~ 150 percent of poverty, but not over \$50,000, ~~ten~~ 12 percent;

(2) on the amount of adjusted gross income over ~~200~~ 150 percent of poverty and over \$50,000 but not over \$60,000, ~~12~~ 14 percent;

(3) on the amount of adjusted gross income over ~~200~~ 150 percent of poverty, and over \$60,000 but not over \$75,000, ~~14~~ 16 percent; and

(4) on all adjusted gross income amounts over ~~200~~ 150 percent of poverty, and over \$75,000, ~~15~~ 17 percent.

If the child lives with the parent, the parental contribution is reduced by ~~\$200~~ \$150. If the child resides in an institution specified in section 256B.35, the parent is responsible for the personal needs allowance specified under that section in addition to the parental contribution determined under this section. Eligibility under this section must be determined annually. The parental contribution is reduced by any amount required to be paid directly to the child pursuant to a court order, but only if actually paid.

(c) The household size to be used in determining the amount of contribution under paragraph (b) includes natural and adoptive parents and their dependents under age 21, including the child receiving services. Adjustments in the contribution amount due to annual changes in the federal poverty guidelines shall be implemented on the first day of July following publication of the changes.

(d) For purposes of paragraph (b), "income" means the adjusted gross income of the natural or adoptive parents determined according to the previous year's federal tax form.

(e) The contribution shall be explained in writing to the parents at the time eligibility for services is being determined. The contribution shall be made on a monthly basis effective with the first month in which the child receives services. The contribution must be paid during the period when a variance is being requested or an appeal is pending regarding the contribution. Annually upon redetermination or at termination of eligibility, if the contribution exceeded the cost of services provided, the local agency or the state shall reimburse that excess amount to the parents, either by direct reimbursement if the parent is no longer required to pay a contribution, or by a reduction in or waiver of parental fees until the excess amount is exhausted.

(f) The monthly contribution amount must be reviewed at least every 12 months; when there is a change in household size; and when there is a loss of or gain in income from one month to another in excess of ten percent. The local agency shall mail a written notice 30 days in advance of the effective date of a change in the contribution amount. A decrease in the contribution amount is effective in the month that the parent verifies a reduction in income or change in household size.

(g) Parents of a minor child who do not live with each other shall each pay the contribution required under paragraph (a), except that a court-ordered child support payment actually paid on behalf of the child receiving services shall be deducted from the contribution of the parent making the payment.

(h) The contribution under paragraph (b) shall be increased by an additional five percent if the local agency determines that insurance coverage is available but not obtained for the child. For purposes of this section, "available" means the insurance is a benefit of employment for a family member at an annual cost of no more than five percent of the family's annual income. For purposes of this section, insurance means health and accident insurance coverage, enrollment in a nonprofit health service plan, health maintenance organization, self-insured plan, or preferred provider organization.

Parents who have more than one child receiving services shall not be required to pay more than the amount for the child with the highest expenditures. There shall be no resource contribution from the parents. The parent shall not be required to pay a contribution in excess of the cost of the services provided to the child, not counting payments made to school districts for education-related services. Notice of an increase in fee payment must be given at least 30 days before the increased fee is due.

Sec. 2. Minnesota Statutes 1994, section 256B.055, subdivision 12, is amended to read:

Subd. 12. [DISABLED CHILDREN.] (a) A person is eligible for medical assistance if the person is under age 19 and qualifies as a disabled individual under United States Code, title 42, section 1382c(a), and would be eligible for medical assistance under the state plan if residing in a medical institution, and ~~who the child~~ requires a level of care provided in a hospital, skilled nursing facility, ~~intermediate care facility,~~ or intermediate care facility for persons with mental retardation or related conditions, for whom home care is appropriate, provided that the cost to medical assistance ~~for home care services~~ under this section is not more than the amount that medical assistance would pay for ~~appropriate institutional care~~ if the child resides in an institution.

(b) For purposes of this subdivision, "hospital" means an acute care institution as defined in section 144.696, subdivision 3, licensed pursuant to sections 144.50 to 144.58, ~~which is appropriate if a person is technology dependent or has a chronic health condition which requires frequent intervention by a health care professional to avoid death.~~ For purposes of this subdivision, a child requires a level of care provided in a hospital if the child is determined by the commissioner team to meet the eligibility requirements of the community alternative care waiver program according to section 256B.49 and Minnesota Rules, parts 9505.3500 to 9505.3700, without regard to the availability of waiver slots.

A child with serious and emotional disturbance, who requires a level of care provided in an in-patient hospital, is eligible under this section if the commissioner determines that the individual requires 24-hour supervision because the person exhibits recurrent or frequent suicidal or homicidal ideation or behavior, recurrent or frequent psychosomatic disorders or somatopsychic disorders that may become life threatening, recurrent or frequent severe socially unacceptable behavior associated with psychiatric disorder, ongoing and chronic psychosis or severe, ongoing and chronic developmental problems requiring continuous skilled observation, or severe disabling symptoms for which office-centered outpatient treatment is not adequate, and which overall severely impact the individual's ability to function.

(c) For purposes of this subdivision, "skilled nursing facility" and "intermediate care facility" means a facility which provides nursing care as defined in section 144A.01, subdivision 5, licensed pursuant to sections 144A.02 to 144A.10, which is appropriate if a person is in active restorative treatment; is in need of special treatments provided or supervised by a licensed nurse; or has unpredictable episodes of active disease processes requiring immediate judgment by a licensed nurse. For purposes of this subdivision, a child requires the level of care provided in a nursing facility if the child is determined to be at risk of placement in a nursing facility by the commissioner according to section 256B.49 and Minnesota Rules, parts 9505.3010 to 9505.3140, without regard to the availability of waiver slots.

(d) For purposes of this subdivision, "intermediate care facility for the mentally retarded persons with mental retardation or related conditions" or "ICF/MR" means a program licensed to provide services to persons with mental retardation under section 252.28, and chapter 245A, and a physical plant licensed as a supervised living facility under chapter 144, which together are certified by the Minnesota department of health as meeting the standards in Code of Federal Regulations, title 42, part 483, for an intermediate care facility which provides services for persons with mental retardation or persons with related conditions who require 24-hour supervision and active treatment for medical, behavioral, or habilitation needs. For purposes of this subdivision, a child requires a level of care provided in an ICF/MR if the commissioner, in accordance with section 256B.092, finds that there is a reasonable indication that individuals might need such services in the near future, but for the availability of alternative community-based services.

~~(e) For purposes of this subdivision, a person "requires a level of care provided in a hospital, skilled nursing facility, intermediate care facility, or intermediate care facility for persons with mental retardation or related conditions" if the person requires 24-hour supervision because the person exhibits suicidal or homicidal ideation or behavior, psychosomatic disorders or somatopsychic disorders that may become life threatening, severe socially unacceptable behavior associated with psychiatric disorder, psychosis or severe developmental problems requiring continuous skilled observation, or disabling symptoms that do not respond to office centered outpatient treatment.~~

The determination of the level of care needed by the child shall be made by the commissioner based on information supplied to the commissioner by the case manager if the child has one, the parent or guardian, the child's physician or physicians or, if available, the screening information obtained under section 256B.092 and any other information determined necessary by the commissioner. The commissioner shall establish a screening team to conduct the level of care determinations according to this subdivision.

(f) If a child meets the conditions in paragraph (b), (c), or (d), the commissioner must assess the case to determine whether:

(1) the child qualifies as a disabled individual under 42 U.S.C., section 1382c(a) and would be eligible for medical assistance if residing in a medical institution; and

(2) the cost of medical assistance services for the child, if eligible under this subdivision, would not be more than the cost to medical assistance if the child resides in a medical institution to be determined as follows:

(i) for a child who requires a level of care provided in an ICF/MR, the cost of care for the child in an institution shall be determined using the average payment rate established for the regional treatment centers that are certified as ICFs/MR;

(ii) for a child who requires a level of care provided in an in-patient hospital setting according to paragraph (b), cost-effectiveness shall be determined according to Minnesota Rules, parts 9505.3500 to 9505.3700; and

(iii) for a child who requires a level of care provided in a nursing facility according to paragraph (c), cost-effectiveness shall be determined according to Minnesota Rules, parts 9505.3010 to 9505.3140.

(g) Children eligible for medical assistance services under section 256B.055, subdivision 12, as of June 30, 1995, must be screened according to the criteria in this subdivision prior to January 1, 1996.

Sec. 3. Minnesota Statutes 1994, section 256B.0625, subdivision 19a, is amended to read:

Subd. 19a. [PERSONAL CARE SERVICES.] Medical assistance covers personal care services in a recipient's home. To qualify for personal care services recipients who can direct their own care, or persons who cannot direct their own care when authorized by the responsible party, may use must be able to identify their needs, direct and evaluate task accomplishment, and assure their health and safety.

Approved hours may be used outside the home when normal life activities take them outside the home and when, without the provision of personal care, their health and safety would be jeopardized. Total hours for services, whether actually performed inside or outside the recipient's home, cannot exceed that which is otherwise allowed for personal care services in an in-home setting according to section 256B.0627. Medical assistance does not cover personal care services for residents of a hospital, nursing facility, intermediate care facility, health care facility licensed by the commissioner of health, or unless a resident who is otherwise eligible is on leave from the facility and the facility either pays for the personal care services or forgoes the facility per diem for the leave days that personal care services are used except as authorized in section 256B.64 for ventilator dependent recipients in hospitals. Total hours of service and payment allowed for services outside the home cannot exceed that which is otherwise allowed for personal care services in an in-home setting according to section 256B.0627. All personal care services must be provided according to section 256B.0627. Personal care services may not be reimbursed if the personal care assistant is the spouse or legal guardian of the recipient or the parent of a recipient under age 18, the responsible party or the foster care provider of a recipient who cannot direct the recipient's own care or the recipient's legal guardian unless, in the case of a foster provider, a county or state case manager visits the recipient as needed, but no less than every six months, to monitor the health and safety of the recipient and to ensure the goals of the care plan are met. Parents of adult recipients, adult children of the recipient or adult siblings of the recipient may be reimbursed for personal care services if they are not the recipient's legal guardian and are granted a waiver under section 256B.0627.

Sec. 4. Minnesota Statutes 1994, section 256B.0627, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] (a) "Home care services" means a health service, determined by the commissioner as medically necessary, that is ordered by a physician and documented in a care plan that is reviewed by the physician at least once every 60 days for the provision of home health services, or private duty nursing, or at least once every 365 days for personal care. Home care services are provided to the recipient at the recipient's residence that is a place other than a hospital or long-term care facility or as specified in section 256B.0625.

(b) "Medically necessary" has the meaning given in Minnesota Rules, parts 9505.0170 to 9505.0475.

(c) "Care plan" means a written description of the services needed which is developed by the supervisory nurse or county public health nurse for personal care services, together with the recipient or responsible party and includes a detailed description of the covered home care services, who is providing the services, frequency and duration of services, and expected outcomes and goals. The provider must give the recipient or responsible party recipient and the recipient's choice of provider must be given a copy of the completed care plan within 30 calendar days of beginning following the assessment of need for home care services.

~~(d) "Responsible party" means an individual residing with a recipient of personal care services who is capable of providing the supportive care necessary to assist the recipient to live in the community, is at least 18 years old, and is not a personal care assistant. Responsible parties who are parents of minors or guardians of minors or incapacitated persons may delegate the responsibility to another adult during a temporary absence of at least 24 hours but not more than six months. The person delegated as a responsible party must be able to meet the definition of responsible party, except that the delegated responsible party is required to reside with the recipient only while serving as the responsible party. Foster care license holders may be designated the responsible party for residents of the foster care home if case management is provided as required in section 256B.0625, subdivision 19a. For persons who, as of April 1, 1992, are sharing personal care services in order to obtain the availability of 24-hour coverage, an employee of the personal care provider organization may be designated as the responsible party if case management is provided as required in section 256B.0625, subdivision 19a. "Personal care assistant" means a person who: (1) is at least 18 years old; (2) is able to read, write, and speak English, as well as speak the language of the recipient; (3) effective July 1, 1996, has completed one of the training requirements as specified in Minnesota Rules, part 9505.0335, subpart 3, items A to D; (4) has the ability to, and provides covered personal care services according to the recipient's care plan; (5) is not a consumer of personal care services; and (6) is subject to criminal background checks. An individual who has ever been convicted of a crime specified in Minnesota Rules, part 4668.0020, subpart 14, or a comparable crime in another jurisdiction is disqualified from being a personal care assistant.~~

(e) "Personal care provider organization" means an organization enrolled to provide personal care services under the medical assistance program that complies with the following: (1) owners who have a five percent interest or more are subject to a criminal history check as provided in section 245A.04 at the time of application. An organization will be barred from enrollment if an owner or managerial official of the organization has ever been convicted of a crime specified in Minnesota Rules, part 4668.0020, subpart 14, or a comparable crime in another jurisdiction; (2) the organization must maintain a surety bond and liability insurance throughout the duration of enrollment and provides proof thereof. The insurer must notify the department of human services of the cancellation or lapse of policy; and (3) the organization must maintain documentation of services as specified in Minnesota Rules, part 9505.2175, subpart 7, as well as evidence of compliance with personal care assistant training requirements.

Sec. 5. Minnesota Statutes 1994, section 256B.0627, subdivision 2, is amended to read:

Subd. 2. [SERVICES COVERED.] Home care services covered under this section include:

- (1) nursing services under section 256B.0625, subdivision 6a;
- (2) private duty nursing services under section 256B.0625, subdivision 7;
- (3) home health aide services under section 256B.0625, subdivision 6a;
- (4) personal care services under section 256B.0625, subdivision 19a; and
- (5) nursing supervision of personal care services under section 256B.0625, subdivision 19a; and

(6) assessments by county public health nurses for services under section 256B.0625, subdivision 19a.

Sec. 6. Minnesota Statutes 1994, section 256B.0627, subdivision 4, is amended to read:

Subd. 4. [PERSONAL CARE SERVICES.] (a) The personal care services that are eligible for payment are the following:

- (1) bowel and bladder care;
- (2) skin care to maintain the health of the skin;
- (3) delegated therapy tasks specific to maintaining a recipient's optimal level of functioning, including repetitive maintenance range of motion and muscle strengthening exercises specific to maintaining a recipient's optimal level of function;

- (4) respiratory assistance;
- (5) transfers and ambulation;
- (6) bathing, grooming, and hairwashing necessary for personal hygiene;
- (7) turning and positioning;
- (8) assistance with furnishing medication that is normally self-administered;
- (9) application and maintenance of prosthetics and orthotics;
- (10) cleaning medical equipment;
- (11) dressing or undressing;
- (12) assistance with food, nutrition, and diet activities eating and meal preparation;
- (13) accompanying a recipient to obtain medical diagnosis or treatment; and
- (14) ~~assisting, monitoring, or prompting the recipient to complete the services in clauses (1) to (13);~~
- (15) ~~redirection, monitoring, and observation that are medically necessary and an integral part of completing the personal cares described in clauses (1) to (14);~~
- (16) ~~redirection and intervention for behavior, including observation and monitoring;~~
- (17) ~~interventions for seizure disorders including monitoring and observation if the recipient has had a seizure that requires intervention within the past three months; and~~
- (18) incidental household services that are an integral part of a personal care service described in clauses (1) to (17) (13).

~~For purposes of this subdivision, monitoring and observation means watching for outward visible signs that are likely to occur and for which there is a covered personal care service or an appropriate personal care intervention.~~

- (b) The personal care services that are not eligible for payment are the following:
 - (1) ~~personal care services that are not in the care plan developed by the supervising registered nurse in consultation with the personal care assistants and the recipient or the responsible party directing the care of the recipient prescribed by the physician;~~
 - (2) assessments by personal care provider organizations or by independently enrolled registered nurses;
 - (3) services that are not supervised by the registered nurse in the care plan developed by the county public health nurse and the recipient;
 - ~~(3) (4) services provided by the recipient's spouse, legal guardian, or parent of a minor child recipient under age 18;~~
 - ~~(4) services provided by a foster care provider of a recipient who cannot direct their own care, unless monitored by a county or state case manager under section 256B.0625, subdivision 19a;~~
 - (5) services provided by the residential or program license holder in a residence for more than four persons;
 - (6) services that are the responsibility of a residential or program license holder under the terms of a service agreement and administrative rules;
 - (7) sterile procedures;
 - (8) injections of fluids into veins, muscles, or skin;

(9) services provided by parents of adult recipients, adult children, or adult siblings of the recipient, unless these relatives meet one of the following hardship criteria and the commissioner waives this requirement:

(i) the relative resigns from a part-time or full-time job to provide personal care for the recipient;

(ii) the relative goes from a full-time to a part-time job with less compensation to provide personal care for the recipient;

(iii) the relative takes a leave of absence without pay to provide personal care for the recipient;

(iv) the relative incurs substantial expenses by providing personal care for the recipient; or

(v) because of labor conditions, the relative is needed in order to provide an adequate number of qualified personal care assistants to meet the medical needs of the recipient; and

(vi) under no circumstance may a hardship waiver be granted if the relative is the recipient's legal guardian;

(10) homemaker services that are not an integral part of a personal care services; and

(11) home maintenance, or chore services, social services, social activities, recreational services, educational services;

(12) services not specified under paragraph (a); and

(13) services not authorized by the commissioner or the commissioner's designee.

Sec. 7. Minnesota Statutes 1994, section 256B.0627, subdivision 5, is amended to read:

Subd. 5. [LIMITATION ON PAYMENTS.] Medical assistance payments for home care services shall be limited according to this subdivision.

~~(a) [EXEMPTION FROM PAYMENT LIMITATIONS.] The level, or the number of hours or visits of a specific service, of home care services to a recipient that began before and is continued without increase on or after December 1987, shall be exempt from the payment limitations of this section, as long as the services are medically necessary.~~

~~(b)~~ [LIMITS ON SERVICES WITHOUT PRIOR AUTHORIZATION.] A recipient may receive the following amounts of home care services during a calendar year:

(1) a total of 40 home health aide visits or skilled nurse visits under section 256B.0625, subdivision 6a; and

~~(2) up to two assessments by a supervising registered nurse assessments and reassessments done by the county public health nurse to determine a recipient's need for personal care services, develop a care plan with the recipient, and obtain prior authorization. Additional visits may be authorized by the commissioner if there are circumstances that necessitate a change in provider.~~

~~(c)~~ (b) [PRIOR AUTHORIZATION; EXCEPTIONS.] All home care services above the limits in paragraph ~~(b)~~ (a) must receive the commissioner's prior authorization, except when:

(1) the home care services were required to treat an emergency medical condition that if not immediately treated could cause a recipient serious physical or mental disability, continuation of severe pain, or death. The provider must request retroactive authorization no later than five working days after giving the initial service. The provider must be able to substantiate the emergency by documentation such as reports, notes, and admission or discharge histories;

(2) the home care services were provided on or after the date on which the recipient's eligibility began, but before the date on which the recipient was notified that the case was opened. Authorization will be considered if the request is submitted by the provider within 20 working days of the date the recipient was notified that the case was opened;

(3) a third-party payor for home care services has denied or adjusted a payment. Authorization requests must be submitted by the provider within 20 working days of the notice of denial or adjustment. A copy of the notice must be included with the request; or

(4) the commissioner has determined that a county or state human services agency has made an error.

~~(d) [RETROACTIVE AUTHORIZATION.] A request for retroactive authorization under paragraph (e) will be evaluated according to the same criteria applied to prior authorization requests. Implementation of this provision shall begin no later than October 1, 1991, except that recipients who are currently receiving medically necessary services above the limits established under this subdivision may have a reasonable amount of time to arrange for waived services under section 256B.49 or to establish an alternative living arrangement. All current recipients shall be phased down to the limits established under paragraph (b) on or before April 1, 1992.~~

~~(e) (c) [ASSESSMENT AND CARE PLAN.] The home care provider supervisory nurse or county public health nurse for personal care services, shall conduct initially, and at least annually thereafter, a face-to-face assessment of the recipient and complete a care plan with the recipient using forms specified by the commissioner. For the recipient to receive, or continue to receive, home care services, the provider must submit evidence necessary for the commissioner to determine the medical necessity of the home care services. The provider supervisory nurse or county public health nurse for personal care services, shall submit to the commissioner the assessment, the care plan, and other information necessary to determine medical necessity such as diagnostic or testing information, social or medical histories, and hospital or facility discharge summaries. For personal care services:~~

~~(1) The amount and type of service authorized based upon the assessment and care plan will follow the recipient if the recipient chooses to change providers.~~

~~(2) If the recipient's medical need changes, the recipient's provider may assess the need for a change in service authorization and request the change from the county public health nurse. The public health nurse will determine whether to request the change in services based upon the provider assessment, or conduct a home visit to assess the need and determine whether the change is appropriate.~~

~~(3) To continue to receive home personal care services when the recipient displays no significant change, the supervising nurse county public health nurse has the option to review with the commissioner, or the commissioner's designee, the care plan on record and receive authorization for up to an additional 12 months.~~

~~(f) (d) [PRIOR AUTHORIZATION.] The commissioner, or the commissioner's designee, shall review the assessment, the care plan, and any additional information that is submitted. The commissioner shall, within 30 days after receiving a complete request, assessment, and care plan, authorize home care services as follows:~~

~~(1) [HOME HEALTH SERVICES.] All home health services provided by a nurse or a home health aide that exceed the limits established in paragraph (b) (a) must be prior authorized by the commissioner or the commissioner's designee. Prior authorization must be based on medical necessity and cost-effectiveness when compared with other care options. When home health services are used in combination with personal care and private duty nursing, the cost of all home care services shall be considered for cost-effectiveness. The commissioner shall limit nurse and home health aide visits to no more than one visit each per day.~~

~~(2) [PERSONAL CARE SERVICES.] (i) All personal care services and registered nurse supervision must be prior authorized by the commissioner or the commissioner's designee except for the limits on supervision assessments established in paragraph (b) (a). The amount of personal care services authorized must be based on the recipient's home care rating. A child may not be found to be dependent in an activity of daily living if because of the child's age an adult would either perform the activity for the child or assist the child with the activity and the amount of assistance needed is similar to the assistance appropriate for a typical child of the same age. Based on medical necessity, the commissioner may authorize:~~

(A) up to ~~two~~ 1.75 times the average number of direct care hours provided in nursing facilities for the recipient's comparable case mix level; or

(B) up to ~~three~~ 2.625 times the average number of direct care hours provided in nursing facilities for recipients who have complex medical needs or are dependent in at least seven activities of daily living and need physical assistance with eating or have a neurological diagnosis but in no case shall the dollar amount authorized exceed the statewide weighted average nursing facility payment rate for fiscal year 1995; or

~~(C) up to 60 percent of the average reimbursement rate, as of July 1, 1991, plus any inflation adjustment provided, for care provided in a regional treatment center for recipients who have Level I behavior; or~~

~~(D)~~ up to the amount the commissioner would pay, as of July 1, 1991, plus any inflation adjustment provided for home care services, for care provided in a regional treatment center for recipients referred to the commissioner by a regional treatment center preadmission evaluation team. For purposes of this clause, home care services means all services provided in the home or community that would be included in the payment to a regional treatment center; or

~~(E)~~ (D) up to the amount medical assistance would reimburse for facility care for recipients referred to the commissioner by a preadmission screening team established under section 256B.0911 or 256B.092; and

~~(F)~~ (E) a reasonable amount of time for the ~~necessary~~ provision of nursing supervision of personal care services.

(ii) The number of direct care hours shall be determined according to the annual cost report submitted to the department by nursing facilities. The average number of direct care hours, ~~as established by May 1, 1992 for the report year 1993, as established by July 11, 1994,~~ shall be calculated and incorporated into the home care limits on July 1, ~~1992~~ 1995. These limits shall be calculated to the nearest quarter hour.

(iii) The home care rating shall be determined by the commissioner or the commissioner's designee based on information submitted to the commissioner by the ~~personal care provider~~ county public health nurse on forms specified by the commissioner. The home care rating shall be a combination of current assessment tools developed under sections 256B.0911 and 256B.501 ~~with an addition for seizure activity that will assess the frequency and severity of seizure activity~~ and with adjustments, additions, and clarifications that are necessary to reflect the needs and conditions of ~~children and nonelderly adults~~ recipients who need home care. The commissioner shall establish these forms and protocols under this section and ~~shall use the advisory group established in section 256B.04, subdivision 16, for consultation in establishing the forms and protocols by October 1, 1991.~~

(iv) A recipient shall qualify as having complex medical needs if the care required is difficult to perform and because of recipient's medical condition requires more time than community-based standards allow or requires more skill than would ordinarily be required and the recipient needs or has one or more of the following:

- (A) daily tube feedings;
- (B) daily parenteral therapy;
- (C) wound or decubiti care;
- (D) postural drainage, percussion, nebulizer treatments, suctioning, tracheotomy care, oxygen, mechanical ventilation;
- (E) catheterization;
- (F) ostomy care;
- (G) quadriplegia; or

(H) other comparable medical conditions or treatments the commissioner determines would otherwise require institutional care.

~~(v) A recipient shall qualify as having Level I behavior if there is reasonable supporting evidence that the recipient exhibits, or that without supervision, observation, or redirection would exhibit, one or more of the following behaviors that cause, or have the potential to cause:~~

- ~~(A) injury to his or her own body;~~
- ~~(B) physical injury to other people; or~~
- ~~(C) destruction of property.~~

~~(vi) Time authorized for personal care relating to Level I behavior in subclause (v), items (A) to (C), shall be based on the predictability, frequency, and amount of intervention required.~~

~~(vii) A recipient shall qualify as having Level II behavior if the recipient exhibits on a daily basis one or more of the following behaviors that interfere with the completion of personal care services under subdivision 4, paragraph (a):~~

- ~~(A) unusual or repetitive habits;~~
- ~~(B) withdrawn behavior; or~~
- ~~(C) offensive behavior.~~

~~(viii) A recipient with a home care rating of Level II behavior in subclause (vii), items (A) to (C), shall be rated as comparable to a recipient with complex medical needs under subclause (iv). If a recipient has both complex medical needs and Level II behavior, the home care rating shall be the next complex category up to the maximum rating under subclause (i), item (B).~~

(3) [PRIVATE DUTY NURSING SERVICES.] All private duty nursing services shall be prior authorized by the commissioner or the commissioner's designee. Prior authorization for private duty nursing services shall be based on medical necessity and cost-effectiveness when compared with alternative care options. The commissioner may authorize medically necessary private duty nursing services in quarter-hour units when:

- (i) the recipient requires more individual and continuous care than can be provided during a nurse visit; or
- (ii) the cares are outside of the scope of services that can be provided by a home health aide or personal care assistant.

The commissioner may authorize:

(A) up to two times the average amount of direct care hours provided in nursing facilities statewide for case mix classification "K" as established by the annual cost report submitted to the department by nursing facilities in May 1992;

(B) private duty nursing in combination with other home care services up to the total cost allowed under clause (2);

(C) up to 16 hours per day if the recipient requires more nursing than the maximum number of direct care hours as established in item (A) and the recipient meets the hospital admission criteria established under Minnesota Rules, parts 9505.0500 to 9505.0540.

The commissioner may authorize up to 16 hours per day of medically necessary private duty nursing services or up to 24 hours per day of medically necessary private duty nursing services until such time as the commissioner is able to make a determination of eligibility for recipients who are cooperatively applying for home care services under the community alternative care program developed under section 256B.49, or until it is determined by the appropriate regulatory agency that a health benefit plan is or is not required to pay for appropriate medically necessary health care services. Recipients or their representatives must cooperatively assist the commissioner in obtaining this determination. Recipients who are eligible for the community

alternative care program may not receive more hours of nursing under this section than would otherwise be authorized under section 256B.49.

(4) [VENTILATOR-DEPENDENT RECIPIENTS.] If the recipient is ventilator-dependent, the monthly medical assistance authorization for home care services shall not exceed what the commissioner would pay for care at the highest cost hospital designated as a long-term hospital under the Medicare program. For purposes of this clause, home care services means all services provided in the home that would be included in the payment for care at the long-term hospital. "Ventilator-dependent" means an individual who receives mechanical ventilation for life support at least six hours per day and is expected to be or has been dependent for at least 30 consecutive days.

(g) (e) [PRIOR AUTHORIZATION; TIME LIMITS.] The commissioner or the commissioner's designee shall determine the time period for which a prior authorization shall be effective. If the recipient continues to require home care services beyond the duration of the prior authorization, the home care provider must request a new prior authorization ~~through the process described above~~. Under no circumstances, other than the exceptions in ~~subdivision 5, paragraph (e) (b)~~, shall a prior authorization be valid prior to the date the commissioner receives the request or for more than 12 months. A recipient who appeals a reduction in previously authorized home care services may continue previously authorized services, other than temporary services under paragraph (i) (g), pending an appeal under section 256.045. The commissioner must provide a detailed explanation of why the authorized services are reduced in amount from those requested by the home care provider.

(h) (f) [APPROVAL OF HOME CARE SERVICES.] The commissioner or the commissioner's designee shall determine the medical necessity of home care services, the level of caregiver according to subdivision 2, and the institutional comparison according to this subdivision, the cost-effectiveness of services, and the amount, scope, and duration of home care services reimbursable by medical assistance, based on the assessment, the care plan, the recipient's age, the cost of services, the recipient's medical condition, and diagnosis or disability. The commissioner may publish additional criteria for determining medical necessity according to section 256B.04.

(i) (g) [PRIOR AUTHORIZATION REQUESTS; TEMPORARY SERVICES.] ~~Providers~~ The supervisory nurse or county public health nurse for personal care services, may request a temporary authorization for home care services by telephone. The commissioner may approve a temporary level of home care services based on the assessment and care plan information ~~provided by an appropriately licensed nurse~~. Authorization for a temporary level of home care services is limited to the time specified by the commissioner, but shall not exceed 45 days. The level of services authorized under this provision shall have no bearing on a future prior authorization.

(j) (h) [PRIOR AUTHORIZATION REQUIRED IN FOSTER CARE SETTING.] Home care services provided in an adult or child foster care setting must receive prior authorization by the department according to the limits established in paragraph (b) (a).

The commissioner may not authorize:

(1) home care services that are the responsibility of the foster care provider under the terms of the foster care placement agreement and administrative rules;

(2) ~~personal care services when the foster care license holder is also the personal care provider or personal care assistant unless the recipient can direct the recipient's own care, or case management is provided as required in section 256B.0625, subdivision 19a;~~

(3) ~~personal care services when the responsible party is an employee of, or under contract with, or has any direct or indirect financial relationship with the personal care provider or personal care assistant, unless case management is provided as required in section 256B.0625, subdivision 19a;~~

(4) ~~home care services when the number of foster care residents is greater than four unless the county responsible for the recipient's foster placement made the placement prior to April 1, 1992, requests that home care services be provided, and case management is provided as required in section 256B.0625, subdivision 19a; or~~

~~(5) (3) home care services when combined with foster care payments, other than room and board payments plus the cost of home and community-based waived services unless the costs of home care services and waived services are combined and managed under the waiver program, that exceed the total amount that public funds would pay for the recipient's care in a medical institution.~~

Sec. 8. Minnesota Statutes 1994, section 256B.49, is amended by adding a subdivision to read:

Subd. 6. [ADMISSION CERTIFICATION.] In determining an individual's eligibility for the community alternative care waiver program, the commissioner must request in-patient hospital admission certification for long-term care in an in-patient hospital setting for the individual according to procedures required by Minnesota Rules, parts 9505.0520 to 9505.0540. The commissioner may not find an individual to be eligible for the community alternative care waiver program unless the medical review agent has issued an in-patient hospital admission certification for that individual.

For purposes of this subdivision, a person requires long-term care in an in-patient hospital setting if the person has an ongoing, and not episodic, condition that is expected to last one year or longer, and is expected to require medically necessary in-patient hospitalization for one year or longer, or to require frequent hospitalizations during that period, but for the provision of home care services under this section.

Sec. 9. Minnesota Statutes 1994, section 256B.49, is amended by adding a subdivision to read:

Subd. 7. [PERSONS WITH DEVELOPMENTAL DISABILITIES OR RELATED CONDITIONS.] Individuals who apply for services under the community alternatives for disabled individuals (CADI) waiver program who have developmental disabilities or related conditions must be screened for the appropriate institutional level of care in accordance with section 256B.092.

Sec. 10. Minnesota Statutes 1994, section 256B.69, subdivision 4, is amended to read:

Subd. 4. [LIMITATION OF CHOICE.] The commissioner shall develop criteria to determine when limitation of choice may be implemented in the experimental counties. The criteria shall ensure that all eligible individuals in the county have continuing access to the full range of medical assistance services as specified in subdivision 6. The commissioner shall exempt the following persons from participation in the project, in addition to those who do not meet the criteria for limitation of choice: (1) persons eligible for medical assistance according to section 256B.055, subdivision 1, and children under age 21 who are in foster placement; (2) persons eligible for medical assistance due to blindness or disability as determined by the social security administration or the state medical review team, unless: (i) they are 65 years of age or older, or (ii) they are eligible for medical assistance according to section 256B.055, subdivision 12; (3) recipients who currently have private coverage through a health maintenance organization; and (4) recipients who are eligible for medical assistance by spending down excess income for medical expenses other than the nursing facility per diem expense. The commissioner may allow persons with a one-month spenddown who are otherwise eligible to enroll to voluntarily enroll or remain enrolled, if they elect to prepay their monthly spenddown to the state. Before limitation of choice is implemented, eligible individuals shall be notified and after notification, shall be allowed to choose only among demonstration providers. After initially choosing a provider, the recipient is allowed to change that choice only at specified times as allowed by the commissioner. If a demonstration provider ends participation in the project for any reason, a recipient enrolled with that provider must select a new provider but may change providers without cause once more within the first 60 days after enrollment with the second provider.

Sec. 11. Minnesota Statutes 1994, section 256B.69, is amended by adding a subdivision to read:

Subd. 4a. [REQUIREMENTS OF REQUEST FOR PROPOSAL.] In implementing the limitation of choice for persons eligible for medical assistance according to section 256B.055, subdivision 12, hereinafter referred to as TEFRA recipients, the commissioner shall comply with the request for proposal process applicable to the prepaid medical assistance program. Notwithstanding any provision to the contrary, the commissioner shall include the following in the request for proposal issued to health plans for purposes of covering TEFRA recipients:

(1) evidence that eligibility criteria for personal care assistant services have been developed and implemented with respect to TEFRA recipients;

(2) a complete and detailed description of the benefits the health plan is responsible for providing to the TEFRA recipients;

(3) identification of the circumstances under which and the point at which the health plan covering the TEFRA recipient pursuant to this section is responsible for the costs of and delivery of benefits to the TEFRA recipient. The purpose of this information is to facilitate coordination of benefits with private health plans, including self-insured employers who are covering the TEFRA recipients. The point at which and circumstances under which the health plan is responsible must be identified and developed so as to be applied consistently to all TEFRA recipients, without regard to the level of coverage or type of benefits provided by the private health plan or self-insured employer;

(4) statistical information including the following:

(i) how many TEFRA recipients will be enrolled;

(ii) historical cost and utilization information, by type of service and diagnosis or condition, and any other data or statistics used in developing the proposed rate of payment to the health plan;

(iii) average cost per TEFRA recipient to the state;

(iv) outlier information, including diagnosis categories, cost, and the number of TEFRA recipients; and

(v) a comparison of the information in items (i) to (iv) to other medical assistance recipients or children covered in other medical assistance programs;

(5) evidence that the commissioner will permit health plans to perform all network management, utilization review, prior authorization, and other case management functions permitted pursuant to the health plans' enabling act; and

(6) actuarially valid rates of payment proposed to be paid to the health plans.

Sec. 12. Minnesota Statutes 1994, section 256B.69, subdivision 6, is amended to read:

Subd. 6. [SERVICE DELIVERY.] (a) Each demonstration provider shall be responsible for the health care coordination for eligible individuals. Demonstration providers:

(1) shall authorize and arrange for the provision of all needed health services including but not limited to the full range of services listed in sections 256B.02, subdivision 8, and 256B.0625 and for children eligible for medical assistance under section 256B.055, subdivision 12, home care services and personal care assistant services in order to ensure appropriate health care is delivered to enrollees;

(2) shall accept the prospective, per capita payment from the commissioner in return for the provision of comprehensive and coordinated health care services for eligible individuals enrolled in the program;

(3) may contract with other health care and social service practitioners to provide services to enrollees; and

(4) shall institute recipient grievance procedures according to the method established by the project, utilizing applicable requirements of chapter 62D. Disputes not resolved through this process shall be appealable to the commissioner as provided in subdivision 11.

(b) Demonstration providers must comply with the standards for claims settlement under section 72A.201, subdivisions 4, 5, 7, and 8, when contracting with other health care and social service practitioners to provide services to enrollees. A demonstration provider must pay a clean claim, as defined in Code of Federal Regulations, title 42, section 447.45(b), within 30 business days of the date of acceptance of the claim.

Sec. 13. [INSURANCE STUDY.]

The Minnesota health care commission shall report to the legislature by January 15, 1996, recommendations to improve coverage through private health plans, the Minnesota comprehensive health association, and other public or private programs for children with significant disabilities.

Sec. 14. [TEFRA FEE STUDY.]

The commissioner of human services shall study and report to the legislature by January 15, 1996, recommendations to modify the fee structure for the parents of children eligible for medical assistance under Minnesota Statutes, section 256B.055, subdivision 12. The report shall include a comparison of the fee schedule for these parents with fee schedules in the social services, MinnesotaCare, and sliding fee child care programs. The commissioner shall appoint an advisory committee to assist with the study which must include parents, advocates, and other interested persons.

Sec. 15. [TEFRA MANAGED CARE PROGRESS REPORT.]

The commissioner shall report to the legislature by January 15, 1996, regarding progress towards implementing managed care for children eligible for medical assistance under Minnesota Statutes, section 256B.055, subdivision 12, effective July 1, 1996. The report shall recommend any law changes needed for effective implementation.

Sec. 16. [TASK FORCE FOR HOME CARE SERVICES.]

The commissioner shall appoint a home care services task force to recommend changes to medical assistance home care services, Minnesota Statutes, sections 256B.0625, subdivisions 6a, 7, and 19a, 256B.0627, and 256B.0628, which will reduce projected growth for the 1996-1997 biennium to no more than five percent over 1995 projected expenditures as described in the November 1994 medical assistance forecast, department of human services. The task force shall be comprised of home care services recipients, providers, advocates, staff from the departments of human services, health, finance, the attorney general's office, in addition to the chairs of the health and human services finance committees of both houses of the legislature or their representatives. The recommendations shall be completed by September 30, 1995, and presented to the next session, including a special session, of the Minnesota legislature.

Sec. 17. [STUDY OF INDEPENDENT PERSONAL CARE ASSISTANT.]

The commissioner of human services shall study independent delivery models for personal care assistant services. Findings must be reported to the legislature no later than October 15, 1996. The study must review issues related to: cost effectiveness; the assurance of client health and safety including, but not limited to, provisions for service backup; and the responsibility for liability, workers' compensation, and state and federal tax withholdings.

Sec. 18. [IMPLEMENTATION PLAN FOR HOME CARE SERVICES.]

The commissioner of human services, in conjunction with the commissioner of education, shall require the provision of the following types of home care services equivalent to personal care assistant services through waived programs and managed care programs beginning July 1, 1996:

- (1) school-based after school services; and
- (2) vacation and summer-only services.

The commissioners shall define program participants, structure, and activities and shall recommend to the 1996 legislature any changes in licensing requirements or other law changes necessary to implement the program. The commissioner of human services shall require participants in waived programs and managed care programs to receive services through these options unless the requirement would create an undue hardship for recipients.

Sec. 19. [REPEALER.]

Minnesota Rules, part 9500.1452, subpart 2, item B, is repealed.

Sec. 20. [EFFECTIVE DATE.]

Subdivision 1. The amendment to Minnesota Statutes, section 256B.69, subdivision 4, requiring children eligible for medical assistance under Minnesota Statutes, section 256B.055, subdivision 12, to participate in managed care is effective July 1, 1996.

Subd. 2. The amendment to Minnesota Statutes, section 256B.69, subdivision 6, expanding services under managed care to include home care services and personal care assistant services for certain recipients is effective July 1, 1996.

Subd. 3. The amendments in sections 3 and 4 [256B.0625, subdivision 19a, and 256B.0627, subdivision 1] deleting references to having personal care assistant services directed by a responsible party are effective January 1, 1996.

Subd. 4. (a) Section 3 (256B.0625, subdivision 19a); section 4 (256B.0627, subdivision 1, the portions in paragraphs (c) and (d) that strike references to "responsible party"); section 6 (256B.0627, subdivision 4, paragraphs (a) and (b), clauses (1) and (4)); and section 7 (256B.0627, subdivision 5, paragraph (d), clause (2), item (i), subitem (C), and item (v), and paragraph (h), clauses (2) and (3)) are effective July 1, 1996.

(b) Section 4 (256B.0627, subdivision 1, paragraph (c), except the striking of references to "responsible party"); section 5 (256B.0627, subdivision 2, clause (6)); section 6 (256B.0627, subdivision 4, paragraph (b), clauses (2) and (3)); and section 7 (256B.0627, subdivision 5, paragraphs (a), clause (2), (c), (d), clause (2), item (iii), (e), and (g)) are effective January 1, 1996.

(c) All other provisions in the sections amended in paragraphs (a) and (b) are effective July 1, 1995.

ARTICLE 8

LONG-TERM CARE FACILITIES

Section 1. Minnesota Statutes 1994, section 144A.071, subdivision 4a, is amended to read:

Subd. 4a. [EXCEPTIONS FOR REPLACEMENT BEDS.] It is in the best interest of the state to ensure that nursing homes and boarding care homes continue to meet the physical plant licensing and certification requirements by permitting certain construction projects. Facilities should be maintained in condition to satisfy the physical and emotional needs of residents while allowing the state to maintain control over nursing home expenditure growth.

The commissioner of health in coordination with the commissioner of human services, may approve the renovation, replacement, upgrading, or relocation of a nursing home or boarding care home, under the following conditions:

(a) to license or certify beds in a new facility constructed to replace a facility or to make repairs in an existing facility that was destroyed or damaged after June 30, 1987, by fire, lightning, or other hazard provided:

(i) destruction was not caused by the intentional act of or at the direction of a controlling person of the facility;

(ii) at the time the facility was destroyed or damaged the controlling persons of the facility maintained insurance coverage for the type of hazard that occurred in an amount that a reasonable person would conclude was adequate;

(iii) the net proceeds from an insurance settlement for the damages caused by the hazard are applied to the cost of the new facility or repairs;

(iv) the new facility is constructed on the same site as the destroyed facility or on another site subject to the restrictions in section 144A.073, subdivision 5;

(v) the number of licensed and certified beds in the new facility does not exceed the number of licensed and certified beds in the destroyed facility; and

(vi) the commissioner determines that the replacement beds are needed to prevent an inadequate supply of beds.

Project construction costs incurred for repairs authorized under this clause shall not be considered in the dollar threshold amount defined in subdivision 2;

(b) to license or certify beds that are moved from one location to another within a nursing home facility, provided the total costs of remodeling performed in conjunction with the relocation of beds does not exceed 25 percent of the appraised value of the facility or \$500,000, whichever is less;

(c) to license or certify beds in a project recommended for approval under section 144A.073;

(d) to license or certify beds that are moved from an existing state nursing home to a different state facility, provided there is no net increase in the number of state nursing home beds;

(e) to certify and license as nursing home beds boarding care beds in a certified boarding care facility if the beds meet the standards for nursing home licensure, or in a facility that was granted an exception to the moratorium under section 144A.073, and if the cost of any remodeling of the facility does not exceed 25 percent of the appraised value of the facility or \$500,000, whichever is less. If boarding care beds are licensed as nursing home beds, the number of boarding care beds in the facility must not increase beyond the number remaining at the time of the upgrade in licensure. The provisions contained in section 144A.073 regarding the upgrading of the facilities do not apply to facilities that satisfy these requirements;

(f) to license and certify up to 40 beds transferred from an existing facility owned and operated by the Amherst H. Wilder Foundation in the city of St. Paul to a new unit at the same location as the existing facility that will serve persons with Alzheimer's disease and other related disorders. The transfer of beds may occur gradually or in stages, provided the total number of beds transferred does not exceed 40. At the time of licensure and certification of a bed or beds in the new unit, the commissioner of health shall delicense and decertify the same number of beds in the existing facility. As a condition of receiving a license or certification under this clause, the facility must make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate as a result of the transfers allowed under this paragraph;

(g) to license and certify nursing home beds to replace currently licensed and certified boarding care beds which may be located either in a remodeled or renovated boarding care or nursing home facility or in a remodeled, renovated, newly constructed, or replacement nursing home facility within the identifiable complex of health care facilities in which the currently licensed boarding care beds are presently located, provided that the number of boarding care beds in the facility or complex are decreased by the number to be licensed as nursing home beds and further provided that, if the total costs of new construction, replacement, remodeling, or renovation exceed ten percent of the appraised value of the facility or \$200,000, whichever is less, the facility makes a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate by reason of the new construction, replacement, remodeling, or renovation. The provisions contained in section 144A.073 regarding the upgrading of facilities do not apply to facilities that satisfy these requirements;

(h) to license as a nursing home and certify as a nursing facility a facility that is licensed as a boarding care facility but not certified under the medical assistance program, but only if the commissioner of human services certifies to the commissioner of health that licensing the facility as a nursing home and certifying the facility as a nursing facility will result in a net annual savings to the state general fund of \$200,000 or more;

(i) to certify, after September 30, 1992, and prior to July 1, 1993, existing nursing home beds in a facility that was licensed and in operation prior to January 1, 1992;

(j) to license and certify new nursing home beds to replace beds in a facility condemned as part of an economic redevelopment plan in a city of the first class, provided the new facility is located within one mile of the site of the old facility. Operating and property costs for the new facility must be determined and allowed under existing reimbursement rules;

(k) to license and certify up to 20 new nursing home beds in a community-operated hospital and attached convalescent and nursing care facility with 40 beds on April 21, 1991, that suspended operation of the hospital in April 1986. The commissioner of human services shall provide the facility with the same per diem property-related payment rate for each additional licensed and certified bed as it will receive for its existing 40 beds;

(l) to license or certify beds in renovation, replacement, or upgrading projects as defined in section 144A.073, subdivision 1, so long as the cumulative total costs of the facility's remodeling projects do not exceed 25 percent of the appraised value of the facility or \$500,000, whichever is less;

(m) to license and certify beds that are moved from one location to another for the purposes of converting up to five four-bed wards to single or double occupancy rooms in a nursing home that, as of January 1, 1993, was county-owned and had a licensed capacity of 115 beds;

(n) to allow a facility that on April 16, 1993, was a 106-bed licensed and certified nursing facility located in Minneapolis to layaway all of its licensed and certified nursing home beds. These beds may be relicensed and recertified in a newly-constructed teaching nursing home facility affiliated with a teaching hospital upon approval by the legislature. The proposal must be developed in consultation with the interagency committee on long-term care planning. The beds on layaway status shall have the same status as voluntarily delicensed and decertified beds, except that beds on layaway status remain subject to the surcharge in section 256.9657. This layaway provision expires July 1, 1995;

(o) to allow a project which will be completed in conjunction with an approved moratorium exception project for a nursing home in southern Cass county and which is directly related to that portion of the facility that must be repaired, renovated, or replaced, to correct an emergency plumbing problem for which a state correction order has been issued and which must be corrected by August 31, 1993;

(p) to allow a facility that on April 16, 1993, was a 368-bed licensed and certified nursing facility located in Minneapolis to layaway, upon 30 days prior written notice to the commissioner, up to 30 of the facility's licensed and certified beds by converting three-bed wards to single or double occupancy. Beds on layaway status shall have the same status as voluntarily delicensed and decertified beds except that beds on layaway status remain subject to the surcharge in section 256.9657, remain subject to the license application and renewal fees under section 144A.07 and shall be subject to a \$100 per bed reactivation fee. In addition, at any time within three years of the effective date of the layaway, the beds on layaway status may be:

(1) relicensed and recertified upon relocation and reactivation of some or all of the beds to an existing licensed and certified facility or facilities located in Pine River, Brainerd, or International Falls; provided that the total project construction costs related to the relocation of beds from layaway status for any facility receiving relocated beds may not exceed the dollar threshold provided in subdivision 2 unless the construction project has been approved through the moratorium exception process under section 144A.073;

(2) relicensed and recertified, upon reactivation of some or all of the beds within the facility which placed the beds in layaway status, if the commissioner has determined a need for the reactivation of the beds on layaway status.

The property-related payment rate of a facility placing beds on layaway status must be adjusted by the incremental change in its rental per diem after recalculating the rental per diem as provided in section 256B.431, subdivision 3a, paragraph (d). The property-related payment rate for a facility relicensing and recertifying beds from layaway status must be adjusted by the incremental change in its rental per diem after recalculating its rental per diem using the number of beds after the relicensing to establish the facility's capacity day divisor, which shall be effective the first day of the month following the month in which the relicensing and recertification became effective. Any beds remaining on layaway status more than three years after the date the layaway status became effective must be removed from layaway status and immediately delicensed and decertified;

(q) to license and certify beds in a renovation and remodeling project to convert 13 three-bed

wards into 13 two-bed rooms and 13 single-bed rooms, expand space, and add improvements in a nursing home that, as of January 1, 1994, met the following conditions: the nursing home was located in Ramsey county; was not owned by a hospital corporation; had a licensed capacity of 64 beds; and had been ranked among the top 15 applicants by the 1993 moratorium exceptions advisory review panel. The total project construction cost estimate for this project must not exceed the cost estimate submitted in connection with the 1993 moratorium exception process; or

(r) to license and certify beds in a renovation and remodeling project to convert 12 four-bed wards into 24 two-bed rooms, expand space, and add improvements in a nursing home that, as of January 1, 1994, met the following conditions: the nursing home was located in Ramsey county; had a licensed capacity of 154 beds; and had been ranked among the top 15 applicants by the 1993 moratorium exceptions advisory review panel. The total project construction cost estimate for this project must not exceed the cost estimate submitted in connection with the 1993 moratorium exception process;

(s) to license and certify up to 117 beds that are relocated from a licensed and certified 138-bed nursing facility located in St. Paul to a hospital with 130 licensed hospital beds located in South St. Paul, provided that the nursing facility and hospital are owned by the same or a related organization and that prior to the date the relocation is completed the hospital ceases operation of its in-patient hospital services at that hospital. After relocation, the nursing facility's status under section 256B.431, subdivision 2j, shall be the same as it was prior to relocation. The nursing facility's property-related payment rate resulting from the project authorized in this paragraph shall become effective no earlier than April 1, 1996. For purposes of calculating the incremental change in the facility's rental per diem resulting from this project, the allowable appraised value of the nursing facility portion of the existing health care facility physical plant prior to the renovation and relocation may not exceed \$2,490,000; or

(t) to license and certify 90 beds on layaway status under paragraph (n) in or adjacent to Duluth in a newly-constructed teaching nursing home affiliated with a teaching hospital.

Sec. 2. Minnesota Statutes 1994, section 198.003, subdivision 3, is amended to read:

Subd. 3. [USE OF FACILITIES CAMPUS.] The board may allow veterans organizations or public or private social service, educational, or rehabilitation agencies or organizations and their clients to use surplus facilities space on a home's campus, staff, and other resources of the board and may require the participating agencies or organizations to pay for that use.

Sec. 3. Minnesota Statutes 1994, section 198.003, subdivision 4, is amended to read:

Subd. 4. [VETERANS HOMES RESOURCES ACCOUNT.] Money received by the board under subdivision 3 must be deposited in the state treasury and credited to a veterans homes resources account in the special revenue fund. Money in the account is appropriated to the board to operate, maintain, and repair facilities make repairs at the campus used under subdivision 3, and to pay including payment of associated legal fees and expenses.

Sec. 4. Minnesota Statutes 1994, section 256B.431, subdivision 2j, is amended to read:

Subd. 2j. [HOSPITAL-ATTACHED NURSING FACILITY STATUS.] (a) For the purpose of setting rates under Minnesota Rules, parts 9549.0010 to 9549.0080, for rate years beginning after June 30, 1989, a hospital-attached nursing facility means a nursing facility which meets the requirements of clauses (1) to (4):

(1) the nursing facility is recognized by the federal Medicare program to be a hospital-based nursing facility for purposes of being subject to higher cost limits accorded hospital-based nursing facilities under the Medicare program, or, prior to June 30, 1983, was classified as a hospital-attached nursing facility under Minnesota Rules, parts 9510.0010 to 9510.0480, provided that;

(2) the nursing facility's cost report filed under Minnesota Rules, parts 9549.0010 to 9549.0080, shall use the same cost allocation principles and methods used in the reports filed for the Medicare program except as provided in clause (3);

(3) direct identification of costs to the nursing facility cost center will be permitted only when

the comparable hospital costs have also been directly identified to a cost center which is not allocated to the nursing facility; and

(4) the hospital and nursing facility are physically attached or connected by a tunnel or skyway on or after January 1, 1995.

The commissioner shall establish a new base year for the reporting year ending September 30, 1994, under subdivision 2i, paragraph (e).

(b) For rate years beginning after June 30, 1989, a nursing facility and hospital, which have applied for hospital-based nursing facility status under the federal Medicare program during the reporting year or the nine-month period following the nursing facility's reporting year, shall be considered a hospital-attached nursing facility for purposes of setting payment rates under Minnesota Rules, parts 9549.0010 to 9549.0080, for the rate year following the reporting year or the nine-month period in which the facility made its Medicare application. The nursing facility must file its cost report or an amended cost report for that reporting year before the following rate year using Medicare principles and Medicare's recommended cost allocation methods had the Medicare program's hospital-based nursing facility status been granted to the nursing facility. For each subsequent rate year, the nursing facility must meet the definition requirements in paragraph (a). If the nursing facility is denied hospital-based nursing facility status under the Medicare program, the nursing facility's payment rates for the rate years the nursing facility was considered to be a hospital-attached nursing facility pursuant to this paragraph shall be recalculated treating the nursing facility as a non-hospital-attached nursing facility.

Sec. 5. Minnesota Statutes 1994, section 256B.431, subdivision 17, is amended to read:

Subd. 17. [SPECIAL PROVISIONS FOR MORATORIUM EXCEPTIONS.] (a) Notwithstanding Minnesota Rules, part 9549.0060, subpart 3, for rate periods beginning on October 1, 1992, and for rate years beginning after June 30, 1993, a nursing facility that (1) has completed a construction project approved under section 144A.071, subdivision 4a, clause (m); (2) has completed a construction project approved after June 30, 1995, under section 144A.071, subdivision 4a; or (3) has completed a renovation, replacement, or upgrading project approved under the moratorium exception process in section 144A.073 shall be reimbursed for costs directly identified to that project as provided in subdivision 16 and this subdivision.

(b) Notwithstanding Minnesota Rules, part 9549.0060, subparts 5, item A, subitems (1) and (3), and 7, item D, allowable interest expense on debt shall include:

(1) interest expense on debt related to the cost of purchasing or replacing depreciable equipment, excluding vehicles, not to exceed six percent of the total historical cost of the project; and

(2) interest expense on debt related to financing or refinancing costs, including costs related to points, loan origination fees, financing charges, legal fees, and title searches; and issuance costs including bond discounts, bond counsel, underwriter's counsel, corporate counsel, printing, and financial forecasts. Allowable debt related to items in this clause shall not exceed seven percent of the total historical cost of the project. To the extent these costs are financed, the straight-line amortization of the costs in this clause is not an allowable cost; and

(3) interest on debt incurred for the establishment of a debt reserve fund, net of the interest earned on the debt reserve fund.

(c) Debt incurred for costs under paragraph (b) is not subject to Minnesota Rules, part 9549.0060, subpart 5, item A, subitem (5) or (6).

(d) The incremental increase in a nursing facility's rental rate, determined under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section, resulting from the acquisition of allowable capital assets, and allowable debt and interest expense under this subdivision shall be added to its property-related payment rate and shall be effective on the first day of the month following the month in which the moratorium project was completed.

(e) Notwithstanding subdivision 3f, paragraph (a), for rate periods beginning on October 1, 1992, and for rate years beginning after June 30, 1993, the replacement-costs-new per bed limit to

be used in Minnesota Rules, part 9549.0060, subpart 4, item B, for a nursing facility that has completed a renovation, replacement, or upgrading project that has been approved under the moratorium exception process in section 144A.073, or that has completed an addition to or replacement of buildings, attached fixtures, or land improvements for which the total historical cost exceeds the lesser of \$150,000 or ten percent of the most recent appraised value, must be \$47,500 per licensed bed in multiple-bed rooms and \$71,250 per licensed bed in a single-bed room. These amounts must be adjusted annually as specified in subdivision 3f, paragraph (a), beginning January 1, 1993.

(f) A nursing facility that completes a project identified in this subdivision and, as of April 17, 1992, has not been mailed a rate notice with a special appraisal for a completed project, or completes a project after April 17, 1992, but before September 1, 1992, may elect either to request a special reappraisal with the corresponding adjustment to the property-related payment rate under the laws in effect on June 30, 1992, or to submit their capital asset and debt information after that date and obtain the property-related payment rate adjustment under this section, but not both.

(g) For purposes of this paragraph, a total replacement means the complete replacement of the nursing facility's physical plant through the construction of a new physical plant or the transfer of the nursing facility's residents from one physical plant location to another. Upon completion of a total replacement project, the commissioner shall compute the incremental change in the nursing facility's rental per diem by replacing its appraised value, including the historical capital asset costs, and the capital debt and interest costs with the new nursing facility's allowable capital asset costs and the related allowable capital debt and interest costs. If the total replacement involves the renovation and use of an existing health care facility physical plant, the new allowable capital asset costs and related debt and interest costs shall include first the allowable capital asset costs and related debt and interest costs of the renovation, to which shall be added the allowable capital asset costs of the existing physical plant prior to the renovation, and if reported by the facility the related allowable capital debt and interest costs. If the new nursing facility has decreased its licensed capacity, the aggregate investment per bed limit in subdivision 3a, paragraph (d), shall apply. In the case of either type of total replacement as authorized under section 144A.071 or 144A.073, the provisions of this subdivision shall also apply.

Sec. 6. Minnesota Statutes 1994, section 256B.431, is amended by adding a subdivision to read:

Subd. 25. [CHANGES TO NURSING FACILITY REIMBURSEMENT BEGINNING JULY 1, 1995.] Except for a nursing facility which elects to have its payment rates determined as provided in section 256B.434, the commissioner shall modify nursing facility reimbursement under this section as provided in this subdivision. The nursing facility reimbursement changes in paragraphs (a) to (e) apply to Minnesota Rules, parts 9549.0010 to 9549.0080, and this section, beginning July 1, 1995.

(a) The eight cent adjustment to care-related rates in subdivision 22, paragraph (e), shall no longer apply.

(b) For the rate year beginning July 1, 1995, the commissioner shall rebase nursing facility property-related payment rates. The property-related payment rate for a nursing facility shall be 125 percent of the nursing facility's Medicare-allowable principal and interest expense divided by the nursing facility's capacity days as determined under Minnesota Rules, part 9549.0060, subpart 11, as modified by subdivision 3f, paragraph (c), plus the nursing facility's equipment allowance; except that the nursing facility's property-related payment rate must not exceed the property-related payment rate in effect on June 30, 1995. For purposes of this paragraph, "Medicare-allowable" means principal and interest expense that is allowable under the Medicare program. Incremental changes in the nursing facility's rental rate as determined in subdivisions 14 to 22 for rate years beginning on or after July 1, 1995, shall be applied to this rebased property-related payment rate. This paragraph must not be construed to apply to a nursing facility's equity incentive payment rate, capital repair and replacement payment rate, or the refinancing incentive payment rate. Notwithstanding other provisions of this paragraph, a facility's property-related payment rate must not be less than 80 percent of the property-related payment rate the facility received for the rate year ending June 30, 1995. This paragraph does not apply to those nursing facilities described in subdivision 3g.

(c) For rate years beginning on or after July 1, 1995, the commissioner shall limit a nursing facility's allowable operating cost per diem for each case mix category to the lesser of the prior reporting year's allowable operating cost per diems plus the inflation factor as established in paragraph (d), clause (2), or the current year's corresponding allowable operating cost per diems, after adjustment for the application of paragraph (a). After applying these provisions, the commissioner shall index these allowable operating cost per diems by the inflation factor provided for in paragraph (d), clause (1), and add the nursing facility's efficiency incentive as computed in paragraph (e). The operating cost per diem limits in this paragraph must not reduce a facility's operating cost per diems below the facility's operating cost per diems for the reporting year ending September 30, 1994.

(d) For rate years beginning on or after July 1, 1995, the forecasted price index for a nursing facility's allowable operating cost per diems shall be determined using the change in the Consumer Price Index-All Items (United States City average) (CPI-U) forecasted by Data Resources, Inc. The commissioner shall use the indices as forecasted in the fourth quarter of the calendar year preceding the rate year, subject to subdivision 21, paragraph (c).

(1) The CPI-U forecasted index for allowable operating cost per diems shall be based on the 21-month period from the midpoint of the nursing facility's reporting year to the midpoint of the rate year following the reporting year.

(2) The CPI-U forecasted index for allowable operating costs and per diem limits shall be based on the 12-month period between the midpoints of the two reporting years preceding the rate year.

(e) For rate years beginning on or after July 1, 1995, the commissioner shall determine a nursing facility's efficiency incentive by first computing the allowable difference, which is the lesser of \$4.50 or the amount by which the facility's other operating cost limit exceeds its nonadjusted other operating cost per diem for that rate year. The commissioner shall compute the efficiency incentive by:

(1) subtracting the allowable difference from \$4.50 and dividing the result by \$4.50;

(2) multiplying 0.20 by the ratio resulting from clause (1), and then;

(3) adding 0.50 to the result from clause (2); and

(4) multiplying the result from clause (3) times the allowable difference.

The nursing facility's efficiency incentive payment shall be the lesser of \$2.25 or the product obtained in clause (4).

Sec. 7. Minnesota Statutes 1994, section 256B.431, is amended by adding a subdivision to read:

Subd. 26. [NURSING HOME GEOGRAPHIC GROUPS.] For rate years beginning on or after July 1, 1995, when determining nursing facility reimbursement rates, the commissioner shall modify the nursing home geographic groups designated in Minnesota Rules, part 9549.0052, by moving Sherburne county from group 2 to group 3.

Sec. 8. [256B.434] [CONTRACTUAL ALTERNATIVE PAYMENT SYSTEM FOR NURSING HOMES.]

Subdivision 1. [ALTERNATIVE PAYMENT SYSTEM ESTABLISHED.] (a) The commissioner of human services shall establish a contractual alternative payment system for paying for nursing facility services under the medical assistance program. A nursing facility may choose to be paid under the contractual alternative payment system instead of the cost-based payment system established under section 256B.431. A nursing facility electing to use the alternative payment system must enter into a contract with the commissioner. Payment rates and procedures for facilities electing to use the alternative payment system are determined and governed by this section and by the terms of the contract. The commissioner may negotiate different contract terms for different nursing facilities. A contract entered into under this section may be amended by mutual agreement of the parties.

(b) The commissioner may refuse to enter into a contract under this section with a nursing

facility that has a substantiated record of excessive licensure fines or sanctions or fraudulent cost reports.

Subd. 2. [PROCEDURE FOR ENTERING INTO CONTRACTS.] (a) By July 1, 1995, the commissioner shall publish in the State Register a notice announcing the availability of the alternative payment system option and a description of the requirements and procedures for entering into a contract. To be eligible for the alternative payment system for the rate year beginning July 1, 1995, a nursing facility must submit a letter of intent to the commissioner by August 1, 1995. Within 30 days after receiving a letter of intent, the commissioner shall notify the nursing facility regarding whether the facility is eligible to enter into an alternative payment system contract. The commissioner shall enter into an alternative payment system contract by November 15, 1995, with facilities that have submitted a letter of intent and are eligible for a contract. The commissioner and a nursing facility may mutually agree to extend the deadline for executing a contract beyond the October 1 deadline. Until a contract is signed, the facility's payment rate shall be determined under section 256B.431. Contracts for the rate year beginning July 1, 1995, are effective retroactively to July 1, 1995, even if the contract is executed after that date. If the commissioner determines that a facility is not eligible for a contract under this section, or if a contract is not executed by January 1, 1996, the nursing facility payments for the entire rate year must be determined under the cost-based payment system pursuant to sections 256B.41 to 256B.502 and Minnesota Rules, parts 9549.0010 to 9549.0080.

(b) To enter into an alternative payment system contract for rate years beginning on or after July 1, 1996, a facility must submit a letter of intent to the commissioner by April 1 in order to be eligible to enter into a contract for the rate year beginning July 1 that year. The commissioner must notify the facility concerning its eligibility for a contract by May 1 and must enter into a contract by July 1 unless both the commissioner and the nursing facility agree to extend the deadline for executing a contract.

Subd. 3. [EXPIRATION.] The expiration date of all contracts entered into under this section is June 30, 1999. A contract entered into under this section must not be terminated prior to June 30, 1999, unless both the nursing facility and the commissioner agree to early termination or a termination or modification is ordered by the legislature. The contractual alternative payment system established under this section also expires on June 30, 1999.

Subd. 4. [ALTERNATE RATES FOR NURSING FACILITIES.] (a) For nursing facilities which elect to have their payment rates determined under this section rather than section 256B.431, subdivision 25, the commissioner shall establish a rate under this subdivision. The nursing facility must enter into a written contract with the commissioner.

(b) A nursing facility's payment rate for the first rate year of a facility's contract under this section is the payment rate the facility would have received under section 256B.431, subdivision 25, except that paragraph (b) of that subdivision shall not apply and the 21-month inflation index under section 256B.431, subdivision 25, paragraph (d), clause (1), shall be reduced by two percentage points.

(c) A nursing facility's payment rates for the second and subsequent years of a facility's contract under this section are the previous rate year's contract payment rates plus an inflation adjustment. The index for the inflation adjustment must be based on the change in the Consumer Price Index-All Items (United States City average) (CPI-U) forecasted by Data Resources, Inc., as forecasted in the fourth quarter of the calendar year preceding the rate year. The inflation adjustment must be based on the 12-month period from the midpoint of the previous rate year to the midpoint of the rate year for which the rate is being determined.

Subd. 5. [PRIVATE PAY RATES.] For rate years beginning on or after July 1, 1995, the commissioner shall determine the maximum private pay case mix payment rates for nursing facilities subject to rate-setting provisions under this section. For purposes of section 256B.48, subdivision 1, the maximum private pay payment rate for the rate year beginning July 1, 1995, shall be equal to the greater of total case mix payment rates determined in section 256B.431, subdivision 25, or in subdivision 1. For residents expected to have a length of stay of 100 days or less as certified by a preadmission screening team, the private pay case mix payment rate may be established by the facility at a level ten percent above the comparable medical assistance rate. For

rate years beginning on or after July 1, 1996, the nursing facility's maximum private pay case mix payment rates shall be the prior year's maximum private pay rates indexed by the inflation factor in section 256B.431, subdivision 25, paragraph (d), clause (2). For persons expected to have a length of stay of 100 days or less as certified by a preadmission screening team but who remain in the facility more than 100 days, the facility shall refund any additional payments received during the first 100 days above the medical assistance case mix payment rate.

Subd. 6. [CONTRACT PAYMENT RATES; APPEALS.] If an appeal is pending concerning the cost-based payment rates that are the basis for the calculation of the payment rate under the alternative payment system, the commissioner and the nursing facility may negotiate a settlement to the appeal to be incorporated into the alternative payment system contract, or they may agree on an interim contract rate to be used until the appeal is resolved. When the appeal is resolved, the contract rate must be adjusted retroactively in accordance with the appeal decision. Any pending appeals relating to a facility that has filed a letter of intent and has been determined by the commissioner to be eligible for an alternative payment system contract must be given priority over the other appeals.

Subd. 7. [CASE MIX ASSESSMENTS.] For the first year of the alternative payment system contract, case mix classifications must be determined according to the assessment process used for the cost-based payment system, except that the assessments must be completed at the same time as the federal minimum data set resident assessments. Residents must be reassessed when there is a significant change in the resident's condition. For the second rate year of the alternative payment system, the federal minimum data set resident assessment serves as the case mix assessment. The commissioner and the commissioner of health shall develop procedures and methodologies for converting information collected under the federal minimum data set resident assessment to a case mix assessment.

Subd. 8. [OPTIONAL HIGHER PAYMENTS FOR FIRST 100 DAYS.] The commissioner may include in the contract with a nursing facility under this section a higher rate for the first 100 days after admission than for subsequent days. The rate for the subsequent days must be reduced so that the estimated total cost to the medical assistance program will not exceed the estimated cost without the differential payment rates.

Subd. 9. [MANAGED CARE CONTRACTS FOR OTHER SERVICES.] Beginning July 1, 1995, the commissioner may contract with nursing facilities that have entered into alternative payment system contracts under this section to provide medical assistance services other than nursing facility care to residents of the facility under a prepaid, managed care payment system. For purposes of contracts entered into under this subdivision, the commissioner may waive one or more of the requirements for payment for ancillary services in section 256B.433. Managed care contracts for other services may be entered into at any time during the duration of a nursing facility's alternative payment system contract, and the terms of the managed care contracts need not coincide with the terms of the alternative payment system contract.

Subd. 10. [EXEMPTIONS.] (a) To the extent permitted by federal law, (1) a facility that has entered into a contract under this section is not required to file a cost report, as defined in Minnesota Rules, part 9549.0020, subpart 13, for any year after the base year that is the basis for the calculation of the contract payment rate for the first rate year of the alternative payment system contract; and (2) a facility under contract is not subject to audits of historical costs or revenues, or paybacks or retroactive adjustments based on these costs or revenues, except audits, paybacks, or adjustments relating to the cost report that is the basis for calculation of the first rate year under the contract.

(b) A facility that is under contract with the commissioner under this section is not subject to the moratorium on licensure or certification of new nursing home beds in section 144A.071, unless the project results in a net increase in bed capacity or involves relocation of beds from one site to another. Contract payment rates must not be adjusted to reflect any additional costs that a nursing facility incurs as a result of a construction project undertaken under this paragraph. Nothing in this section prevents a nursing facility participating in the alternative payment system under this section from seeking approval of an exception to the moratorium through the process established in section 144A.071, and if approved the facility's rates shall be adjusted to reflect the cost of the project.

(c) Notwithstanding section 256B.48, subdivision 6, paragraphs (c), (d), and (e), a nursing facility that is under contract with commissioner under this section is in compliance with section 256B.48, subdivision 6, paragraph (b), if the facility is Medicare certified.

Subd. 11. [CONSUMER PROTECTION.] As a condition of entering into a contract under this section, a nursing facility must agree to establish resident grievance procedures that are substantially similar to those required of health plan vendors participating in the prepaid medical assistance program under section 256B.69, subdivision 6, clause (4). The commissioner may also require nursing facilities to establish expedited grievance procedures to resolve complaints made by short-stay residents. The facility must notify its resident council of its intent to enter into a contract and must consult with the council regarding any changes in operation expected as a result of the contract.

Subd. 12. [APPEALS.] A nursing facility may appeal a decision of the commissioner concerning the alternative payment system under section 256B.50.

Subd. 13. [CONTRACTS ARE VOLUNTARY.] Participation of nursing facilities in the alternative payment system is voluntary. The terms and procedures governing the alternative payment system are determined under this section and through negotiations between the commissioner and nursing facilities that have submitted a letter of intent to participate in the alternative system. Procedures, requirements, and policies governing the alternative payments system must be published in the State Register by July 1, 1995, and subsequently whenever they are revised.

Subd. 14. [PAYMENT SYSTEM REFORM.] (a) The commissioner, in consultation with an advisory committee, shall study options for reforming the regulatory and reimbursement system for nursing facilities to reduce the level of regulation, reporting, and procedural requirements, and to provide greater flexibility and incentives to stimulate completion and innovation. The advisory committee shall include, at a minimum, representatives from the long-term care provider community, the department of health, and consumers of long-term care services. The advisory committee sunsets on June 30, 1997. Among other things, the commissioner shall consider the feasibility and desirability of changing from a certification requirement to an accreditation requirement for participation in the medical assistance program, options to encourage early discharge of short-term residents through the provision of intensive therapy, and further modifications needed in rate equalization. The commissioner shall also include detailed recommendations for a permanent managed care payment system to replace the contractual alternative payment system authorized under this section. The commissioner shall submit a report with findings and recommendations to the legislature by January 15, 1997.

(b) If a permanent managed care payment system has not been enacted into law by July 1, 1997, the commissioner shall develop and implement a transition plan to enable nursing facilities under contract with the commissioner under this section to revert to the cost-based payment system at the expiration of the alternative payment system. The commissioner shall include in the alternative payment system contracts entered into under this section a provision to permit an amendment to the contract to be made after July 1, 1997, governing the transition back to the cost-based payment system. The transition plan and contract amendments are not subject to rulemaking requirements.

Sec. 9. Minnesota Statutes 1994, section 256B.501, subdivision 3, is amended to read:

Subd. 3. [RATES FOR INTERMEDIATE CARE FACILITIES FOR PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS.] The commissioner shall establish, by rule, procedures for determining rates for care of residents of intermediate care facilities for persons with mental retardation or related conditions. ~~The procedures shall be based on methods and standards that the commissioner finds are adequate to provide for the costs that must be incurred for the care of residents in efficiently and economically operated facilities.~~ In developing the procedures, the commissioner shall include:

(a) cost containment measures that assure efficient and prudent management of capital assets and operating cost increases which do not exceed increases in other sections of the economy;

(b) limits on the amounts of reimbursement for property, ~~general and administration,~~ and new facilities;

(c) requirements to ensure that the accounting practices of the facilities conform to generally accepted accounting principles;

(d) incentives to reward accumulation of equity;

~~(e) a revaluation on sale between unrelated organizations for a facility that, for at least three years before its use as an intermediate care facility, has been used by the seller as a single family home and been claimed by the seller as a homestead, and was not revalued immediately prior to or upon entering the medical assistance program, provided that the facility revaluation not exceed the amount permitted by the Social Security Act, section 1902(a)(13); and rule revisions which:~~

(1) combine the program, maintenance, and administrative operating cost categories, and professional liability and real estate insurance expenses into one general operating cost category;

(2) eliminate the maintenance and administrative operating cost category limits and account for disallowances under the rule existing on the effective date of this section in the revised rule. If this provision is later invalidated, the total administrative cost disallowance shall be deducted from economical facility payments in clause (3);

(3) establish an economical facility incentive that rewards facilities that provide all appropriate services in a cost-effective manner and penalizes reductions of either direct service wages or standardized hours of care per resident;

(4) establish a best practices award system that is based on outcome measures and that rewards quality, innovation, cost effectiveness, and staff retention;

(5) establish compensation limits for employees on the basis of full-time employment and the developmentally disabled client base of a provider group or facility. The commissioner may consider the inclusion of hold harmless provisions;

(6) establish overall limits on a high cost facility's general operating costs. The commissioner shall consider groupings of facilities that account for a significant variation in cost. The commissioner may differentiate in the application of these limits between high and very high cost facilities. The limits, once established, shall be indexed for inflation and may be rebased by the commissioner;

(7) utilize the client assessment information obtained from the application of the provisions in subdivision 3g for the revisions in clauses (3), (4), and (6); and

(8) develop cost allocation principles which are based on facility expenses; and

~~(f) appeals procedures that satisfy the requirements of section 256B.50 for appeals of decisions arising from the application of standards or methods pursuant to Minnesota Rules, parts 9510.0500 to 9510.0890, 9553.0010 to 9553.0080, and 12 MCAR 2.05301 to 2.05315 (temporary).~~

~~In establishing rules and procedures for setting rates for care of residents in intermediate care facilities for persons with mental retardation or related conditions, the commissioner shall consider the recommendations contained in the February 11, 1983, Report of the Legislative Auditor on Community Residential Programs for the Mentally Retarded and the recommendations contained in the 1982 Report of the Department of Public Welfare Rule 52 Task Force. Rates paid to supervised living facilities for rate years beginning during the fiscal biennium ending June 30, 1985, shall not exceed the final rate allowed the facility for the previous rate year by more than five percent.~~

Sec. 10. Minnesota Statutes 1994, section 256B.501, subdivision 3c, is amended to read:

Subd. 3c. [COMPOSITE FORECASTED INDEX.] ~~For rate years beginning on or after October 1, 1988, the commissioner shall establish a statewide composite forecasted index to take into account economic trends and conditions between the midpoint of the facility's reporting year and the midpoint of the rate year following the reporting year. The statewide composite index must incorporate the forecast by Data Resources, Inc. of increases in the average hourly earnings of nursing and personal care workers indexed in Standard Industrial Code 805 in "Employment and Earnings," published by the Bureau of Labor Statistics, United States Department of Labor.~~

~~This portion of the index must be weighted annually by the proportion of total allowable salaries and wages to the total allowable operating costs in the program, maintenance, and administrative operating cost categories for all facilities.~~

~~For adjustments to the other operating costs in the program, maintenance, and administrative operating cost categories, the statewide index must incorporate the Data Resources, Inc. forecast for increases in the national CPI-U. This portion of the index must be weighted annually by the proportion of total allowable other operating costs to the total allowable operating costs in the program, maintenance, and administrative operating cost categories for all facilities. The commissioner shall use the indices as forecasted by Data Resources, Inc., in the fourth quarter of the reporting year.~~

For rate years beginning on or after October 1, 1990, the commissioner shall index a facility's allowable operating costs in the program, maintenance, and administrative operating cost categories by using Data Resources, Inc., forecast for change in the Consumer Price Index-All Items (U.S. city average) (CPI-U). The commissioner shall use the indices as forecasted by Data Resources, Inc., in the first quarter of the calendar year in which the rate year begins. For fiscal years beginning after June 30, 1993, the commissioner shall not provide automatic inflation adjustments for intermediate care facilities for persons with mental retardation. The commissioner of finance shall include annual inflation adjustments in operating costs for intermediate care facilities for persons with mental retardation and related conditions as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11. The commissioner shall use the Consumer Price Index-All Items (United States city average) (CPI-U) as forecasted by Data Resources, Inc., to take into account economic trends and conditions for changes in facility allowable historical general operating costs and limits. The forecasted index shall be established for allowable historical general operating costs as follows:

(1) the CPI-U forecasted index for allowable historical general operating costs shall be determined in the first quarter of the calendar year in which the rate year begins, and shall be based on the 21-month period from the midpoint of the facility's reporting year to the midpoint of the rate year following the reporting year; and

(2) for rate years beginning on or after October 1, 1995, the CPI-U forecasted index for the overall operating cost limits and for the individual compensation limit shall be determined in the first quarter of the calendar year in which the rate year begins, and shall be based on the 12-month period between the midpoints of the two reporting years preceding the rate year.

Sec. 11. Minnesota Statutes 1994, section 256B.501, is amended by adding a subdivision to read:

Subd. 5b. [ICF/MR OPERATING COST LIMITATION AFTER SEPTEMBER 30, 1995.] (a) For rate years beginning on October 1, 1995, and October 1, 1996, the commissioner shall limit the allowable operating cost per diems, as determined under this subdivision and the reimbursement rules, for high cost ICFs/MR. Prior to indexing each facility's operating cost per diems for inflation, the commissioner shall group the facilities into eight groups. The commissioner shall then array all facilities within each grouping by their general operating cost per service unit per diems.

(b) The commissioner shall annually review and adjust the general operating costs incurred by the facility during the reporting year preceding the rate year to determine the facility's allowable historical general operating costs. For this purpose, the term general operating costs means the facility's allowable operating costs included in the program, maintenance, and administrative operating costs categories, as well as the facility's related payroll taxes and fringe benefits, real estate insurance, and professional liability insurance. A facility's total operating cost payment rate shall be limited according to paragraphs (c) and (d) as follows:

(c) A facility's total operating cost payment rate shall be equal to its allowable historical operating cost per diems for program, maintenance, and administrative cost categories multiplied by the forecasted inflation index in subdivision 3c, clause (1), subject to the limitations in paragraph (d).

(d) For the rate years beginning on or after October 1, 1995, the commissioner shall establish

maximum overall general operating cost per service unit limits for facilities according to clauses (1) to (8). Each facility's allowable historical general operating costs and client assessment information obtained from client assessments completed under subdivision 3g for the reporting year ending December 31, 1994 (the base year), shall be used for establishing the overall limits. If a facility's proportion of temporary care resident days to total resident days exceeds 80 percent, the commissioner must exempt that facility from the overall general operating cost per service unit limits in clauses (1) to (8). For this purpose, "temporary care" means care provided by a facility to a client for less than 30 consecutive resident days.

(1) The commissioner shall determine each facility's weighted service units for the reporting year by multiplying its resident days in each client classification level as established in subdivision 3g, paragraph (d), by the corresponding weights for that classification level, as established in subdivision 3g, paragraph (i), and summing the results. For the reporting year ending December 31, 1994, the commissioner shall use the service unit score computed from the client classifications determined by the Minnesota department of health's annual review, including those of clients admitted during that year.

(2) The facility's service unit score is equal to its weighted service units as computed in clause (1), divided by the facility's total resident days excluding temporary care resident days, for the reporting year.

(3) For each facility, the commissioner shall determine the facility's cost per service unit by dividing its allowable historical general operating costs for the reporting year by the facility's service unit score in clause (2) multiplied by its total resident days, or 85 percent of the facility's capacity days times its service unit score in clause (2), if the facility's occupancy is less than 85 percent of licensed capacity. If a facility reports temporary care resident days, the temporary care resident days shall be multiplied by the service unit score in clause (2), and the resulting weighted resident days shall be added to the facility's weighted service units in clause (1) prior to computing the facility's cost per service unit under this clause.

(4) The commissioner shall group facilities based on class A or class B licensure designation, number of licensed beds, and geographic location. For purposes of this grouping, facilities with six beds or less shall be designated as small facilities and facilities with more than six beds shall be designated as large facilities. If a facility has both class A and class B licensed beds, the facility shall be considered a class A facility for this purpose if the number of class A beds is more than half its total number of ICF/MR beds; otherwise the facility shall be considered a class B facility. The metropolitan geographic designation shall include Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties. All other Minnesota counties shall be designated as the nonmetropolitan geographic group. These characteristics result in the following eight groupings:

- (i) small class A metropolitan;
- (ii) large class A metropolitan;
- (iii) small class B metropolitan;
- (iv) large class B metropolitan;
- (v) small class A nonmetropolitan;
- (vi) large class A nonmetropolitan;
- (vii) small class B nonmetropolitan; and
- (viii) large class B nonmetropolitan.

(5) The commissioner shall array facilities within each grouping in clause (4) by each facility's cost per service unit as determined in clause (3).

(6) The overall operating cost per service unit limit for each group shall be established as follows:

- (i) in each array established in clause (5), two general operating cost limits shall be determined.

The first cost per service unit limit shall be established at .5 and less than or equal to 1.0 standard deviation above the median of that array. The second cost per service unit limit shall be established at 1.0 standard deviation above the median of the array; and

(ii) the overall operating cost per service unit limits shall be indexed for inflation annually beginning with the reporting year ending December 31, 1995, using the forecasted inflation index in subdivision 3c, clause (2).

(7) Annually, facilities shall be arrayed using the method described in clauses (1) and (5). Each facility with a cost per service unit at or above its group's first cost per service unit limit, but less than the second cost per service unit limit for that group, shall be limited to 98 percent of its total operating cost per diems then add the forecasted inflation index in subdivision 3c, clause (1). Each facility with a cost per service unit at or above the second cost per service unit limit will be limited to 97 percent of its total operating cost per diems, then add the forecasted inflation index in subdivision 3c, clause (1).

(8) The commissioner may rebase these overall limits, using the method described in this subdivision, but no more frequently than once every three years.

(e) For rate years beginning on or after October 1, 1995, the facility's efficiency incentive shall be determined as provided in the reimbursement rule.

(f) The total operating cost payment rate shall be the sum of paragraphs (c), (d), and (e).

Sec. 12. Minnesota Statutes 1994, section 256B.69, is amended by adding a subdivision to read:

Subd. 18. [ALTERNATIVE INTEGRATED LONG-TERM CARE SERVICES; ELDERLY AND DISABLED PERSONS.] (a) The commissioner may implement demonstration projects to create alternative integrated delivery systems for acute and long-term care services to elderly and disabled persons that provide increased coordination, improve access to quality services, and mitigate future cost increases. The commissioner may seek federal authority to combine Medicare and Medicaid capitation payments for the purpose of such demonstrations. Medicare funds and services shall be administered according to the terms and conditions of the federal waiver and demonstration provisions. For the purpose of administering medical assistance funds, demonstrations under this subdivision are subject to subdivisions 1 to 17. The provisions of Minnesota Rules, parts 9500.1450 to 9500.1464, apply to these demonstrations, with the exceptions of parts 9500.1452, subpart 2, item B; and 9500.1457, subpart 1, items B and C, which do not apply to elderly persons enrolling in demonstrations under this section. An initial open enrollment period may be provided. Persons who disenroll from demonstrations under this subdivision remain subject to Minnesota Rules, parts 9500.1450 to 9500.1464. When a person is enrolled in a health plan under these demonstrations and the health plan's participation is subsequently terminated for any reason, the person shall be provided an opportunity to select a new health plan and shall have the right to change health plans within the first 60 days of enrollment in the second health plan. Persons required to participate in health plans under this section who fail to make a choice of health plan shall not be randomly assigned to health plans under these demonstrations. Notwithstanding section 256.9363, subdivision 5, and Minnesota Rules, part 9505.5220, subpart 1, item A, if adopted, for the purpose of demonstrations under this subdivision, the commissioner may contract with managed care organizations to serve only elderly persons eligible for medical assistance, elderly and disabled persons, or disabled persons only.

Before implementation of a demonstration project for disabled persons, the commissioner must provide information to appropriate committees of the house of representatives and senate and must involve representatives of affected disability groups in the design of the demonstration projects.

(b) A nursing facility reimbursed under the alternative reimbursement methodology in section 256B.434 may, in collaboration with a hospital, clinic, or other health care entity provide services under paragraph (a). The commissioner shall amend the state plan and seek any federal waivers necessary to implement this paragraph.

Sec. 13. [MEDICAL ASSISTANCE ASSET TRANSFER AND ELIGIBILITY REQUIREMENTS.]

The commissioner of human services shall investigate and pursue all viable options for tightening the medical assistance asset transfer and eligibility requirements to restore and preserve the function of the medical assistance program as a safety net program for low-income Minnesotans who cannot afford to meet their medical needs with their own resources. Among other actions, the commissioner shall aggressively pursue waivers of federal requirements to strengthen restrictions on transfers of assets for the purposes of gaining eligibility for medical assistance.

Sec. 14. [REPEALER.]

Subdivision 1. Minnesota Statutes 1994, section 256B.501, subdivisions 3d and 3e, are repealed for rate years beginning after September 30, 1996.

Subd. 2. Minnesota Statutes 1994, section 256B.501, subdivision 3f, is repealed effective July 1, 1995.

Sec. 15. [EFFECTIVE DATE.]

Section 8 (256B.434) is effective the day following final enactment.

ARTICLE 9

COMMUNITY MENTAL HEALTH AND STATE OPERATED SERVICES

Section 1. Minnesota Statutes 1994, section 245.4882, subdivision 5, is amended to read:

Subd. 5. [SPECIALIZED RESIDENTIAL TREATMENT SERVICES.] The commissioner of human services shall continue efforts to further interagency collaboration to develop a comprehensive system of services, including family community support and specialized residential treatment services for children. The services shall be designed for children with emotional disturbance who exhibit violent or destructive behavior and for whom local treatment services are not feasible due to the small number of children statewide who need the services and the specialized nature of the services required. The services shall be located in community settings. If no appropriate services are available in Minnesota or within the geographical area in which the residents of the county normally do business, the commissioner is responsible, effective July 1, 1995 1997, for 50 percent of the nonfederal costs of out-of-state treatment of children for whom no appropriate resources are available in Minnesota. Counties are eligible to receive enhanced state funding under this section only if they have established juvenile screening teams under section 260.151, subdivision 3, and if the out-of-state treatment has been approved by the commissioner. By January 1, 1995, the commissioners of human services and corrections shall jointly develop a plan, including a financing strategy, for increasing the in-state availability of treatment within a secure setting. By July 1, 1994, the commissioner of human services shall also:

(1) conduct a study and develop a plan to meet the needs of children with both a developmental disability and severe emotional disturbance; and

(2) study the feasibility of expanding medical assistance coverage to include specialized residential treatment for the children described in this subdivision.

Sec. 2. Minnesota Statutes 1994, section 245.4886, is amended by adding a subdivision to read:

Subd. 3. [GRANTS FOR ADOLESCENT SERVICES.] The commissioner may make grants for community-based services for adolescents who have serious emotional disturbance and exhibit violent behavior. The commissioner may administer these grants as a supplement to the grants for children's community-based mental health services under subdivision 1. The same administrative requirements shall apply to these grants as the grants under subdivision 1, except that these grants:

(1) shall be primarily for areas with the greatest need for services;

(2) may be used for assessment, family community support services specialized treatment approaches, specialized adolescent community-based residential treatment, and community transition services for adolescents and preadolescents who have serious emotional disturbance and exhibit violent behavior;

(3) shall emphasize intensive services as an alternative to placement;

(4) shall not be used to supplant existing funds;

(5) shall require grantees to continue base level funding as defined in section 245.492, subdivision 2;

(6) must, wherever possible, be administered under the auspices of a children's mental health collaborative established under section 245.491 if the collaborative chooses to serve this target population;

(7) must be used for mental health services that are integrated with other services whenever possible; and

(8) must be based on a proposal submitted to the commissioner by a children's mental health collaborative or a county board based on guidelines published by the commissioner. The guidelines shall require that proposed services be based on treatment methods that have proven effective in meeting the needs of this population and shall include preference for proposals that convert existing residential treatment beds for children in the county or collaborative's service area to meet this need, demonstrate participation from families of these children, and promote integration of the child into the school, home, and community. The commissioner shall consult with parents, educators, mental health professionals, county mental health staff, and representatives of the children's subcommittee of the state advisory board on mental health in developing the guidelines and evaluating proposals.

Sec. 3. Minnesota Statutes 1994, section 246.18, subdivision 4, is amended to read:

Subd. 4. [COLLECTIONS DEPOSITED IN THE GENERAL FUND.] Except as provided in subdivisions 2 ~~and~~, 5, and 6, all receipts from collection efforts for the regional treatment centers, state nursing homes, and other state facilities as defined in section 246.50, subdivision 3, must be deposited in the general fund. The commissioner shall ensure that the departmental financial reporting systems and internal accounting procedures comply with federal standards for reimbursement for program and administrative expenditures and fulfill the purpose of this paragraph.

Sec. 4. Minnesota Statutes 1994, section 246.18, is amended by adding a subdivision to read:

Subd. 6. [COLLECTIONS DEDICATED.] Except for state-operated programs and services funded through a direct appropriation from the legislature, money received within the regional treatment center system for the following state-operated services is dedicated to the commissioner for the provision of those services:

(1) community-based residential and day training and habilitation services for mentally retarded persons;

(2) community health clinic services;

(3) accredited hospital outpatient department services;

(4) certified rehabilitation agency and rehabilitation hospital services; or

(5) community-based transitional support services for adults with serious and persistent mental illness.

These funds must be deposited in the state treasury in a revolving account and funds in the revolving account are appropriated to the commissioner to operate the services authorized, and any unexpended balances do not cancel but are available until spent.

Sec. 5. Minnesota Statutes 1994, section 246.23, subdivision 2, is amended to read:

Subd. 2. [CHEMICAL DEPENDENCY TREATMENT.] The commissioner shall maintain a regionally based, state-administered system of chemical dependency programs. Counties may refer individuals who are eligible for services under chapter 254B to the chemical dependency units in the regional treatment centers. A 15 percent county share of the per diem cost of treatment

is required for individuals served within the treatment capacity funded by direct legislative appropriation. By July 1, 1991, the commissioner shall establish criteria for admission to the chemical dependency units that will maximize federal and private funding sources, fully utilize the regional treatment center capacity, and make state-funded treatment capacity available to counties on an equitable basis. The admission criteria may be adopted without rulemaking. Existing rules governing placements under chapters 254A and 254B do not apply to admissions to the capacity funded by direct appropriation. Private and third-party collections and payments are appropriated to the commissioner for the operation of the chemical dependency units. In addition to the chemical dependency treatment capacity funded by direct legislative appropriation, the regional treatment centers may provide treatment to additional individuals whose treatment is paid for out of the chemical dependency consolidated treatment fund under chapter 254B, in which case placement rules adopted under chapter 254B apply; to those individuals who are ineligible but committed for treatment under chapter 253B as provided in section 254B.05, subdivision 4; or to individuals covered through other nonstate payment sources.

Sec. 6. Minnesota Statutes 1994, section 254A.17, subdivision 3, is amended to read:

Subd. 3. [STATEWIDE DETOXIFICATION TRANSPORTATION PROGRAM.] The commissioner shall provide grants to counties, Indian reservations, other nonprofit agencies, or local detoxification programs for provision of transportation of intoxicated individuals to detoxification programs, to open shelters, and to secure shelters as defined in section 254A.085 and shelters serving intoxicated persons. In state fiscal years 1994 and, 1995, and 1996, funds shall be allocated to counties in proportion to each county's allocation in fiscal year 1993. In subsequent fiscal years, funds shall be allocated among counties annually in proportion to each county's average number of detoxification admissions for the prior two years, except that no county shall receive less than \$400. Unless a county has approved a grant of funds under this section, the commissioner shall make quarterly payments of detoxification funds to a county only after receiving an invoice describing the number of persons transported and the cost of transportation services for the previous quarter. A county must make a good faith effort to provide the transportation service through the most cost-effective community-based agencies or organizations eligible to provide the service. The program administrator and all staff of the program must report to the office of the ombudsman for mental health and mental retardation within 24 hours of its occurrence, any serious injury, as defined in section 245.91, subdivision 6, or the death of a person admitted to the shelter. The ombudsman shall acknowledge in writing the receipt of all reports made to the ombudsman's office under this section. Acknowledgment must be mailed to the facility and to the county social service agency within five working days of the day the report was made. In addition, the program administrator and staff of the program must comply with all of the requirements of section 626.557, the vulnerable adults act.

Sec. 7. Minnesota Statutes 1994, section 254B.05, subdivision 4, is amended to read:

Subd. 4. [REGIONAL TREATMENT CENTERS.] Regional treatment center chemical dependency treatment units are eligible vendors. The commissioner may expand the capacity of chemical dependency treatment units beyond the capacity funded by direct legislative appropriation to serve individuals who are referred for treatment by counties and whose treatment will be paid for with a county's allocation under section 254B.02 or other funding sources. Notwithstanding the provisions of sections 254B.03 to 254B.041, payment for any person committed at county request to a regional treatment center under chapter 253B for chemical dependency treatment and determined to be ineligible under the chemical dependency consolidated treatment fund, shall become the responsibility of the county.

Sec. 8. Minnesota Statutes 1994, section 256B.092, subdivision 4, is amended to read:

Subd. 4. [HOME AND COMMUNITY-BASED SERVICES FOR PERSONS WITH MENTAL RETARDATION OR RELATED CONDITIONS.] (a) The commissioner shall make payments to approved vendors participating in the medical assistance program to pay costs of providing home and community-based services, including case management service activities provided as an approved home and community-based service, to medical assistance eligible persons with mental retardation or related conditions who have been screened under subdivision 7 and according to federal requirements. Federal requirements include those services and limitations included in the federally approved application for home and community-based services for persons with mental retardation or related conditions and subsequent amendments.

(b) Effective July 1, 1995, and contingent upon federal approval and state appropriations made available for this purpose, the commissioner of human services shall allocate resources to county agencies for home- and community-based waived services for persons with mental retardation or related conditions authorized but not receiving those services as of June 30, 1995, based upon the average resource need of persons with similar functional characteristics. To ensure service continuity for service recipients receiving home- and community-based waived services for persons with mental retardation or related conditions prior to July 1, 1995, the commissioner shall make available to the county of financial responsibility home- and community-based waived services resources based upon fiscal year 1995 authorized levels.

(c) Home- and community-based resources for all recipients shall be managed by the county of financial responsibility within an allowable reimbursement average established for each county. Payments for home and community-based services provided to individual recipients shall not exceed amounts authorized by the county of financial responsibility. For specifically identified former residents of regional treatment centers and nursing facilities, the commissioner shall be responsible for authorizing payments and payment limits under the appropriate home and community-based service program. Payment is available under this subdivision only for persons who, if not provided these services, would require the level of care provided in an intermediate care facility for persons with mental retardation or related conditions.

Sec. 9. Laws 1990, chapter 610, article 1, section 12, subdivision 8, is amended to read:

Subd. 8. Remodel residential, construct, or demolish buildings, and related facility components at regional treatment centers to meet standards for skilled nursing facilities.

This appropriation is to complete remodeling of buildings for 105 beds at Brainerd, 70 beds at Cambridge, and 85 beds at Fergus Falls.

Of this appropriation, \$3,300,000 is available to program, plan, design, demolish, renovate, or construct buildings at Cambridge regional human service center.

The balance of this appropriation is available to program, plan, design, repair, renovate, construct, and demolish buildings or related facility components at regional treatment centers, to be selected by the commissioner of human services.

Sec. 10. Laws 1993, First Special Session chapter 1, article 8, section 51, subdivision 5, is amended to read:

Subd. 5. Sections 42 and 43 are effective ~~October 1, 1994~~ July 1, 1997.

Sec. 11. Laws 1993, First Special Session chapter 1, article 8, section 51, subdivision 6, is amended to read:

Subd. 6. Section 44 is effective ~~January 1, 1994~~ July 1, 1997.

Sec. 12. [SERVICES FOR DEVELOPMENTALLY DISABLED PERSONS; FARIBAULT REGIONAL CENTER CATCHMENT AREA.]

(a) This section governs the downsizing of the Faribault regional center (FRC). As residents are discharged from the Faribault regional center, the buildings will be transferred to the department of corrections, and the department of human services will develop a system of state-operated services that: (1) meets the needs of clients discharged from the Faribault regional center; (2) is fiscally sound; and (3) accommodates the evolving nature of the health care system.

(b) The Minnesota correctional facility at Faribault (MCF-FRB) shall expand its existing

capacity by 300 beds. The department of human services shall transfer buildings related to this expansion according to agreements between the department of corrections and the Faribault community task force, established pursuant to Minnesota Statutes, section 252.51, no sooner than July 1, 1995.

After the city of Faribault has held a public hearing, the Minnesota correctional facility at Faribault may subsequently proceed with expansion of its capacity by an additional 300 beds, on or after a date when the commissioner of human services certifies that the Faribault regional center campus will be vacated because alternative community-based services, including those developed by the department of human services in accordance with section 14, will be available for the remaining residents of the Faribault regional center. The actual date on which the remainder of the Faribault regional center campus will be transferred to the commissioner of corrections shall be determined by mutual agreement between the commissioners of human services and corrections, after consultation with the exclusive representatives and the Faribault community task force. In no event shall the total capacity of the Minnesota correctional facility at Faribault exceed 1,200 beds, and the Minnesota correctional facility at Faribault shall not include any maximum security beds. The transfer of the Faribault regional center campus to the commissioner of corrections shall occur no sooner than July 1, 1998, unless negotiated with the exclusive representatives and community task force.

(c) The department of corrections shall provide necessary and appropriate modifications to road access on the Faribault regional center campus within the available appropriation. The city of Faribault shall not bear any cost of such modifications.

The department of corrections shall request necessary appropriations in future legislative sessions to provide necessary and appropriate modifications to the water-sewage system used by the Faribault regional center, the Minnesota correctional facility at Faribault, and the city of Faribault. The city of Faribault shall not bear any cost of such modifications.

(d) No sooner than July 1, 1995, the Faribault regional center shall transfer the operation of its power plant to the Minnesota correctional facility at Faribault contingent upon the Minnesota correctional facility at Faribault receiving a state appropriation for the full cost of necessary positions. The Faribault regional center employees in positions assigned to the power plant as of the transfer date shall be allowed to transfer to the Minnesota correctional facility at Faribault or exercise their memorandum of understanding options. All employees who transfer shall retain their current classification, employment condition, and salary upon such transfer.

(e) Prior to the transfer of the Faribault regional center laundry to the Minnesota correctional facility at Faribault, the Faribault regional center shall decrease laundry positions as the Faribault regional center resident population declines. However, the department of human services and the Faribault regional center laundry management shall actively pursue additional shared service contracts to offset any involuntary position reductions in the laundry. The additional laundry work done as a result of the initial 300-bed corrections expansion will also be used to offset any involuntary position reductions. Further expansion of corrections beds and the resultant increased laundry will also be used to offset any involuntary reductions. If, after the above, position reductions are necessary, they shall occur pursuant to the memorandum of understanding between the state, the department of human services, and the exclusive representatives.

Upon the transfer of the Faribault regional center campus to the commissioner of corrections, the Faribault regional center may transfer the laundry to the Minnesota correctional facility at Faribault. If the transfer occurs, the Minnesota correctional facility at Faribault shall operate the laundry as a prison industry. The Minnesota correctional facility at Faribault shall maintain existing shared service contracts. The shared service positions shall be maintained by the Minnesota correctional facility at Faribault unless shared service income does not support these positions. If such positions are to be eliminated, such elimination shall be pursuant to the memorandum of understanding. However, other than specified above, the Minnesota correctional facility at Faribault shall only eliminate positions through attrition.

All Faribault regional center employees assigned to the laundry as of the transfer date shall be allowed to transfer to the Minnesota correctional facility at Faribault or exercise their memorandum of understanding options. All employees who transfer shall retain their current classification, employment condition, and salary upon such transfer.

(f) In consultation with the applicable exclusive representatives, the departments of corrections, human services, and employee relations shall establish training programs to enhance the opportunity of the Faribault regional center employees to obtain positions beyond entry level at the Minnesota correctional facility at Faribault. While participating in this training, individuals shall remain on the Faribault regional center payroll and the department of human services shall seek a legislative appropriation for this purpose. The department of corrections shall seek a legislative appropriation for retraining the Faribault regional center employees.

Sec. 13. [SOUTHERN CITIES COMMUNITY HEALTH CLINIC.]

The commissioner of human services shall consult with the Faribault community task force and the exclusive representatives before making any decisions about:

- (1) the future of the Southern Cities Community Health Clinic;
- (2) the services currently provided by that clinic to developmentally disabled clients in the Faribault regional center catchment area; and
- (3) changes in the model for providing those services.

The department of human services shall guarantee the provision of medically necessary psychiatric and dental services to developmentally disabled clients in the Faribault service area until or unless other appropriate arrangements have been made to provide those clients with those services.

Sec. 14. [STATE-OPERATED SERVICES IN THE FARIBAULT CATCHMENT AREA.]

(a) Notwithstanding Minnesota Statutes, section 252.025, subdivision 4, and in addition to the programs already developed, the department of human services shall establish the following state-operated, community-based programs in the Faribault regional center catchment area:

(1) state-operated community residential services to serve as a primary provider for 40 current residents of the Faribault regional center whose clinical symptoms or behaviors make them difficult to serve. Those state-operated, community-based residential services shall be configured as ten four-bed waived services homes. The program configuration may be modified in accordance with paragraph (c).

Beginning July 1, 1995, in addition to the residential services for those 40 clients, the department of human services agrees to seek legislation to develop and establish state-operated, community-based residential services for any other current residents of the Faribault regional center for whom the commissioner of human services finds that respective counties of financial responsibility are unable to find appropriate residential services operated by private providers. Counties shall give the strongest possible consideration to the placement preference of clients and families;

(2) a minimum of four state-operated day training and habilitation facilities for persons leaving the Faribault regional center as the result of downsizing and for other individuals referred by county agencies;

(3) crisis services for developmentally disabled persons in the Faribault regional center catchment area, including crisis beds and mobile intervention teams. These state-operated crisis services shall be configured as three four-bed programs. The program configuration may be modified in accordance with paragraph (c);

(4) area management services sufficient to manage state-operated, community-based programs within the existing Faribault regional center catchment area;

(5) area maintenance services sufficient to maintain the physical facilities housing state-operated services in the Faribault regional center catchment area; and

(6) technical assistance and training services for both public and private providers.

(b) All employees of the state-operated services established under this subdivision shall be state

employees under Minnesota Statutes, chapters 43A and 179A, and shall consist of no fewer than 182 full-time employee equivalents, excluding additional personnel that may be necessary to staff additional state-operated, community-based residential services.

(c) Any changes in the configuration and design of programs described in this subdivision must be negotiated and agreed to by the affected exclusive representatives. The parties also must meet and discuss ways to provide the highest quality services, while maintaining or increasing cost effectiveness.

(d) The department of human services shall assist the counties with financial responsibility for those Faribault regional center residents who will be discharged into state-operated, community-based residential programs in developing service options located in and around the city of Faribault.

The department of human services shall seek funding, including the capital bonding necessary to establish the state-operated services authorized in this subdivision, including area management services to be located in or around the city of Faribault.

Sec. 15. [CAMBRIDGE REGIONAL HUMAN SERVICE CENTER COMMUNITY INTEGRATION PROGRAM.]

Subdivision 1. [COMMUNITY INTEGRATION PROGRAMS.] Notwithstanding the requirements of Minnesota Statutes, section 252.025 or 252.50, and sections 12 to 14, the commissioner of human services shall develop the following state-operated community services for persons with developmental disabilities in cooperation with the Cambridge regional human services center: residential services for 12 persons each year of the 1996-1997 biennium for a total of not fewer than 24 persons. The commissioner shall also develop residential services for 12 persons each year of the 1998-1999 biennium. In addition, the commissioner shall authorize the development of state-operated community services for other persons for whom the counties of financial responsibility are unable to find appropriate residential or day training and habilitation services. These services shall be developed in the catchment area currently served by the Cambridge regional human services center in accordance with the requirements of Minnesota Statutes, section 252.51, and shall be in addition to the services and programs currently authorized for the catchment area. The provisions in this subdivision may be implemented when the request for developing the service is made by the county of financial responsibility, and is approved by the individual or the individual's legally authorized agent. During the biennium ending June 30, 1997, the commissioner shall allocate waiver slots for state-operated community services according to the authorization made by the legislature for the biennium. Within the available funding for waived state-operated community services, the commissioner shall assure that the costs for state-operated community services are met on a cost-of-care basis. These services shall be in addition to the services and programs currently operated by the Cambridge regional human services center and the center shall provide administrative and support services for the programs developed under this section.

Subd. 2. [CAMPUS PROGRAMS.] (a) During the 1996-1997 biennium, the commissioner shall maintain capacity at Cambridge regional human services center and will continue to provide residential and crisis services at Cambridge for persons with complex behavioral and social problems committed by the courts from the Faribault regional center and Cambridge regional human services center catchment areas.

The commissioner shall develop a specialized service model at the Cambridge campus to serve citizens of Minnesota who have a developmental disability and exhibit severe behaviors which present a risk to public safety. This service will have the capacity to serve between 40 to 100 individuals and will maintain a staffing ratio of 1:1.938 plus six technical positions for outreach and follow-along care.

During fiscal year 1996, the commissioner shall initiate an implementation process which must include representatives selected by the employees' exclusive representatives. The implementation process will include assessing the actual need for service in this specialized model, defining the service capacity, program design, and establishment of the service model.

This implementation process will also include assessing the service capacity needed to allow

Cambridge regional human services center to provide a safety net of residential and crisis services to persons with developmental disabilities and complex behavioral and social problems who are committed by the courts.

The commissioner shall also initiate architectural and engineering predesign required to develop a capital budget proposal for the 1996 legislative session. This proposal shall include any necessary campus infrastructure improvements, building modifications, and construction required to accommodate the above referenced services and related restructuring of the Cambridge campus.

During the fiscal year 1996-1997 biennium the commissioner shall make every reasonable effort, within the limits of available resources, to achieve a 1:1.938 staffing ratio for the 35 individuals residing at the Cambridge regional human service center who will be served in the future by the specialized service model. Any appropriations made specifically for this purpose shall be used to achieve a 1:1.938 staffing ratio at the earliest possible date within the biennium.

(b) The commissioner of human services shall provide a report for the 1996 legislature by January 15, 1996, regarding the number of children with developmental disabilities who are receiving residential services out of state. The report shall include the number of children involved, the location and type of services being received, and the cost of those services.

(c) The satellite office designated for local administration of MinnesotaCare including enrollment staff functions shall be located on the campus of the Cambridge regional human services center.

Sec. 16. [WAIVER ALLOCATION FOR STATE-OPERATED COMMUNITY SERVICES.]

In the administration of waivers for home- and community-based services subject to Minnesota Statutes, section 256B.092, the commissioner of human services shall be solely responsible for the allocation of waiver resources to counties and such costs shall be based on average resource need of persons with similar functional characteristics. During the biennium ending June 30, 1997, the commissioner shall allocate waiver slots for state-operated community services according to the authorizations made by the legislature for the biennium. The commissioner of human services shall assure that the costs for state-operated community-based services are met on a cost-of-care basis. Within available appropriations for home- and community-based waivers, the commissioner may establish state-operated, community-based residential services, in addition to those authorized, for residents of regional treatment centers for whom the commissioner finds that the respective counties of financial responsibility are unable to find appropriate residential services operated by private providers. Counties shall give the strongest possible consideration to the placement preferences of clients and families.

Sec. 17. [PILOT PROJECTS TO TEST ALTERNATIVES TO DELIVERY OF MENTAL HEALTH SERVICES.]

Subdivision 1. [AUTHORIZATION FOR PILOT PROJECTS.] The commissioner of human services may approve pilot projects to test alternatives to or the enhanced coordination of the delivery of mental health services required under the Minnesota comprehensive adult mental health act, Minnesota Statutes, sections 245.461 to 245.486.

Subd. 2. [PROGRAM DESIGN AND IMPLEMENTATION.] (a) The pilot projects shall be established to design, plan, and improve the mental health service delivery system for adults with serious and persistent mental illness that would:

(1) provide an expanded array of services from which clients can choose services appropriate to their needs;

(2) be based on purchasing strategies that improve access and coordinate services without cost shifting;

(3) incorporate existing state facilities and resources into the community mental health infrastructure through creative partnerships with local vendors; and

(4) utilize existing categorical funding streams and reimbursement sources in combined and creative ways, except appropriations to regional treatment centers and all funds that are

attributable to the operation of state-operated services are excluded unless appropriated specifically by the legislature for a purpose consistent with this section.

(b) All projects must complete their planning phase and be operational by June 30, 1997.

Subd. 3. [PROGRAM EVALUATION.] Evaluation of each project will be based on outcome evaluation criteria negotiated with each project prior to implementation.

Subd. 4. [NOTICE OF PROJECT DISCONTINUATION.] Each project may be discontinued for any reason by the project's managing entity or the commissioner of human services, after 90 days' written notice to the other party.

Subd. 5. [PLANNING FOR PILOT PROJECTS.] Each local plan for a pilot project must be developed under the direction of the county board, or multiple county boards acting jointly, as the local mental health authority. The planning process for each pilot shall include, but not be limited to, mental health consumers, families, advocates, local mental health advisory councils, local and state providers, representatives of state and local public employee bargaining units, and the department of human services. As part of the planning process, the county board or boards shall designate a managing public entity responsible for receipt of funds and management of the pilot project.

Subd. 6. [DUTIES OF COMMISSIONER.] (a) For purposes of the pilot projects, the commissioner shall facilitate integration of funds or other resources as needed and requested by each project. These resources may include:

(1) residential services funds administered under Minnesota Rules, parts 9535.2000 to 9535.3000, in an amount to be determined by mutual agreement between the project's managing entity and the commissioner of human services after an examination of the county's historical utilization of facilities located both within and outside of the county and licensed under Minnesota Rules, parts 9520.0500 to 9520.0690;

(2) community support services funds administered under Minnesota Rules, parts 9535.1700 to 9535.1760;

(3) other mental health special project funds;

(4) medical assistance, general assistance medical care, MinnesotaCare and Minnesota supplemental aid if requested by the project's managing entity, and if the commissioner determines this would be consistent with the state's overall health care reform efforts; and

(5) regional treatment center nonfiscal resources to the extent agreed to by the project's managing entity and the regional treatment center.

(b) The commissioner shall consider the following criteria in awarding start-up and implementation grants for the pilot projects:

(1) the ability of the proposed projects to accomplish the objectives described in subdivision 2;

(2) the size of the target population to be served; and

(3) geographical distribution.

(c) The commissioner shall review overall status of the projects at least every two years and recommend any legislative changes needed by January 15 of each odd-numbered year.

(d) The commissioner may waive administrative rule requirements which are incompatible with the implementation of the pilot project.

(e) The commissioner may exempt the participating counties from fiscal sanctions for noncompliance with requirements in laws and rules which are incompatible with the implementation of the pilot project.

(f) The commissioner may award grants to an entity designated by a county board or group of county boards to pay for start-up and implementation costs of the pilot project.

Subd. 7. [DUTIES OF COUNTY BOARD.] The county board, or other entity which is approved to administer a pilot project, shall:

(1) administer the project in a manner which is consistent with the objectives described in subdivision 2 and the planning process described in subdivision 5;

(2) assure that no one is denied services for which they would otherwise be eligible; and

(3) provide the commissioner of human services with timely and pertinent information through the following methods:

(i) submission of community social services act plans and plan amendments;

(ii) submission of social services expenditure and grant reconciliation reports, based on a coding format to be determined by mutual agreement between the project's managing entity and the commissioner; and

(iii) submission of data and participation in an evaluation of the pilot projects, to be designed cooperatively by the commissioner and the projects.

Sec. 18. [LOCALLY MANAGED INTEGRATED FUND DEMONSTRATION PILOT PROJECT.]

Subdivision. 1. [DEFINITIONS.] (a) "Eligible persons" means individuals who reside within the geographic area designated under subdivision 2 and who are otherwise eligible as defined in Minnesota Statutes, section 256B.092. Other persons with a developmental disability as defined in United States Code, title 42, section 6001, may be determined eligible by the local managing entity to participate in these pilots.

(b) "Local managing entity" means the county agency or alliance of agencies approved by the county under contract with the Minnesota department of human services and participating in each local demonstration project that manages the resources and the delivery of services to eligible individuals.

Subd. 2. [GEOGRAPHIC AREA.] The commissioner shall designate the geographic areas in which eligible individuals and organizations will be included in the project.

Subd. 3. [PAYMENT.] The commissioner shall establish the method and amount of payments and prepayments for the management and delivery of services. The managing entity may integrate these funds with local resources appropriated for services to persons with mental retardation or related conditions and may require transfer of resources from other county agencies for eligible persons who reside within the geographic area and who are the financial responsibility of another county. The commissioner shall contract with the local managing entity and the contract shall be consistent with these established methods and amounts for payment.

Subd. 4. [SERVICE DELIVERY.] Each managing entity shall be responsible for management and delivery of services for eligible individuals within their geographic area. Managing entities:

(1) shall accept the prospective, per capita payment from the commissioner in return for the provision of comprehensive and coordinated services for eligible individuals enrolled in the project;

(2) may contract with health care, long-term care, and other providers to serve eligible persons enrolled in the project; and

(3) may integrate state, federal, and county resources into an account and draw funding from this single source to purchase or provide services for eligible persons.

Subd. 5. [REPORTING.] Each participating local managing entity shall submit information as required by the commissioner, including data required for assessing client satisfaction, quality of care, cost, and utilization of services for purposes of project evaluation.

Subd. 6. [ALTERNATIVE METHODS.] Upon federal waiver approval to proceed with these pilots, the commissioner may approve alternative methods to meet the intent of existing rules and

statutes relating to services for eligible persons. The commissioner shall ensure that in no case are the rights and protections afforded under these rules and statutes abridged. The commissioner shall not waive the rights or procedural protections under Minnesota Statutes, sections 245.825; 245.91 to 245.97; 252.41, subdivision 9; 256.045; 256B.092; 626.556; and 626.557, including the county agency's responsibility to arrange for appropriate services and procedures for the monitoring of psychotropic medications.

Subd. 7. [COMMISSIONER DUTIES.] For purposes of this project, waiver of certain statutory provisions is necessary in accordance with this section, specifically subdivision 6. The commissioner shall seek all federal waivers as necessary to implement this section.

Sec. 19. [FACILITY CERTIFICATION.]

Notwithstanding Minnesota Statutes, section 252.291, subdivision 1, the commissioner of health shall inspect to certify a large community-based facility currently licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, for more than 16 beds and located in Northfield. The facility may be certified for up to 44 beds. The commissioner of health must inspect to certify the facility as soon as possible after of the effective date of this section. The commissioner of human services shall work with the facility and affected counties to relocate any current residents of the facility who do not meet the admission criteria for an ICF/MR. To fund the ICF/MR services and relocations of current residents authorized, the commissioner of human services may transfer on a quarterly basis to the medical assistance account from each affected county's community social service allocation, an amount equal to the state share of medical assistance reimbursement for the residential and day habilitation services funded by medical assistance and provided to clients for whom the county is financially responsible. For nonresidents of Minnesota seeking admission to the facility, Rice county shall be notified in order to assure that appropriate funding is guaranteed from their state or country of residence.

Sec. 20. [STATE-OPERATED, COMMUNITY-BASED SERVICES; REPORT ON COST-EFFECTIVE ALTERNATIVE.]

The commissioner shall develop a more cost-effective model than the four-bed, state-operated, or private community-based services model for purposes of serving high level care clients who are released from regional treatment centers. The commissioner must report recommendations to the legislature by January 15, 1996.

Sec. 21. [AH GWAH CHING; SECURITY FACILITY.]

The commissioner of human services and the commissioner of corrections may contract for shared services and use of the Ah Gwah Ching facilities for purposes of a closed medium-minimum security facility primarily for geriatric and medical care and for other persons committed to the department of corrections who may benefit from the programming available at the Ah Gwah Ching facility.

Sec. 22. [TRANSFER OF FUNDS.]

During the biennium ending June 30, 1997, state funds, which had been used during the 1994-95 biennium to supplement payments to state operated home- and community-based waiver services, shall be transferred to the medical assistance account in order to implement the requirements of Minnesota Statutes, section 256B.092, subdivision 4. Sufficient money shall be retained in the applicable accounts to fund cost-of-living adjustments in the state operated community waived services programs.

ARTICLE 10

DEPARTMENT OF HEALTH

Section 1. Minnesota Statutes 1994, section 144.122, is amended to read:

144.122 [LICENSE AND PERMIT FEES.]

(a) The state commissioner of health, by rule, may prescribe reasonable procedures and fees for filing with the commissioner as prescribed by statute and for the issuance of original and renewal

permits, licenses, registrations, and certifications issued under authority of the commissioner. The expiration dates of the various licenses, permits, registrations, and certifications as prescribed by the rules shall be plainly marked thereon. Fees may include application and examination fees and a penalty fee for renewal applications submitted after the expiration date of the previously issued permit, license, registration, and certification. The commissioner may also prescribe, by rule, reduced fees for permits, licenses, registrations, and certifications when the application therefor is submitted during the last three months of the permit, license, registration, or certification period. Fees proposed to be prescribed in the rules shall be first approved by the department of finance. All fees proposed to be prescribed in rules shall be reasonable. The fees shall be in an amount so that the total fees collected by the commissioner will, where practical, approximate the cost to the commissioner in administering the program. All fees collected shall be deposited in the state treasury and credited to the state government special revenue fund unless otherwise specifically appropriated by law for specific purposes.

(b) The commissioner may charge a fee for voluntary certification of medical laboratories and environmental laboratories, and for environmental and medical laboratory services provided by the department, without complying with paragraph (a) or chapter 14. Fees charged for environment and medical laboratory services provided by the department must be approximately equal to the costs of providing the services.

(c) The commissioner may develop a schedule of fees for diagnostic evaluations conducted at clinics held by the services for children with handicaps program. All receipts generated by the program are annually appropriated to the commissioner for use in the maternal and child health program.

(d) The commissioner, for fiscal years ~~1993~~ 1996 and beyond, shall set license fees for hospitals and nursing homes that are not boarding care homes at a level sufficient to recover, over a two year period, the deficit associated with the collection of license fees from these facilities. ~~The license fees for these facilities shall be set at the following levels:~~

Joint Commission on Accreditation of Healthcare

Organizations (JCAHO hospitals)	\$2,142 <u>\$1,017</u>
Non-JCAHO hospitals	\$2,228 plus \$138 per bed <u>\$762 plus \$34 per bed</u>
Nursing home	\$324 plus \$76 per bed <u>\$78 plus \$19 per bed</u>

For fiscal years ~~1993~~ 1996 and beyond, the commissioner shall set license fees for outpatient surgical centers, boarding care homes, and supervised living facilities at a level sufficient to recover, over a four year period, the deficit associated with the collection of license fees from these facilities. ~~The license fees for these facilities shall be set at the following levels:~~

Outpatient surgical centers	\$1,645 <u>\$517</u>
Boarding care homes	\$249 plus \$58 per bed <u>\$78 plus \$19 per bed</u>
Supervised living facilities	\$249 plus \$58 per bed <u>\$78 plus \$19 per bed.</u>

Sec. 2. Minnesota Statutes 1994, section 144.226, subdivision 1, is amended to read:

Subdivision 1. [WHICH SERVICES ARE FOR FEE.] The fees for any of the following services shall be in an amount prescribed by rule of the commissioner:

(a) The issuance of a certified copy or certification of a vital record, or a certification that the record cannot be found, ~~provided that a fee shall not be charged for any certified copy required for service in the armed forces or the Merchant Marine of the United States or required in the presentation of claims to the United States Veterans Administration of any state or territory of the United States, or for any copy requested by the commissioner of human services for the discharge of duties relating to state wards. No fee shall be charged for verification of information requested by official agencies of this state, local governments in this state, or the federal government;~~

(b) The replacement of a birth certificate;

(c) The filing of a delayed registration of birth or death;

(d) The alteration, correction, or completion of any vital record, provided that no fee shall be charged for an alteration, correction, or completion requested within one year after the filing of the certificate; and

(e) The verification of information from or noncertified copies of vital records. Fees charged shall approximate the costs incurred in searching and copying the records. The fee shall be payable at time of application.

Sec. 3. Minnesota Statutes 1994, section 144A.33, subdivision 3, is amended to read:

Subd. 3. [FUNDING OF ADVISORY COUNCIL EDUCATION.] A license application or renewal fee for nursing homes and boarding care homes under section 144.53 or 144A.07 must be increased by ~~\$2.75~~ \$5 per bed to fund the development and education of resident and family advisory councils.

Sec. 4. Minnesota Statutes 1994, section 144A.43, subdivision 3, is amended to read:

Subd. 3. [HOME CARE SERVICE.] "Home care service" means any of the following services when delivered in a place of residence to a person whose illness, disability, or physical condition creates a need for the service:

(1) nursing services, including the services of a home health aide;

(2) personal care services not included under sections 148.171 to 148.285;

(3) physical therapy;

(4) speech therapy;

(5) respiratory therapy;

(6) occupational therapy;

(7) nutritional services;

(8) home management services when provided to a person who is unable to perform these activities due to illness, disability, or physical condition. Home management services include at least two of the following services: housekeeping, meal preparation, and shopping;

(9) medical social services;

(10) the provision of medical supplies and equipment when accompanied by the provision of a home care service;

(11) the provision of a hospice program as specified in section 144A.48; and

(12) other similar medical services and health-related support services identified by the commissioner in rule.

"Home care service" does not include the following activities conducted by the commissioner of health or a board of health as defined in section 145A.02, subdivision 2: communicable disease investigations or testing; administering or monitoring a prescribed therapy necessary to control or prevent a communicable disease; or the monitoring of an individual's compliance with a health directive as defined in section 144.4172, subdivision 6.

Sec. 5. Minnesota Statutes 1994, section 144A.47, is amended to read:

144A.47 [INFORMATION AND REFERRAL SERVICES.]

The commissioner shall ensure that information and referral services relating to home care are available in all regions of the state. The commissioner shall collect and make available

information about available home care services, sources of payment, providers, and the rights of consumers. The commissioner may require home care providers to provide information requested for the purposes of this section, ~~including price information~~, as a condition of registration or licensure. ~~Specific price information furnished by providers under this section is not public data and must not be released without the written permission of the agency.~~ The commissioner may publish and make available:

(1) general information ~~and a summary of the range of prices of~~ describing home care services in the state;

(2) limitations on hours, availability of services, and eligibility for third-party payments, applicable to individual providers; and

(3) other information the commissioner determines to be appropriate.

Sec. 6. [144D.03] [REGISTRATION.]

Subdivision 1. [REGISTRATION PROCEDURES.] The commissioner shall establish forms and procedures for annual registration of elderly housing with services establishments. The commissioner shall charge an annual registration fee of \$35. No fee shall be refunded. A registered establishment shall notify the commissioner within 30 days of any change in the business name or address of the establishment, the name or mailing address of the owner or owners, or the name or mailing address of the managing agent. There shall be no fee for submission of the notice.

Subd. 2. [REGISTRATION INFORMATION.] The establishment shall provide the following information to the commissioner in order to be registered:

(1) the business name, street address, and mailing address of the establishment;

(2) the name and mailing address of the owner or owners of the establishment and, if the owner or owners are not natural persons, identification of the type of business entity of the owner or owners, and the names and addresses of the officers and members of the governing body, or comparable persons for partnerships, limited liability corporations, or other types of business organizations of the owner or owners;

(3) the name and mailing address of the managing agent, whether through management agreement or lease agreement, of the establishment, if different from the owner or owners, and the name of the on-site manager, if any;

(4) verification that the establishment has entered into an elderly housing with services contract, as required in section 144D.04, with each resident or resident's representative;

(5) the name and address of at least one natural person who shall be responsible for dealing with the commissioner on all matters provided for in sections 144D.01 to 144D.06, and on whom personal service of all notices and orders shall be made, and who shall be authorized to accept service on behalf of the owner or owners and the managing agent, if any; and

(6) the signature of the authorized representative of the owner or owners or, if the owner or owners are not natural persons, signatures of at least two authorized representatives of each owner, one of which shall be an officer of the owner.

Notwithstanding any law to the contrary, personal service on the person identified by the owner or owners in the registration shall be considered service on the owner or owners, and it shall not be a defense to any action that personal service was not made on each individual or entity. The designation of one or more individuals under this subdivision shall not affect the legal responsibility of the owner or owners under sections 144D.01 to 144D.06.

Sec. 7. Minnesota Statutes 1994, section 157.03, is amended to read:

157.03 [LICENSES REQUIRED; FEES.]

Each year (a) A license is required annually for every person, firm, or corporation engaged in

~~the business of conducting an hotel, motel, restaurant, alcoholic beverage establishment, lodging house, boarding house, or resort, or place of refreshment, establishment, boarding establishment, resort, mobile food unit, seasonal food stand, food cart, or special event food stand or who shall hereafter engage thereafter engages in conducting any such a business, except vending machine operators licensed under the license provisions of sections 28A.01 to 28A.16, must procure a license for each hotel, motel, restaurant, lodging house, boarding house, or resort, or place of refreshment so conducted. For any hotel, motel, resort, campground, or manufactured home park as defined in section 327.15, in which food, fountain, or bar service is furnished, one license, in addition to the hotel, resort, manufactured home park, or campground license, shall be sufficient for all restaurants and places of refreshment conducted on the same premises and under the same management with the hotel, motel, resort, manufactured home park, or campground. Each license shall expire and be renewed as prescribed by the commissioner pursuant to section 144.122. Any person wishing to operate a place of business as licensed under this section shall first make application, pay the required fee, and receive approval for operation, including plan review approval. Application shall be made on forms provided by the commissioner and shall require the applicant to state the full name and address of the owner of the building, structure, or enclosure, and the lessee and manager of the hotel, motel, restaurant, alcoholic beverage establishment, boarding establishment, lodging establishment, resort, mobile food unit, seasonal food stand, food cart, or special event food stand. Initial and renewal licenses for all hotels, motels, restaurants, alcoholic beverage establishments, lodging establishments, boarding establishments, resorts, mobile food units, seasonal food stands, food carts, or special event food stands shall be issued for the calendar year for which application is made and shall expire on December 31 of that year. Any proprietor person who operates a place of business after the expiration date without first having made application for of a license and or without having made payment of paid the fee thereof shall be deemed to have violated the provisions of this chapter and be subject to prosecution, enforcement action as provided in this chapter the Health Enforcement Consolidation Act, sections 144.989 to 144.993. In addition thereto, a penalty in an amount prescribed by the commissioner pursuant to section 144.122 of \$25 shall be added to the amount total of the license fee and paid by the proprietor, as provided herein, if the application has not reached the office of the state commissioner of health within 30 days following the expiration of license; or, in the case of a new business, 30 days after the opening date of the business. Any person, firm, or corporation desiring to conduct a hotel, motel, restaurant, lodging house, boarding house, or resort, or place of refreshment shall make application on forms provided by the department for a license therefor, which shall require the applicant to state the full name and address of the owner of the building, structure, or enclosure, the lessee and manager of the hotel, motel, restaurant, lodging house, boarding house, or resort, or place of refreshment, the location of the same, the name under which the business is to be conducted, and any other information as may be required therein by the state commissioner of health to complete the application for license. The application shall be accompanied by a license fee as hereinafter provided for any mobile food unit, seasonal food stand, and food cart operating without a license, and a penalty of \$50 shall be added to the total of the license fee for hotels, motels, restaurants, alcoholic beverage establishments, lodging establishments, boarding establishments, and resorts.~~

~~For hotels, motels, lodging houses, and resorts, the license fee may be graduated according to the number of sleeping rooms and the amount of the fees shall be prescribed by the state commissioner of health pursuant to section 144.122.~~

~~For restaurants, places of refreshment, and boarding houses, the license fee may be based on the average number of employees. The number of employees counted for each establishment shall be based upon the total number of employees employed full time and employed part time when added together to total the hours of full time employment. Employees shall include all persons, except children of the licensee under the age of 18, at work in any capacity, either voluntary or paid, and whether or not reported under the labor laws of this state.~~

~~If the license fee is based upon the average number of employees, every licensee shall, at the time of application, certify as to the number of employees on forms provided by the state commissioner of health and the state commissioner of health shall have access, on demand, to any and all employment records for purposes of substantiating or correcting numbers of declared employees.~~

~~License fees for restaurants, places of refreshment, and boarding houses shall be in an amount prescribed by the state commissioner of health pursuant to section 144.122.~~

No school, as defined in sections 120.05 and 120.101, may be required to pay a license fee.

(b) Establishments licensed under chapter 157 shall pay the following fees:

(1) all establishments except special event food stands shall pay an annual base fee of \$100;
(2) in addition to the base fee in clause (1) each establishment shall pay annually a fee for each fee category as specified in this item:

- (i) limited food menu selection, \$30;
 - (ii) small menu selection with limited equipment, \$55;
 - (iii) small establishment with full menu selection, \$150;
 - (iv) large establishment with full menu selection, \$250;
 - (v) temporary food service, \$30;
 - (vi) alcohol service from bar, \$75;
 - (vii) beer or wine table service, \$30;
 - (viii) lodging per unit, \$4, a maximum of \$400;
 - (ix) first swimming pool, \$100;
 - (x) additional swimming pool, \$50;
 - (xi) first spa, \$50;
 - (xii) additional spa, \$25;
 - (xiii) private water or sewer, \$30;
- (3) a special event food stand shall pay a fee of \$60 per event;

(4) an initial license application for food, beverage, or lodging establishments must be accompanied by a fee of \$150 for review of the construction or remodeling plans.

When hotels, motels, restaurants, alcoholic beverage establishments, lodging establishments, boarding establishments, resorts, and mobile food units are extensively remodeled, a fee of \$150 must accompany the remodeling plans. Neither an initial license plan review fee nor a remodeling plan review fee shall be required for seasonal food stands, food carts, and special event food stands.

Sec. 8. [157.0315] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] The definitions in this section apply to sections 157.03 and 157.0351 to 157.0359.

Subd. 2. [ALCOHOLIC BEVERAGE ESTABLISHMENT.] "Alcoholic beverage establishment" means a building, structure, enclosure, or any part thereof used as, maintained as, advertised as, or held out to be a place where alcoholic beverages are served.

Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of health.

Subd. 4. [BOARDING ESTABLISHMENT.] "Boarding establishment" means a building, structure, enclosure, or any part thereof used as, maintained as, advertised as, or held out to be a place where food or nonalcoholic beverages are furnished to five or more regular boarders, whether with or without sleeping accommodations, for periods of one week or more.

Subd. 5. [FOOD AND BEVERAGE ESTABLISHMENT.] "Food and beverage establishment" means a restaurant, alcoholic beverage establishment, boarding establishment, mobile food unit, seasonal food stand, food cart, or special event food stand.

Subd. 6. [FOOD CART.] "Food cart" means a nonmotorized vehicle limited to serving food that is not defined by rule as potentially hazardous food, except precooked frankfurters and other ready-to-eat link sausages.

Subd. 7. [HOTEL OR MOTEL.] "Hotel or motel" means a building, structure, enclosure, or any part thereof used as, maintained as, advertised as, or held out to be a place where sleeping accommodations are furnished to the public and furnishing accommodations for periods of less than one week.

Subd. 8. [LODGING ESTABLISHMENT.] "Lodging establishment" means a building, structure, enclosure, or any part thereof used as, maintained as, advertised as, or held out to be a place where sleeping accommodations are furnished to the public as regular roomers, for periods of one week or more, and having five or more beds to let to the public.

Subd. 9. [MOBILE FOOD UNIT.] "Mobile food unit" means a food service establishment that is a vehicle mounted unit, either motorized or trailered, and readily movable without disassembling, for transport to another location and remaining for no more than 14 days, annually, at any one place.

Subd. 10. [PERSON.] "Person" has the meaning given in section 103I.005, subdivision 16.

Subd. 11. [RESORT.] "Resort" means a building, structure, enclosure, or any part thereof located on, or on property neighboring, any lake, stream, skiing, or hunting area, or any recreational area for purposes of providing convenient access thereto, kept, used, maintained, or advertised as, or held out to the public to be a place where sleeping accommodations are furnished to the public, and primarily to those seeking recreation for periods of one day, one week, or longer, and having for rent five or more cottages, rooms, or enclosures.

Subd. 12. [RESTAURANT.] "Restaurant" means a building, structure, enclosure, or any part thereof used as, maintained as, advertised as, or held out to be a place where food or nonalcoholic beverages are served or prepared for service to the public.

Subd. 13. [SEASONAL FOOD STAND.] "Seasonal food stand" means a food stand that is disassembled and moved from location to location, remaining no more than 14 days, annually, at any one place; or a permanent food service stand or building that operates no more than 14 days annually.

Subd. 14. [SPECIAL EVENT FOOD STAND.] "Special event food stand" means a food service used in conjunction with celebrations and special events, used not more than twice annually, and remaining no more than three consecutive days at any one location.

Sec. 9. [157.0352] [LICENSES REQUIRED; FEES.]

Subdivision 1. [LICENSE REQUIRED ANNUALLY.] A license is required annually for every person engaged in the business of conducting a hotel, motel, restaurant, alcoholic beverage establishment, boarding establishment, lodging establishment, resort, mobile food unit, seasonal food stand, food cart, or special event food stand or who thereafter engages in conducting any such business. Any person wishing to operate a place of business licensed in this section shall first make application, pay the required fee, and receive approval for operation, including plan review approval. Application shall be made on forms provided by the commissioner and shall require the applicant to state the full name and address of the owner of the building, structure, or enclosure, the lessee and manager of the hotel, motel, restaurant, alcoholic beverage establishment, boarding establishment, lodging establishment, resort, mobile food unit, seasonal food stand, food cart, or special event food stand; the name under which the business is to be conducted; and any other information as may be required by the commissioner to complete the application for license.

Subd. 2. [LICENSE RENEWAL.] Initial and renewal licenses for all hotels, motels, restaurants, alcoholic beverage establishments, lodging establishments, boarding establishments, resorts, mobile food units, seasonal food stands, and food carts shall be issued for the calendar year for which application is made and shall expire on December 31 of such year. Any person who operates a place of business after the expiration date of a license or without having paid the fee shall be deemed to have violated the provisions of this chapter and be subject to enforcement

action, as provided in the Health Enforcement Consolidation Act, sections 144.989 to 144.993. In addition, a penalty of \$25 shall be added to the total of the license fee for any mobile food unit, seasonal food stand, and food cart operating without a license, and a penalty of \$50 shall be added to the total of license fee for all other food, beverage, and lodging establishments.

Subd. 3. [ESTABLISHMENT FEES; DEFINITIONS.] For the purposes of establishing food, beverage, and lodging establishment fees, the following definitions have the meanings given them.

(a) "Limited food menu selection" means a fee category that provides one or more of the following:

- (1) prepackaged food that receives heat treatment and is served in the package;
- (2) frozen pizza that is heated and served;
- (3) a continental breakfast such as rolls, coffee, juice, milk, and cold cereal;
- (4) soft drinks, coffee, or nonalcoholic beverages; or
- (5) does not prepare food on site, however serves food that was prepared elsewhere and provides cleaning of eating, drinking, or cooking utensils.

(b) "Small menu selection with limited equipment" means a fee category that has no salad bar and provides one or more of the following:

- (1) food service equipment that is limited to a deep fat fryer, a grill, two hot holding containers, and one or more microwave ovens;
- (2) service of dipped ice cream or soft serve frozen desserts;
- (3) service of breakfast in an owner-occupied bed and breakfast establishment; or
- (4) is a boarding establishment.

(c) "Small establishment with full menu selection" means a fee category that provides one or more of the following:

- (1) food service equipment that includes a range, oven, steam table, salad bar, or salad preparation area;
- (2) food service equipment that includes more than one deep fat fryer, one grill, or two hot holding containers; or
- (3) an establishment where food is prepared at one location and served at one or more separate locations.

(d) "Large establishment with full menu selection" means either a fee category that meets the criteria in paragraph (c), clause (1) or (2), for a small establishment with full menu selection and:

- (1) seats more than 175 people; and
- (2) offers the full menu selection an average of five or more days a week during the weeks of operation; or means a service category that meets the criteria in paragraph (c), clause (3), for a small establishment with full menu selection; and
- (3) prepares and serves 500 meals per day.

(e) "Temporary food service" means a fee category where food is prepared and served from a mobile food unit, seasonal food stand, or food cart.

(f) "Alcohol service from bar" means a fee category where alcoholic mixed drinks are served, or where beer or wine are served from a bar.

(g) "Beer or wine table service" means a fee category where the only alcoholic beverage service is beer or wine, served to customers seated at tables.

(h) "Individual water" means a fee category with a water supply other than a community public water supply as defined in Minnesota Rules, chapter 4720.

(i) "Individual sewer" means a fee category with an individual sewage treatment system which uses subsurface treatment and disposal.

(j) "Lodging per unit" means a fee category including the number of guest rooms, cottages, or other rental units of a hotel, motel, lodging establishment, or resort; or the number of beds in a dormitory.

(k) "Public pool" means a fee category that has the meaning given in Minnesota Rules, part 4717.0250, subpart 8.

(l) "Spa pool" means a fee category that has the meaning given in Minnesota Rules, part 4717.0250, subpart 9.

(m) "Special event food stand" means a fee category where food is prepared and served in conjunction with celebrations or special events, but not more than twice annually, and where the facility is used no more than three consecutive days per event.

Sec. 10. [157.0353] [ADDITIONAL REGISTRATION REQUIRED FOR BOARDING AND LODGING ESTABLISHMENTS OR LODGING ESTABLISHMENTS; SPECIAL SERVICES.]

Subdivision 1. [DEFINITIONS.] (a) "Supportive services" means the provision of supervision and minimal assistance with independent living skills such as social and recreational opportunities, assistance with transportation, arranging for meetings and appointments, and arranging for medical and social services. Supportive services also include providing reminders to residents to take medications that are self-administered or providing storage for medications if requested.

(b) "Health supervision services" means the provision of assistance in the preparation and administration of medications other than injectables, the provision of therapeutic diets, taking vital signs, or providing assistance in dressing, grooming, bathing, or with walking devices.

Subd. 2. [REGISTRATION.] A board and lodging establishment or a lodging establishment that provides supportive services or health supervision services must register with the commissioner annually. The registration must include the name, address, and telephone number of the establishment, the types of services that are being provided, a description of the residents being served, the type and qualifications of staff in the facility, and other information that is necessary to identify the needs of the residents and the types of services that are being provided. The commissioner shall develop and furnish to the boarding and lodging establishment or lodging establishment the necessary form for submitting the registration. The requirement for registration is effective until the rules required by sections 144B.01 to 144B.17 are effective.

Subd. 3. [RESTRICTION ON THE PROVISION OF SERVICES.] (a) Effective July 1, 1995, and until one year after the rules required under sections 144B.01 to 144B.17 are adopted, a boarding and lodging establishment or lodging establishment registered under subdivision 2 may provide health supervision services only if a licensed nurse is on site in the establishment for at least four hours a week to provide monitoring of health supervision services for the residents. A boarding and lodging establishment or lodging establishment that admits or retains residents using wheelchairs or walkers must have the necessary clearances from the office of the state fire marshal.

Subd. 4. [RESIDENTIAL CARE HOME LICENSE REQUIRED.] Upon adoption of the rules required by sections 144B.01 to 144B.17, a boarding and lodging establishment or lodging establishment registered under subdivision 2, that provides either supportive care or health supervision services, must obtain a residential care home license from the commissioner within one year from the adoption of those rules.

Subd. 5. [SERVICES THAT MAY NOT BE PROVIDED IN A BOARDING AND LODGING ESTABLISHMENT OR LODGING ESTABLISHMENT.] A boarding and lodging establishment or lodging establishment may not admit or retain individuals who:

(1) would require assistance from establishment staff because of the following needs: bowel

incontinence, catheter care, use of injectable or parenteral medications, wound care, or dressing changes or irrigations of any kind; or

(2) require a level of care and supervision beyond supportive services or health supervision services.

Subd. 6. [CERTAIN INDIVIDUALS MAY PROVIDE SERVICES.] This section does not prohibit the provision of health care services to residents of a boarding and lodging establishment or lodging establishment by family members of the resident or by a registered or licensed home care agency employed by the resident.

Subd. 7. [EXEMPTION FOR ESTABLISHMENTS WITH A HUMAN SERVICES LICENSE.] This section does not apply to a boarding and lodging establishment or lodging establishment that is licensed by the commissioner of human services under chapter 245A.

Subd. 8. [VIOLATIONS.] The commissioner may revoke the establishment license, if the establishment is found to be in violation of this section. Violation of this section is a gross misdemeanor.

Sec. 11. [157.0354] [POSTING REQUIREMENTS.]

Every hotel, motel, restaurant, alcoholic beverage establishment, boarding establishment, lodging establishment, resort, mobile food unit, seasonal food stand, food cart, or special event food stand securing a license or license fee receipt under the provisions of this chapter shall post in a conspicuous place a copy of the license or receipt.

Sec. 12. [157.0355] [LEVELS OF RISK; DEFINITIONS.]

Subdivision 1. [HIGH-RISK ESTABLISHMENT.] "High-risk establishment" means any hotel, motel, restaurant, alcoholic beverage establishment, boarding establishment, lodging establishment, or resort that:

(1) serves potentially hazardous foods that require extensive processing on the premises, including manual handling, cooling, reheating, or holding for service;

(2) prepares foods several hours or days before service;

(3) serves menu items that epidemiologic experience has demonstrated to be common vehicles of food-borne illness;

(4) has a public swimming pool; or

(5) draws its drinking water from a surface water supply.

Subd. 2. [MEDIUM-RISK ESTABLISHMENT.] "Medium-risk establishment" means a hotel, motel, restaurant, alcoholic beverage establishment, boarding establishment, lodging establishment, or resort that:

(1) serves potentially hazardous foods but with minimal holding between preparation and service; or

(2) serves medium-risk foods, such as pizza, that require extensive handling, followed by heat treatment.

Subd. 3. [LOW-RISK ESTABLISHMENT.] "Low-risk establishment" means a hotel, motel, restaurant, alcoholic beverage establishment, boarding establishment, lodging establishment, or resort that is not a high-risk or medium-risk establishment.

Subd. 4. [TEMPORARY FOOD SERVICE AND SPECIAL EVENT FOOD STANDS.] Mobile food units, seasonal food stands, food carts, and special event food stands are not defined as high-, medium-, or low-risk establishments.

Sec. 13. [157.0356] [INSPECTION; FREQUENCY; AND ORDERS.]

Subdivision 1. [INSPECTIONS.] It shall be the duty of the commissioner to inspect, or cause to be inspected, every hotel, motel, restaurant, alcoholic beverage establishment, boarding establishment, lodging establishment, resort, mobile food unit, seasonal food stand, food cart, and special event food stand in this state. For the purpose of conducting inspections, the commissioner shall have the right to enter and have access thereto at any time during the conduct of business.

Subd. 2. [INSPECTION FREQUENCY.] The frequency of inspections of the establishments shall be based on the degree of health risk.

- (a) High-risk establishments must be inspected at least once a year.
- (b) Medium-risk establishments must be inspected at least once every 18 months.
- (c) Low-risk establishments must be inspected at least once every two years.

Subd. 3. [ORDERS.] When, upon inspection, it is found that the business and property so inspected is not being conducted, or is not equipped, in the manner required by the provisions of this chapter or the rules of the commissioner, or is being conducted in violation of any of the laws of this state pertaining to the business, it is the duty of the commissioner to notify the person in charge of the business, or the owner or agent of the buildings so occupied, of the condition found and issue an order for correction of the violations. Each person shall comply with the provisions of this chapter or the rules of the commissioner. A reasonable time may be granted by the commissioner for compliance with the provisions of this chapter.

Sec. 14. [157.0357] [INSPECTION RECORDS.]

The commissioner shall keep inspection records for all hotels, motels, restaurants, alcoholic beverage establishments, boarding establishments, lodging establishments, resorts, mobile food units, seasonal food stands, food carts, and special event food stands, together with the name of the owner and operator.

Sec. 15. [157.0359] [EXEMPTIONS.]

This chapter shall not be construed to apply to:

- (1) interstate carriers under the supervision of the United States Department of Health and Human Services;
- (2) to any building constructed and primarily used for religious worship;
- (3) to any building owned, operated, and used by a college or university in accordance with health regulations promulgated by the college or university under chapter 14;
- (4) any person, firm, or corporation whose principal mode of business is licensed under sections 28A.04 and 28A.05 is exempt at that premises from licensure as a food or beverage establishment; provided, that the holding of any license pursuant to sections 28A.04 and 28A.05 shall not exempt any person, firm, or corporation from the applicable provisions of the chapter or the rules of the state commissioner of health relating to food and beverage service establishments;
- (5) family day care homes and group family day care homes governed by sections 245A.01 to 245A.16;
- (6) nonprofit senior citizen centers for the sale of home-baked goods; and
- (7) food not prepared at an establishment and brought in by members of an organization for consumption by members at a potluck event.

Sec. 16. [REPORT ON UNITED STATES ARMY SPRAYING OF ZINC CADMIUM SULFIDE AND OTHER CHEMICALS.]

The commissioner of health, in collaboration with the pollution control agency, the department of natural resources, the Leech Lake Reservation Tribal Council, Hennepin county, and the school of public health at the University of Minnesota shall review the National Academy of Science's report on the past and future adverse effects, if any, on public health and the environment, from

the spraying of zinc cadmium sulfide and other chemicals in Minnesota in the 1950s and 1960s by the United States Army. The commissioner of health's report shall be submitted to the legislature within six months of completion of the National Academy of Science's report and shall contain recommendations for additional initiatives, if any, in Minnesota.

Sec. 17. [REVIEW BY ATTORNEY GENERAL.]

The attorney general shall determine:

(1) whether the spraying by the United States Army of zinc cadmium sulfide and other chemicals in Minnesota in the 1950s and 1960s, or any associated actions or failure to act, violated any provisions of state or federal law or the state or federal constitutions; and

(2) what legal actions might be available to prevent similar problems in the future and to recover damages and costs resulting from the spraying.

The attorney general's findings must be included in the report required in section 16.

Sec. 18. [PESTICIDE REPORT AND PILOT PROJECT.]

The commissioner of health shall study and determine the extent of pesticide poisoning in Minnesota and recommend remedies to address this problem and report back to the legislature by January 15, 1997.

Sec. 19. [REVISOR INSTRUCTION.]

The revisor of statutes, in coordination with the health department, shall determine and implement appropriate cross-reference changes required as a result of this act.

Sec. 20. [REPEALER.]

Minnesota Statutes 1994, sections 38.161; 38.162; 157.01; 157.02; 157.031; 157.04; 157.045; 157.05; 157.08; 157.12; 157.13; and 157.14, are repealed.

Sec. 21. [EFFECTIVE DATE.]

Sections 16 to 18 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to human services; appropriating money for the department of human services and health, for the veterans nursing homes board, for the health-related boards, for the council on disability, for the ombudsman for mental health and mental retardation, and for the ombudsman for families; modifying day training and habilitation services; creating the consumer support program; modifying child care programs; defining and including essential persons in determining AFDC eligibility; modifying the Minnesota Supplemental Aid program by making it consistent with the federal SSI program; modifying group residential housing; limiting the admission of certain high-functioning persons to nursing facilities; modifying hospital inflation and requiring inflation adjustments to reflect prior overpayments; modifying medical assistance disproportionate share payments; establishing hospital peer groups; establishing long-term hospital rates; modifying treatment of certain trusts; modifying treatment of assets and income for institutionalized persons; reducing the pharmacy dispensing fee; establishing pharmacy copayments in medical assistance and general assistance medical care; establishing a service allowance for certain persons denied admission to a nursing facility; increasing reimbursement rates for certain home care services provided in Anoka county; modifying certain intergovernmental transfers; clarifying the county nursing home payment adjustment; requiring a discount in general assistance medical care prepaid contracts; eliminating payment for gender reassignment services under general assistance medical care; providing a two percent rate increase for certain providers; authorizing certain demonstration projects; modifying certain parental fees; modifying medical assistance eligibility criteria for certain disabled children; modifying requirements for personal care assistants and personal care assistant organizations; modifying coverage for personal care services and reducing maximum hours of service; expanding certain services under medical assistance managed care for disabled children; authorizing certain studies;

authorizing exceptions to the nursing home moratorium and modifying reimbursements for legislatively-approved exceptions; modifying requirements for hospital-attached nursing facility status; modifying nursing facility reimbursement and inflationary adjustments; establishing a contractual alternative payment system for nursing facilities; modifying reimbursement for intermediate care facilities for persons with mental retardation or related conditions; establishing transition mental health services; modifying chemical dependency treatment programs; providing Faribault and Cambridge regional human services center downsizing agreements; decreasing certain license and permit fees; modifying the licensing and inspecting of hotel, restaurant, and other food and lodging establishments; amending Minnesota Statutes 1994, sections 144.0721, by adding subdivisions; 144.122; 144.226, subdivision 1; 144A.071, subdivision 4a; 144A.33, subdivision 3; 144A.43, subdivision 3; 144A.47; 147.01, subdivision 6; 157.03; 198.003, subdivisions 3 and 4; 245.4882, subdivision 5; 245.4886, by adding a subdivision; 246.18, subdivision 4, and by adding a subdivision; 246.23, subdivision 2; 252.27, subdivision 2a; 252.292, subdivision 4; 252.46, subdivision 6, and by adding a subdivision; 254A.17, subdivision 3; 254B.05, subdivision 4; 256.025, subdivisions 1 and 2; 256.026; 256.73, subdivision 3a; 256.736, subdivision 3; 256.74, subdivision 1; 256.9365; 256.9657, subdivision 3; 256.9685, subdivision 1b, and by adding subdivisions; 256.969, subdivisions 1, 9, 24, and by adding subdivisions; 256B.055, subdivision 12; 256B.056, by adding a subdivision; 256B.0575; 256B.0625, subdivisions 8, 8a, 13, 19a, and by adding subdivisions; 256B.0627, subdivisions 1, 2, 4, and 5; 256B.0641, subdivision 1; 256B.0911, subdivisions 4 and 7; 256B.0913, by adding subdivisions; 256B.0915, subdivision 2, and by adding a subdivision; 256B.092, subdivision 4; 256B.15, subdivisions 1a, 2, and by adding a subdivision; 256B.19, subdivisions 1c and 1d; 256B.431, subdivisions 2b, 2j, 17, 23, and by adding subdivisions; 256B.49, subdivision 1, and by adding subdivisions; 256B.501, subdivisions 3, 3c, and by adding a subdivision; 256B.69, subdivisions 4, 5, 6, 9, and by adding subdivisions; 256D.03, subdivisions 3b, 4, and by adding a subdivision; 256D.051, subdivision 6; 256D.36, subdivision 1; 256D.385; 256D.405, subdivision 3; 256D.425, subdivision 1, and by adding a subdivision; 256D.435, subdivisions 1, 3, 4, 5, 6, and by adding a subdivision; 256D.44, subdivisions 1, 2, 3, 4, 5, and 6; 256D.45, subdivision 1; 256H.03, subdivision 4; 256H.05, subdivision 6; 256I.04, subdivision 3; 256I.05, subdivision 1a; 357.021, subdivisions 2 and 2a; 393.07, subdivision 10; 501B.89, subdivision 1, and by adding a subdivision; and Laws 1990, chapter 610, article 1, section 12, subdivision 8; Laws 1993, First Special Session chapter 1, article 8, section 51, subdivisions 5 and 6; proposing coding for new law in Minnesota Statutes, chapters 144D; 157; 256; and 256B; repealing Minnesota Statutes 1994, sections 38.161; 38.162; 144.0723, subdivision 5; 157.01; 157.02; 157.031; 157.04; 157.045; 157.05; 157.08; 157.12; 157.13; 157.14; 252.47; 256.851; 256B.501, subdivisions 3d, 3e, and 3f; 256D.35, subdivisions 14 and 19; 256D.36, subdivision 1a; 256D.37; 256D.425, subdivision 3; 256D.435, subdivisions 2, 7, 8, 9, and 10; 256D.44, subdivision 7; 256I.04, subdivision 1b; and Minnesota Rules, part 9500.1452, subpart 2, item B."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1678 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS

CONSENT CALENDAR

CALENDAR

H.F. No.
1678

S.F. No.
1472

H.F. No.

S.F. No.

H.F. No.

S.F. No.

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1132 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1132	936				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1132 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1132 and insert the language after the enacting clause of S.F. No. 936, the first engrossment; further, delete the title of H.F. No. 1132 and insert the title of S.F. No. 936, the first engrossment.

And when so amended H.F. No. 1132 will be identical to S.F. No. 936, and further recommends that H.F. No. 1132 be given its second reading and substituted for S.F. No. 936, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1485 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1485	1171				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1207 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1207	571				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1207 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1207 and insert the language after the enacting clause of S.F. No. 571, the first engrossment; further, delete the title of H.F. No. 1207 and insert the title of S.F. No. 571, the first engrossment.

And when so amended H.F. No. 1207 will be identical to S.F. No. 571, and further recommends that H.F. No. 1207 be given its second reading and substituted for S.F. No. 571, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 266 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
266	180				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 266 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 266 and insert the language after the enacting clause of S.F. No. 180, the first engrossment; further, delete the title of H.F. No. 266 and insert the title of S.F. No. 180, the first engrossment.

And when so amended H.F. No. 266 will be identical to S.F. No. 180, and further recommends that H.F. No. 266 be given its second reading and substituted for S.F. No. 180, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Messrs. Pogemiller and Stumpf from the Committee on Education, to which was referred

S.F. No. 1234: A bill for an act relating to education; establishing a new funding formula for the public higher education systems; providing for the chargeback of certain post-secondary remedial instruction to high schools; establishing the Minnesota higher education guarantee; a technical task force; proposing coding for new law in Minnesota Statutes, chapter 135A; repealing Minnesota Statutes 1994, sections 135A.031; 135A.032, subdivision 2; and 135A.033.

Report the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. [HIGHER EDUCATION APPROPRIATIONS.]

The sums in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or other named fund, to the agencies and for the purposes specified in this article. The listing of an amount under the figure "1996" or "1997" in this article indicates that the amount is appropriated to be available for the fiscal year ending June 30, 1996, or June 30, 1997, respectively. "The first year" is fiscal year 1996. "The second year" is fiscal year 1997. "The biennium" is fiscal years 1996 and 1997.

SUMMARY BY FUND

	1996	1997	TOTAL
GENERAL	\$1,070,387,000	\$1,068,999,000	\$2,139,386,000

SUMMARY BY AGENCY - ALL FUNDS

	1996	1997	TOTAL
Higher Education Coordinating Board	120,972,000	122,762,000	243,734,000
Board of Trustees of the Minnesota State Colleges and Universities	464,010,000	463,721,000	927,731,000

Board of Regents of the University of Minnesota

484,580,000	481,691,000	966,271,000
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Mayo Medical Foundation

825,000	825,000	1,650,000
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APPROPRIATIONS

Available for the Year

Ending June 30

1996	1997
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Sec. 2. HIGHER EDUCATION
COORDINATING BOARDSubdivision 1. Total
Appropriation

120,972,000	122,762,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. State Grants

99,130,000	100,910,000
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If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.

The legislature intends that the higher education coordinating board make full grant awards in each year of the biennium.

This appropriation contains money for increasing living allowances for state grants to \$4,240 each year.

The maximum state grant award in each year for students attending a private four-year institution shall be \$5,889. The maximum state grant award in each year for students attending a private two-year institution shall be \$5,007.

This appropriation includes \$250,000 each year for grants to nursing programs to recruit persons of color and to provide grants to nursing students who are persons of color. Of this amount, \$100,000 each year is for recruitment and retention of students of color in nursing programs leading to licensure as a registered nurse. Other than the grants to students, all grants shall be matched with at least the same amount from grantee sources or nonstate money.

If the federal government enacts a federal student loan risk sharing fee, the higher education coordinating board shall bill the institutions that have a cohort loan default rate greater than the federal law permits so that risk sharing fees can be recovered from the institutions responsible for generating these federal charges.

The legislature anticipates that tuition and fee increases will not exceed three percent per year. If either public post-secondary system increases tuition and fees by more than three percent in either year, the higher education coordinating board shall assess that system for the resulting additional costs to the state grant program not provided for in this appropriation.

Subd. 3. Interstate Tuition
Reciprocity

4,500,000	4,500,000
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If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available to meet reciprocity contract obligations.

The higher education coordinating board is authorized to enter into a reciprocity agreement with the province of Ontario.

Subd. 4. State Work Study

8,219,000	8,219,000
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Subd. 5. Minitex Library Program

2,513,000	2,523,000
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Subd. 6. Learning Network of Minnesota

3,050,000	3,050,000
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Subd. 7. Miscellaneous Grant Programs

454,000	454,000
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This appropriation includes \$118,000 in each year for violence and abuse prevention grants.

This appropriation includes \$196,000 in each year for violence and abuse collaboration grants.

This appropriation includes \$115,000 each year to support the development of sustainable campus-community partnerships whereby significant, long-term community problems are addressed through involvement of students, staff, and faculty in community service and community problem-solving activities in collaboration with community leaders. In order to create future leaders who will be lifelong active citizens, each campus-community partnership must also design programs in such a way that the educational experience and citizenship skills of students are significantly enhanced. Campus-community partnerships developed as a result of this program will be used as models for other campuses and communities throughout the state. At least \$100,000 each year must be granted directly to local campus-community partnerships. A

maximum of \$15,000 per year is to support training, technical assistance, dissemination, and administration of this program by the higher education coordinating board and the Minnesota Campus Compact, a coalition of 45 campus presidents committed to increasing campus involvement in community service activities.

This appropriation includes \$25,000 per year for the LINC nursing grant program.

Subd. 8. Income Contingent Loans

The higher education coordinating board shall administer an income contingent loan repayment program to assist graduates of Minnesota schools in medicine, dentistry, pharmacy, chiropractic medicine, public health, and veterinary medicine, and Minnesota residents graduating from optometry and osteopathy programs. Applicant data collected by the higher education coordinating board for this program may be disclosed to a consumer credit reporting agency under the same conditions as apply to the supplemental loan program under Minnesota Statutes, section 136A.162. No new applicants may be accepted after June 30, 1995.

Subd. 9. Agency Administration

3,106,000	3,106,000
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Subd. 10. Balances Forward

An unencumbered balance in the first year under a subdivision in this section does not cancel but is available for the second year.

Subd. 11. Transfers

The higher education coordinating board may transfer unencumbered balances from the appropriations in this section to the state grant appropriation and the interstate tuition reciprocity appropriation.

Sec. 3. BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES

Subdivision 1. Total Appropriation

464,010,000	463,721,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

If the state university board or the board of trustees of the Minnesota state colleges and universities is reimbursed under Minnesota Statutes, section 115B.43, for expenses relating to the cleanup of the Kummer landfill, the state university board or the board of trustees shall return the amount reimbursed to the state general fund.

Subd. 2. Instructional Expenditures

The legislature estimates that instructional expenditures will be \$616,427,000 the first year and \$616,434,000 the second year.

The legislature anticipates that the tuition and fee increases for resident undergraduate students will not exceed three percent per year. The board of trustees of the Minnesota state colleges and universities shall transfer to the higher education coordinating board a sum sufficient to pay any additional costs to the state grant program that result from annual tuition and fee increases exceeding the three percent threshold.

During the biennium neither the board nor campuses shall plan or develop doctoral level programs or degrees until after they have received the recommendation of the house and senate committees on education, finance, and ways and means.

Subd. 3. Noninstructional Expenditures

The legislature estimates that noninstructional expenditures will be \$42,062,000 the first year and \$41,768,000 the second year.

\$508,000 the first year and \$214,000 the second year are for debt service payments.

\$150,000 each year is for southwest Asia veterans tuition relief.

Subd. 4. State Council on Vocational Technical Education

The appropriation in subdivision 1 includes money for the state council on vocational education.

Sec. 4. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA

Subdivision 1. Total

Appropriation	484,580,000	481,691,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Operations and Maintenance

	396,152,000	392,988,000
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(a) Instructional Expenditures

The legislature estimates that instructional expenditures will be \$422,040,000 the first year and \$418,789,000 the second year.

The legislature anticipates that the tuition and fee increases for university resident undergraduate students will not exceed three percent per year. The board of regents shall transfer to the higher

education coordinating board a sum sufficient to pay any additional costs to the state grant program that result from annual tuition and fee increases exceeding the three percent threshold.

This appropriation includes \$250,000 the first year and \$750,000 the second year for the Duluth Medical School. This money is in addition to the \$5,256,000 of state money in the base appropriation.

(b) Noninstructional Expenditures

The legislature estimates that noninstructional expenditures will be \$104,994,000 each year.

Subd. 3. Special
Appropriation

88,428,000

88,703,000

The amounts expended for each program in the four categories of special appropriations shall be separately identified in the 1997 biennial budget document.

(a) Agriculture and Extension Service

47,547,000

47,797,000

This appropriation is for the Agricultural Experiment Station and Minnesota Extension Service.

Any salary increases granted by the university to personnel paid from the Minnesota Extension appropriation must not result in a reduction of the county portion of the salary payments.

During the biennium, the university shall maintain an advisory council system for each experiment station. The advisory councils must be broadly representative of range of size and income distribution of farms and agribusinesses and must not disproportionately represent those from the upper half of the size and income distributions.

This appropriation includes \$500,000 per year for accelerated wheat and barley scab research.

(b) Health Sciences

17,758,000

17,758,000

This appropriation is for Indigent Patients (County Papers), Rural Physicians Associates Program, Medical Research, Special Hospitals Service and Educational Offset, the Veterinary Diagnostic Laboratory, Institute for Human Genetics, Health Sciences Research, and the Biomedical Engineering Center.

(c) Institute of Technology

3,067,000

3,067,000

This appropriation is for the Geological Survey,

Underground Space Center, Talented Youth Mathematics Program, Microelectronics and Information Science Center, and the Center for Advanced Manufacturing, Design, and Control.

(d) System Specials

20,056,000 20,081,000

This appropriation is for Fellowships for Minority and Disadvantaged Students, General Research, Intercollegiate Athletics, Student Loans Matching Money, Industrial Relations Education, Natural Resources Research Institute, Sea Grant College Program, Biological Process Technology Institute, Supercomputer Institute, Center for Urban and Regional Affairs, Bell Museum of Natural History, and the Humphrey Exhibit.

This appropriation includes money to improve the programs and resources available to women and to ensure that campuses are in compliance with Title IX of the Education Amendments of 1972 and Minnesota Statutes, section 126.21. Of this appropriation, no less than the following amounts must be allocated to each campus:

Duluth	\$551,600	\$551,600
Morris	\$ 66,100	\$ 66,100
Crookston	\$ 65,000	\$ 65,000

By January 15, 1996, the board of regents is requested to provide its final report and its consultant's report on the policies and practices it has planned or implemented to comply with title VII, title IX, and the Equal Pay Act, as they apply across university activities, including men's and women's athletic coaching.

Subd. 4. Specials Transfer

The appropriation in subdivision 3, paragraph (b), for Medical Research, Special Hospitals Service and Educational Offset, and the Institute for Human Genetics; and in paragraph (c) for the Underground Space Center, Microelectronics and Information Science Center, and the Center for Advanced Manufacturing, Design, and Control; and in paragraph (d) for the Fellowships for Minority and Disadvantaged Students, Sea Grant College Program, Biological Process Technology Institute, and the Supercomputer Institute shall be merged with the operation and maintenance funding in subdivision 2, effective June 30, 1997.

Sec. 5. MAYO MEDICAL FOUNDATION

Subdivision 1. Total
Appropriation

825,000

825,000

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Medical School

429,000 429,000

The state of Minnesota shall pay a capitation of \$10,736 each year for each student who is a resident of Minnesota. The appropriation may be transferred between years of the biennium to accommodate enrollment fluctuations.

The legislature intends that during the biennium the Mayo foundation use the capitation money to increase the number of doctors practicing in rural areas in need of doctors.

Subd. 3. Family Practice and Graduate Residency Program

396,000 396,000

The state of Minnesota provides a capitation of \$13,192 each year for each student.

Subd. 4. St. Cloud Hospital-Mayo Family Practice Residency Program

This program shall prepare doctors to practice primary care medicine in the rural communities of central Minnesota and other rural areas of the state. It is intended that this program will improve the health of rural communities, provide affordable access to appropriate medical care, and manage the treatment of patients in a more cost-effective manner.

Sec. 6. POST-SECONDARY SYSTEMS

Subdivision 1. Library and Equipment Expenditures

Each post-secondary system shall spend no less on libraries and instructional equipment than in the previous biennium.

Subd. 2. Settlements

No state money may be expended for an out-of-court settlement for any current or former employee.

Sec. 7. Minnesota Statutes 1994, section 123.3514, subdivision 3, is amended to read:

Subd. 3. [DEFINITIONS.] For purposes of this section, an "eligible institution" means a Minnesota public post-secondary institution, a private, nonprofit two-year trade and technical school granting associate degrees, an opportunities industrialization center accredited by the north central association of colleges and schools, or a private, residential, two-year or four-year, liberal arts, degree-granting college or university located in Minnesota. "Course" means a for credit course or program, and does not include a developmental course or program. A "developmental course or program" means a post-secondary course or program taken to prepare a student for college-level work for which the post-secondary institution does not grant credit or which cannot be used to meet degree, diploma, or certificate requirements.

Sec. 8. [135A.181] [TRANSITION TO SEMESTER SYSTEM.]

Minnesota public post-secondary institutions shall convert to the semester system by the 1998-1999 academic year. The public post-secondary institutions shall review and revise the content and structure of their academic programs, degrees, and courses, and prepare new course materials as necessary. Each public post-secondary board shall submit information on the progress to a semester system in the 1997 biennial budget document.

Sec. 9. [135A.19] [FINANCIAL EMERGENCY.]

The board of trustees of the Minnesota state colleges and universities and the board of regents of the University of Minnesota may immediately layoff employees, without notice, if the respective board has declared a financial emergency. All other contractual provisions relating to layoffs continue to apply. A financial emergency may be declared if, at any time, the projected revenue for the current or next fiscal year is less than 90 percent of the anticipated expenditures, and if tuition would need to be increased more than three times the annual inflation rate to solve the shortfall.

For employees of the Minnesota state colleges and universities covered under a collective bargaining agreement, this section applies to all collective bargaining agreements effective after July 1, 1995, and shall be effective for each collective bargaining agreement covering those employees the day after it has been ratified by the legislative commission on employee relations. For represented employees of the University of Minnesota, this section applies the day following signing of the next agreement. For employees not covered by a collective bargaining agreement, this section is effective July 1, 1995. The board of trustees of the Minnesota state colleges and universities and the board of regents of the University of Minnesota shall balance layoffs of faculty, other employees, and administrators. The systems should strive to provide uninterrupted service and instruction to students.

Sec. 10. [136A.136] [NURSING GRANT PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] A nursing grant program is established under the supervision of the higher education coordinating board and the administration of the metropolitan healthcare foundation's project LINC to provide grants to Minnesota health care facility employees seeking to complete a baccalaureate or master's degree in nursing.

Subd. 2. [RESPONSIBILITY OF METROPOLITAN HEALTHCARE FOUNDATION'S PROJECT LINC.] The metropolitan healthcare foundation's project LINC shall administer the grant program and award grants to eligible health care facility employees. To be eligible to receive a grant, a person must be:

(1) an employee of a health care facility located in Minnesota, whom the facility has recommended to the metropolitan healthcare foundation's project LINC for consideration;

(2) working part time, up to 32 hours per pay period, for the health care facility, while maintaining full salary and benefits;

(3) enrolled full time in a Minnesota school or college of nursing to complete a baccalaureate or master's degree in nursing; and

(4) a resident of the state of Minnesota.

The grant must be awarded for one academic year but is renewable for a maximum of six semesters or nine quarters of full-time study, or their equivalent. The grant must be used for tuition, fees, and books. Priority in awarding grants shall be given to persons with the greatest financial need. The health care facility may require its employee to commit to a reasonable postprogram completion of employment at the health care facility as a condition for the financial support the facility provides.

Subd. 3. [RESPONSIBILITY OF HIGHER EDUCATION COORDINATING BOARD.] The higher education coordinating board shall distribute money each year to the metropolitan healthcare foundation's project LINC to be used to award grants under this section, provided that the higher education coordinating board shall not distribute the money unless the metropolitan

healthcare foundation's project LINC matches the money with an equal amount from nonstate sources. The metropolitan healthcare foundation's project LINC shall expend nonstate money prior to expending state money and shall return to the higher education coordinating board all state money not used each year for nursing program grants to be redistributed under this section. The metropolitan healthcare foundation's project LINC shall report to the higher education coordinating board on its program activity as requested by the board.

Sec. 11. [136A.685] [PRIVATE INSTITUTIONS; ADJUDICATION OF FRAUD OR MISREPRESENTATION.]

The board shall not provide registration or degree or name approval to a school if there has been a criminal or civil adjudication of fraud or misrepresentation in Minnesota or in another state or jurisdiction against the school or its owner, officers, agents, or sponsoring organization. Such an adjudication of fraud or misrepresentation shall be sufficient cause for the board to determine that a school:

- (1) does not qualify for exemption under section 136A.657; or
- (2) is not approved to grant degrees or to use the term "academy," "institute," or "university" in its name.

Sec. 12. Minnesota Statutes 1994, section 136E.525, subdivision 3, is amended to read:

Subd. 3. [CONSOLIDATION.] No Changes may be made to student associations located on community college, state university, technical college, or consolidated colocated campuses without with the approval of the students of each affected campus association in consultation with its state student association.

Sec. 13. Minnesota Statutes 1994, section 626.861, subdivision 4, is amended to read:

Subd. 4. [PEACE OFFICERS TRAINING ACCOUNT.] (a) Receipts from penalty assessments must be credited to a peace officer officers training account in the special revenue fund. The peace officers standards and training board shall make the following allocations from appropriated funds, net of operating expenses:

- (1) for fiscal year 1994:
 - (i) at least 25 percent for reimbursement to board approved skills courses; and
 - (ii) at least 13.5 percent for the school of law enforcement;
- (2) for fiscal year 1995:
 - (i) at least 17 percent to the community college system for one time start-up costs associated with the transition to an integrated academic program;
 - (ii) at least eight percent for reimbursement to board approved skills courses in the technical college system; and
 - (iii) at least 13.5 percent for the school of law enforcement.

The balance in each year may be used to pay each local unit of government an amount in proportion to the number of licensed peace officers and constables employed, at a rate to be determined by the board. The disbursed amount must be used exclusively for reimbursement of the cost of in-service training required under this chapter and chapter 214. The board must not reduce allocations for the law enforcement programs at the higher education institutions, which were in existence in fiscal year 1995. No new programs shall be implemented until the peace officer standards and training board and the board of trustees for the Minnesota colleges and universities have reached an agreement for program content and funding sources.

(b) The board must not reduce allocations to law enforcement agencies or higher education systems or institutions to fund legal costs or other board operating expenses not presented in the board's biennial legislative budget request.

~~(c) No school in Minnesota certified by the board shall provide a nondegree professional peace officer education program for any state agency or local law enforcement agency after December 31, 1994, without affirmative legislative approval.~~

Sec. 14. Laws 1994, chapter 643, section 69, is amended by adding a subdivision to read:

Subd. 1a. [FINANCING SOURCE REVIEW.] The task force shall identify current library financing sources and make recommendations on how to use the money more efficiently. The task force shall also identify additional financing sources. By February 1, 1996, the task force shall provide recommendations to the legislature on financing structures that are designed to promote cooperation and collaboration among all libraries.

Sec. 15. Laws 1994, chapter 643, section 69, is amended by adding a subdivision to read:

Subd. 1b. [ELECTRONIC LIBRARY COORDINATION PLANNING.] The task force shall build upon the leadership initiatives provided by MINITEX and the post-secondary systems, relating to the development of electronic library and information services, and develop a vision of, and plans for, the coordinated use of electronic storage and transmission in providing library and information services. The plans shall:

- (1) explore the feasibility of consolidating the PALS and LUMINA systems;
- (2) explore and make recommendations about joint acquisition of electronic access to information;
- (3) plan for the coordinated use of electronic storage and transmission in providing library and information services to Minnesota post-secondary systems, public libraries, and elementary and secondary school libraries, including appropriate connections to the Internet and eventually to the national information infrastructure;
- (4) provide for, and make recommendations about, appropriate governance and administrative structures, if needed;
- (5) provide for approaches necessary to meet the needs of distance learners; and
- (6) identify, study, and make recommendations on any other matters that the task force deems necessary for the coordination and expansion of technologies in the provision of library and information services.

The task force shall coordinate its work with the telecommunications council, the government information access council, the MINITEX advisory committee, and the advisory council to the office of library development and services in the department of education.

Sec. 16. [TRANSFER CURRICULUM.]

The board of regents of the University of Minnesota and the board of trustees of the Minnesota state colleges and universities shall:

- (1) expand the Minnesota transfer curriculum to include transfer curriculum designed to satisfy requirements beyond lower division coursework; and
- (2) develop a centralized electronic tracking system of credits earned by students.

Sec. 17. [COMPENSATION PLANS AND LABOR AGREEMENTS.]

In negotiating labor agreements and compensation plans for all public higher education system employees, the legislature expects the board of trustees of the Minnesota state colleges and universities, the board of regents of the University of Minnesota, the commissioner of employee relations, and the legislative commission on employee relations to achieve these goals:

- (1) define the expected work activities and other professional responsibilities of all employees in order to increase course availability to students, to enhance instructional quality, to ensure student access to faculty, and to ensure that institution and system missions are served;

(2) reassess existing layoff procedures, tuition waivers, layoff notices, employee transfers between campuses, employee evaluations, and sabbaticals to ensure that institutional and system missions are served;

(3) define reasonable work week and work year for full-time employees to ensure that institutional and system missions are served; and

(4) articulate a common understanding regarding when system administrators may interact with employees outside of meet and confer provisions in collective bargaining agreements.

Sec. 18. [REPEALER.]

Laws 1993, First Special Session chapter 2, article 1, section 9, subdivision 6, is repealed.

ARTICLE 2 HIGHER EDUCATION FUNDING

Section 1. [135A.0311] [FUNDING POLICY.]

The legislature's goal is to provide educational opportunities for all Minnesotans. The focus must be on the student. The legislature intends to create a funding formula which will provide money based on results. The funding formula should encourage graduation from the student's college or university of choice, encourage completion of courses of study and timely achievement of a degree, diploma, or certificate, improve counseling, and provide incentives for colleges and universities to assist the student to graduate in a shorter time, with quality instruction. The formula shall be based on the number of degrees, diplomas, or certificates issued.

Sec. 2. [135A.0312] [INSTRUCTIONAL APPROPRIATION FOR DEGREES, DIPLOMAS, AND CERTIFICATES.]

Subdivision 1. [APPROPRIATE DEGREES, DIPLOMAS, AND CERTIFICATES.] Degrees, diplomas, and certificates must be for academic or vocational programs and shall be counted for the formula if earned by any of the following students:

(1) students who resided in the state for at least one calendar year prior to applying for admission or dependent students whose parent or legal guardian resided in Minnesota at the time the student applied;

(2) Minnesota residents who demonstrated that they were temporarily absent from the state without establishing residency elsewhere at the time they applied for admission;

(3) residents of other states who attended a Minnesota institution under a tuition reciprocity agreement; and

(4) students who had been in Minnesota as migrant farmworkers, as defined in Code of Federal Regulations, title 20, section 633.104, over a period of at least two years immediately before admission or readmission to a Minnesota public post-secondary institution or students who are dependents of such migrant farmworkers.

Subd. 2. [STATE SHARE.] The state intends to provide at least 67 percent of the estimated cost of a degree, diploma, or certificate for students graduating from the University of Minnesota or from the Minnesota state colleges and universities.

Subd. 3. [DETERMINATION OF THE INSTRUCTIONAL APPROPRIATION FOR DEGREES, DIPLOMAS, OR CERTIFICATES.] The initial base year is the 1997 fiscal year. The instructional appropriation for degrees, diplomas, or certificates base for each public post-secondary system is the sum of:

(1) the state share;

(2) the legislatively estimated tuition for the second year of the most recent biennium;

(3) adjustments for the number of degrees, diplomas, or certificates issued; and

(4) adjustments for inflation.

Subd. 4. [ADJUSTMENT FOR THE NUMBER OF DEGREES, DIPLOMAS, OR CERTIFICATES.] (a) Each public post-secondary system's instructional appropriation for degrees, diplomas, or certificates base shall be adjusted for estimated changes in the number of degrees, diplomas, or certificates.

(b) The adjustment shall be calculated based upon the cost of each degree, diploma, or certificate for the second year of the biennium, and multiplying that value times the estimated change. The result shall be added or subtracted as necessary to the base instructional appropriation number.

Subd. 5. [ADJUSTMENT FOR CHANGE ITEMS.] The instructional appropriation for degrees, diplomas, or certificates base may be adjusted for change items by the governor and the legislature.

Subd. 6. [INFORMATION.] Expenditure, enrollment, and graduation data for each category shall be submitted in the biennial budget document. The data submitted shall include the percentage of students who enroll in a program and remain through graduation, the average length of time students spend in a two- or four-year program until graduation, and other information which indicates progress towards the legislature's goals as described in section 135A.0311.

Sec. 3. [135A.0313] [INNOVATION.]

The board of trustees of the Minnesota state colleges and universities and the board of regents of the University of Minnesota shall encourage and reward innovation to improve course delivery to students at each campus. If a campus achieves measurable savings from innovation, the boards may allocate those savings for use on that campus. The boards shall also establish a mechanism to inform other campuses of the innovation and to promote the use, where feasible, of the innovation.

Sec. 4. [135A.0314] [SAVINGS.]

Any savings which accrue as a result of the implementation of the legislative goals stated in section 135A.0311 shall be used to improve instructional programs.

Sec. 5. [135A.0315] [ALLOCATIONS TO CAMPUSES.]

(a) The board of regents and the board of trustees shall adjust the allocation of the state appropriations to each campus based upon a formula which includes the number of degrees, diplomas, and certificates issued from each respective campus.

(b) The board shall also adjust the allocations using campus measurement indicators such as:

(1) assessment of student skills and knowledge for correct placement and tracking;

(2) the presence and participation of racial and ethnic minorities where underrepresented;

(3) the level of sponsored funding;

(4) timely graduation rates, as measured by the percentage of entering freshmen graduating from a two- or four-year program within two or four years respectively; and

(5) placement, as determined by employment within six months of graduation.

These indicators should be used to reward each campus for its level of achievement in excellence in higher education. A portion of the appropriation from each system should be distributed among the campuses. Objectivity must be used in designing and implementing this award. The measurement instruments should be created and designed by the faculty, administration, and student representatives.

Sec. 6. [135A.082] [MINNESOTA HIGHER EDUCATION GUARANTEE.]

Students who graduate from a public post-secondary institution and are awarded an undergraduate degree, diploma, or certificate shall receive the Minnesota higher education

guarantee. The institution issuing the degree, diploma, or certificate shall provide a student with up to 16 semester or quarter credits of undergraduate courses that are directly related to the program the student graduated from, at no cost to the student, if the student's employer certifies in writing that the student is not adequately trained to work in a field related to the degree, diploma, or certificate received. The student must have maintained at least a C average to be eligible for the courses and must have met all of the program requirements for graduation. The guarantee shall be for the first two years after graduation.

Sec. 7. [DEVELOPMENTAL EDUCATION; POST-SECONDARY REPORT.]

The board of trustees of the Minnesota state colleges and universities and the board of regents of the University of Minnesota shall, pursuant to section 13.32, provide an annual joint report by January 15 to the commissioner of education regarding Minnesota high school graduates who, in the preceding academic year, enrolled in developmental courses at Minnesota public post-secondary institutions. Minnesota high school graduates who enroll in a public post-secondary developmental course within two years of graduating from high school shall be included in a separate section of the report. The report shall include, but is not limited to, the graduate's high school, the developmental course or courses the graduate enrolled in, a description of the contents of the developmental course or courses and the particular need of the graduate taking the course, and the cost to the graduate and to the state of the developmental course or courses. The report shall be organized alphabetically by high school, and otherwise arranged to ensure ease of access to, and use of, the data contained in the report. The public post-secondary systems shall use the data gathered under Laws 1993, chapter 351, section 40, in preparing the report. The commissioner of education shall provide a copy of the report to each high school referenced in the report and to the education committees of the house and senate.

Sec. 8. [TRANSITION.]

For the preparation of the fiscal year 1997 budget, the information contained in the cost studies shall be recategorized to determine the cost of the various degrees, diplomas, or certificates. The total cost shall equal the state appropriation plus the legislative estimate of tuition revenue.

The estimated changes for fiscal years 1998 and 1999 in the number of degrees, diplomas, or certificates shall be calculated by using the values obtained from the recategorization of the cost studies and multiplying those values times the estimated change for each year of the biennium.

Sec. 9. [TECHNICAL TASK FORCE.]

The executive director of the higher education coordinating board shall appoint a technical task force to assist in implementing the funding formula in Minnesota Statutes, section 135A.0311. The task force shall recommend the appropriate number of categories for grouping the various degrees, diplomas, or certificates in the funding formula; the basis for determining the fiscal value of each category; criteria for the inclusion of any degree, diploma, or certificate in a category; and definitions for any terms used. The potential impact for future years, the task force recommendations, and other data or information deemed of interest shall be submitted in a report to the higher education divisions of the legislature prior to the 1996 session.

Sec. 10. [POLICY TASK FORCE.]

The executive director of the higher education coordinating board shall convene a policy task force whose functions shall be to assist in the implementation of the funding policy in Minnesota Statutes, section 135A.0311, guide the work of the technical task force, and make policy recommendations to the legislature and governor to strengthen and improve Minnesota's higher education programs.

Specifically, the task force shall at a minimum determine:

- (1) how the new funding formula will account for transfer students;
- (2) whether graduate and other professional programs should be included in the formula or whether an alternative funding mechanism is needed for such programs;
- (3) how the funding formula will account for credit bearing extension courses;

(4) what procedures should be implemented to ensure and maintain the accuracy and integrity of the data used in the funding formula;

(5) what types of certificates should be counted in the funding formula to maintain the validity of a certificate for funding purposes;

(6) how to ensure that part-time students continue to receive quality instruction under the new funding formula; and

(7) how to ensure that access to higher education is maintained and enhanced under the new funding formula.

The executive director of the higher education coordinating board shall appoint nine members to this task force. The director shall seek members who have broad backgrounds, are willing to make changes, and want to advance higher education.

Sec. 11. [FULL-YEAR GRANTS.]

The higher education coordinating board shall allow students to receive state grants for four consecutive quarters or three consecutive semesters during the course of a single academic year.

Sec. 12. [REPEALER.]

Minnesota Statutes 1994, sections 135A.031; 135A.032, subdivision 2; and 135A.033, are repealed.

Sec. 13. [EFFECTIVE DATE.]

Sections 1 to 10 are effective the day following final enactment. Sections 11 and 12 are effective July 1, 1997. The funding formula established in this article shall become effective for the biennium beginning July 1, 1997.

ARTICLE 3

HIGHER EDUCATION COORDINATING BOARD REORGANIZATION AND RENAMING

Section 1. Minnesota Statutes 1994, section 126.56, subdivision 5, is amended to read:

Subd. 5. [ADVISORY COMMITTEE.] An advisory committee shall assist the state board of education in approving eligible programs and shall assist the higher education coordinating board in planning, implementing, and evaluating the scholarship program. The committee shall consist of 11 members, to include the executive director of the higher education coordinating board or a representative, the commissioner of education or a representative, two secondary school administrators and two secondary teachers appointed by the commissioner of education, the executive director of the academic excellence foundation, a private college representative appointed by the president of the Minnesota private college council, a community college representative appointed by the community college chancellor, and a state university representative appointed by the state university chancellor of the Minnesota state colleges and universities, and a University of Minnesota representative appointed by the president of the University of Minnesota. The committee expires June 30, 1995 1997.

Sec. 2. Minnesota Statutes 1994, section 135A.08, subdivision 1, is amended to read:

Subdivision 1. [COURSE EQUIVALENCY.] ~~The regents of the University of Minnesota, state university board, state board for community colleges, and state board of technical colleges, in conjunction with the higher education coordinating board, and the trustees of the Minnesota state colleges and universities shall develop and maintain course equivalency guides for use between institutions that have a high frequency of transfer. Subject to the determination of the higher education coordinating board made in consultation with the state board of technical colleges,~~ Course equivalency guides shall not be required for vocational technical programs that have not been divided into identifiable courses. The governing boards of private institutions that grant associate and baccalaureate degrees and that have a high frequency of transfer students are requested to participate in developing these guides.

Sec. 3. Minnesota Statutes 1994, section 135A.08, subdivision 2, is amended to read:

Subd. 2. [COMMON NUMBERING.] The regents of the University of Minnesota, ~~state university board, state board for community colleges, and state board of technical colleges, in conjunction with the higher education coordinating board, and the trustees of the Minnesota state colleges and universities~~ shall develop and maintain a common numbering convention to distinguish remedial, lower division, upper division, and graduate level coursework. The governing boards of private institutions that grant associate and baccalaureate degrees are requested to cooperate in the development of this numbering convention.

Sec. 4. Minnesota Statutes 1994, section 135A.08, subdivision 3, is amended to read:

Subd. 3. [GENERAL EDUCATION REQUIREMENTS.] The ~~state board for community colleges, in conjunction with the regents of the University of Minnesota, state university board the trustees of the Minnesota state colleges and universities, and boards of private institutions that grant baccalaureate degrees, and the higher education coordinating board,~~ shall develop a systemwide standard of distributed general education requirements for the associate of arts degree. The boards shall ensure that the associate of arts degree fulfills the entire general education requirement for the baccalaureate degree if the intent of the degree program is that the general education component be completed in the first two years of study.

Sec. 5. Minnesota Statutes 1994, section 135A.10, subdivision 1, is amended to read:

Subdivision 1. [POLICY AND PROCEDURES TO AWARD CREDIT.] The board of regents of the University of Minnesota, ~~the state university board, and the state board for community colleges~~ board of trustees of the Minnesota state colleges and universities shall each develop a clear and uniform policy for its system for awarding post-secondary credit toward a degree for a student who earns an acceptable score on an advanced placement program examination. Each policy must include procedures to inform students and prospective students about credit award and procedures to assure implementation on each campus. ~~The higher education coordinating board shall assist in developing the policy.~~

Sec. 6. Minnesota Statutes 1994, section 135A.15, subdivision 1, is amended to read:

Subdivision 1. [POLICY REQUIRED.] The ~~governing board of each public technical college, community college, or state university~~ trustees of the Minnesota state colleges and universities shall, and the University of Minnesota is requested to, adopt a clear, understandable written policy on sexual harassment and sexual violence that informs victims of their rights under the crime victims bill of rights, including the right to assistance from the crime victims reparations board and the office of the crime victim ombudsman. The policy must apply to students and employees and must provide information about their rights and duties. The policy must apply to criminal incidents occurring on property owned by the post-secondary system or institution in which the victim is a student or employee of that system or institution. It must include procedures for reporting incidents of sexual harassment or sexual violence and for disciplinary actions against violators. During student registration, each technical college, community college, or state university shall, and the University of Minnesota is requested to, provide each student with information regarding its policy. A copy of the policy also shall be posted at appropriate locations on campus at all times. Each private post-secondary institution that ~~enrolls students who receive state financial aid is an eligible institution as defined in section 136A.101, subdivision 4,~~ must adopt a policy that meets the requirements of this section. ~~The higher education coordinating board shall coordinate the policy development of the systems and institutions and periodically provide for review and necessary changes in the policies notify institutions covered by the requirements of this section and assist them in developing their policies.~~

Sec. 7. Minnesota Statutes 1994, section 136A.01, is amended to read:

136A.01 [CREATION AND PURPOSE.]

A coordinating board for higher education in the state of Minnesota, to be known as the Minnesota higher education coordinating board, is hereby created. The board shall provide impartial, statewide leadership and services that enhance post-secondary learning.

Sec. 8. Minnesota Statutes 1994, section 136A.02, subdivision 1, is amended to read:

Subdivision 1. The higher education coordinating board shall consist of eight citizen members, one from each congressional district, to be appointed by the governor with the advice and consent of the senate, two citizen members and one student member also to be appointed by the governor with the advice and consent of the senate to represent the state at large. Not more than seven members shall belong to the same political party. The student member must be a full-time student enrolled in a Minnesota post-secondary institution at the time of appointment or within one year prior to appointment. The student advisory council may recommend candidates to the governor for the student member position. All appointees to the board shall be selected for their knowledge of and interest in post-secondary education and at least one shall be selected specifically for knowledge of and interest in vocational education. A nonstudent member of the board must not be an employee of or receive compensation from a public or private post-secondary institution while serving on the board. A student member may receive compensation as a student body officer or may be a recipient of financial aid, including work study, but must not otherwise be employed or compensated by a post-secondary institution while serving on the board.

Sec. 9. Minnesota Statutes 1994, section 136A.02, subdivision 6, is amended to read:

Subd. 6. [HIGHER EDUCATION ADVISORY COUNCIL.] A higher education advisory council is established. The council is composed of the president of the University of Minnesota, the chancellor of the state universities, ~~the chancellor of the community colleges, the chancellor of the technical colleges~~ Minnesota state colleges and universities, the commissioner of education, the president of the private college council, and a representative from the Minnesota association of private post-secondary schools. The advisory council shall (1) bring to the attention of the board any matters that the council deems necessary, (2) make appropriate recommendations, (3) review and comment upon proposals and other matters before the board, and (4) provide other assistance to the board. The board shall periodically inform the council of matters under consideration by the board. The board shall refer all proposals to the council before submitting recommendations to the governor and the legislature. The board shall provide time for a report from the advisory council at each meeting of the board.

The council shall report to the board ~~at least quarterly~~ periodically. The council shall determine its meeting times, but it shall also meet within 30 days after a request by the executive director of the board. The council expires June 30, ~~1995~~ 1997.

Sec. 10. Minnesota Statutes 1994, section 136A.02, subdivision 7, is amended to read:

Subd. 7. [STUDENT ADVISORY COUNCIL.] A student advisory council to the board is established. The members of the council shall include the chair of the University of Minnesota university student senate, the state chair of the Minnesota state university student association, the president of the Minnesota community college student association, the president of the Minnesota technical college student association, the president of the Minnesota association of private college students, and a student who is enrolled in a private vocational school registered under this chapter, to be appointed by the Minnesota association of private post-secondary schools. A member may be represented by a student designee who attends an institution from the same system that the absent member represents.

The advisory council shall:

(1) bring to the attention of the board any matter that the council believes needs the attention of the board;

(2) make recommendations to the board as the council deems appropriate;

(3) review and comment upon proposals and other matters before the board;

(4) appoint student members to board advisory groups as provided in subdivision 5a;

(5) provide any reasonable assistance to the board; and

(6) select one of its members to serve as chair. The board shall inform the council of all matters under consideration by the board and shall refer all proposals to the council before the board acts

or sends the proposals to the governor or the legislature. The board shall provide time for a report from the advisory council at each meeting of the board.

The student advisory council shall report to the board quarterly and at other times that the council considers desirable. The council shall determine its meeting time, but the council shall also meet with the executive director of the board within 30 days after the director's request for a council meeting. The student advisory council shall meet quarterly with the higher education advisory council and the board executive committee. The council expires June 30, 1995 1997.

Sec. 11. Minnesota Statutes 1994, section 136A.04, subdivision 1, is amended to read:

Subdivision 1. The higher education coordinating board shall:

~~(1) continuously study and analyze all phases and aspects of higher education, both public and private, and develop necessary plans and programs to meet present and future needs of the people of the state~~ develop and provide strategic policy recommendations and analysis on higher education issues for policymakers, the higher education community, and the public;

~~(2)~~ provide recommendations and support for innovative approaches in higher education;

~~(2) (3)~~ continuously engage in long-range planning for the needs of higher education and, if necessary, cooperatively engage in planning with neighboring states and agencies of the federal government;

~~(3) (4)~~ act as successor to any committee or commission previously authorized to engage in exercising any of the powers and duties prescribed by sections 136A.01 to 136A.07;

~~(4) (5) review, approve or disapprove, and identify and recommend priorities with respect to all proposals for new, or additional, or changes in existing programs of instruction to be established in or offered by public post-secondary institutions and private post-secondary institutions. The board shall also periodically review existing programs. For public post-secondary institutions, the board shall approve or disapprove continuation or modification of existing programs. For private post-secondary institutions, the board shall recommend continuation or modification of existing programs.~~

~~Before a public post-secondary program can be offered at a site other than that for which it was approved originally, the program must be resubmitted for approval. When reviewing a program, the board shall consider whether it is unnecessary, a needless duplication, beyond the capability of the system or institution considering its resources, or beyond the scope of the system or institutional mission. The board shall maintain an inventory of institutional programs offered by public and private post-secondary educational institutions, composed of information provided by institutions;~~

~~(5) review, approve or disapprove, and identify priorities with respect to all proposals for new, additional, or changes in existing large-scale or permanent sites of instruction to be established in or offered by public post-secondary institutions. The board shall forward its decisions on sites to the chairs of the house appropriations and senate finance committees. Private post-secondary institutions must give reasonable notice to the board prior to making binding decisions to establish a site or center, and are requested to participate in this site approval process. When reviewing a site, the board shall consider whether it is unnecessary, a needless duplication, beyond the capability of the system or institution considering its resources, or beyond the scope of the system or institutional mission;~~

~~(6)~~ obtain from private post-secondary institutions receiving state funds a report on their use of those funds; and

~~(7) coordinate the development and implementation of transfer agreements by the systems that ensure the transferability of credits between Minnesota post-secondary institutions, earned for equal and relevant work at those institutions, the degree to which credits earned at one institution are accepted at full value by the other institutions, and the policies of these institutions concerning the placement of these transferred credits on transcripts; and~~

~~(8)~~ prescribe policies, procedures, and rules necessary to administer the programs under its supervision.

Sec. 12. Minnesota Statutes 1994, section 136A.043, is amended to read:

136A.043 [INFORMATION TECHNOLOGY.]

The higher education coordinating board shall initiate activities to coordinate state policy development regarding the use of information technology in post-secondary education instruction and administration. ~~These activities shall include at least the following: a survey, conducted in collaboration with the post-secondary education systems, of existing information technology use and needs of institutions and regions; initiation of collaborative activities to share information and resources; and provision of opportunities for post-secondary education policy makers to review issues and needs for policy development.~~

Sec. 13. Minnesota Statutes 1994, section 136A.05, subdivision 1, is amended to read:

Subdivision 1. All public institutions of higher education, ~~all school districts providing post-secondary vocational education,~~ and all state departments and agencies shall cooperate with and supply information requested by the higher education coordinating board in order to enable it to carry out and perform its duties. Private post-secondary institutions are requested to cooperate and provide information.

Sec. 14. Minnesota Statutes 1994, section 136A.07, is amended to read:

136A.07 [REPORTS.]

The higher education coordinating board periodically shall report to the governor and legislature concerning its activities ~~from time to time and may report in connection therewith to the governing body of each institution of higher education in the state, both public and private. It shall file a formal report with the governor not later than October 15 of each even-numbered year so that the information therein contained, including recommendations, may be embodied in the governor's budget message to the legislature. It shall also report to the legislature not later than November 15 of each even-numbered year~~ and recommendations for state post-secondary education policy.

Sec. 15. Minnesota Statutes 1994, section 136A.121, subdivision 16, is amended to read:

Subd. 16. [HOW APPLIED; ORDER.] Grants awarded under this section ~~and sections 136A.132 to 136A.1354~~ must be applied to educational costs in the following order: tuition, fees, books, supplies, and other expenses. Unpaid portions of the awards revert to the grant account.

Sec. 16. Minnesota Statutes 1994, section 136A.42, is amended to read:

136A.42 [ANNUAL REPORT.]

The authority shall keep an accurate account of all of its activities and all of its receipts and expenditures and shall annually make a report thereof to the higher education coordinating board. ~~The higher education coordinating board shall review and comment upon the report and make such recommendations as it deems necessary to the governor and the legislature.~~

Sec. 17. Minnesota Statutes 1994, section 136A.87, is amended to read:

136A.87 [PLANNING INFORMATION.]

The board shall make available to ~~all residents from 8th grade through adulthood~~ students and parents information about academic and financial planning and preparing preparation for post-secondary opportunities. Information must be provided to parents of all children no later than their 5th grade year and all 8th grade students and their parents by January 1 of each year about the need to plan for their post-secondary education. The board may also provide information to high school students and their parents, to adults, and to out-of-school youth. Particular emphasis shall be given to students and parents of color, low-income families, and families with no previous post-secondary education experience. The information provided may include the following:

- (1) the need to start planning early;
- (2) the availability of assistance in educational planning from educational institutions and other organizations;

- (3) suggestions for studying effectively during high school;
- (4) high school courses necessary to be adequately prepared for post-secondary education;
- (5) encouragement to involve parents actively in planning for all phases of education;
- (6) information about post-high school education and training opportunities existing in the state, their respective missions and expectations for students, their preparation requirements, admission requirements, and student placement;
- (7) ways to evaluate and select post-secondary institutions;
- (8) the process of transferring credits among Minnesota post-secondary institutions and systems;
- (9) the costs of post-secondary education, ways to save, and the availability of financial assistance in meeting these costs;
- (10) the interrelationship of assistance from student financial aid, public assistance, and job training programs; and
- (11) financial planning for education beyond high school.

Sec. 18. Minnesota Statutes 1994, section 136E.02, subdivision 3, is amended to read:

Subd. 3. [DUTIES.] The advisory council shall:

- (1) develop a statement of the selection criteria to be applied and a description of the responsibilities and duties of a member of the higher education board and the higher education coordinating board and shall distribute this to potential candidates; and
- (2) for each position on the ~~board~~ boards, identify and recruit qualified candidates for the ~~board~~ boards, based on the background and experience of the candidates, and their potential for discharging the responsibilities of a member of the ~~board~~ boards.

Sec. 19. Minnesota Statutes 1994, section 144.1487, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For purposes of sections 144.1487 to 144.1492, the following ~~definitions apply~~ definition applies.

- (b) "~~Board~~" ~~means the higher education coordinating board.~~
- (e) "Health professional shortage area" means an area designated as such by the federal Secretary of Health and Human Services, as provided under Code of Federal Regulations, title 42, part 5, and United States Code, title 42, section 254E.

Sec. 20. Minnesota Statutes 1994, section 144.1488, subdivision 1, is amended to read:

Subdivision 1. [DUTIES OF THE COMMISSIONER OF HEALTH.] The commissioner shall administer the state loan repayment program. The commissioner shall:

- (1) ensure that federal funds are used in accordance with program requirements established by the federal National Health Services Corps;
- (2) notify potentially eligible loan repayment sites about the program;
- (3) develop and disseminate application materials to sites;
- (4) review and rank applications using the scoring criteria approved by the federal Department of Health and Human Services as part of the Minnesota department of health's National Health Services Corps state loan repayment program application;
- (5) select sites that qualify for loan repayment based upon the availability of federal and state funding;

- (6) ~~provide the higher education coordinating board with a list of qualifying sites; and~~
(7) carry out other activities necessary to implement and administer sections 144.1487 to 144.1492.

~~The commissioner shall enter into an interagency agreement with the higher education coordinating board to carry out the duties assigned to the board under sections 144.1487 to 144.1492.~~

- (7) verify the eligibility of program participants;
(8) sign a contract with each participant that specifies the obligations of the participant and the state;
(9) arrange for the payment of qualifying educational loans for program participants;
(10) monitor the obligated service of program participants;
(11) wave or suspend service or payment obligations of participants in appropriate situations;
(12) place participants who fail to meet their obligations in default; and
(13) enforce penalties for default.

Sec. 21. Minnesota Statutes 1994, section 144.1488, subdivision 4, is amended to read:

Subd. 4. [ELIGIBLE HEALTH PROFESSIONALS.] (a) To be eligible to apply to the ~~higher education coordinating board~~ commissioner for the loan repayment program, health professionals must be citizens or nationals of the United States, must not have any unserved obligations for service to a federal, state, or local government, or other entity, and must be ready to begin full-time clinical practice upon signing a contract for obligated service.

(b) In selecting physicians for participation, the ~~board~~ commissioner shall give priority to physicians who are board certified or have completed a residency in family practice, osteopathic general practice, obstetrics and gynecology, internal medicine, or pediatrics. A physician selected for participation is not eligible for loan repayment until the physician has an employment agreement or contract with an eligible loan repayment site and has signed a contract for obligated service with the ~~higher education coordinating board~~ commissioner.

Sec. 22. Minnesota Statutes 1994, section 144.1489, subdivision 1, is amended to read:

Subdivision 1. [CONTRACT REQUIRED.] Before starting the period of obligated service, a participant must sign a contract with the ~~higher education coordinating board~~ commissioner that specifies the obligations of the participant and the board.

Sec. 23. Minnesota Statutes 1994, section 144.1489, subdivision 3, is amended to read:

Subd. 3. [LENGTH OF SERVICE.] Participants must agree to provide obligated service for a minimum of two years. A participant may extend a contract to provide obligated service for a third year, subject to ~~board~~ approval by the commissioner and the availability of federal and state funding.

Sec. 24. Minnesota Statutes 1994, section 144.1489, subdivision 4, is amended to read:

Subd. 4. [AFFIDAVIT OF SERVICE REQUIRED.] Within 30 days of the start of obligated service, and by February 1 of each succeeding calendar year, a participant shall submit an affidavit to the ~~board~~ commissioner stating that the participant is providing the obligated service and which is signed by a representative of the organizational entity in which the service is provided. Participants must provide written notice to the ~~board~~ commissioner within 30 days of: a change in name or address, a decision not to fulfill a service obligation, or cessation of clinical practice.

Sec. 25. Minnesota Statutes 1994, section 144.1490, is amended to read:

144.1490 [RESPONSIBILITIES OF THE LOAN REPAYMENT PROGRAM.]

Subdivision 1. [LOAN REPAYMENT.] Subject to the availability of federal and state funds for the loan repayment program, the ~~higher education coordinating board~~ commissioner shall pay all or part of the qualifying education loans up to \$20,000 annually for each primary care physician participant that fulfills the required service obligation. For purposes of this provision, "qualifying educational loans" are government and commercial loans for actual costs paid for tuition, reasonable education expenses, and reasonable living expenses related to the graduate or undergraduate education of a health care professional.

Subd. 2. [PROCEDURE FOR LOAN REPAYMENT.] Program participants, at the time of signing a contract, shall designate the qualifying loan or loans for which the ~~higher education coordinating board~~ commissioner is to make payments. The participant shall submit to the ~~board~~ commissioner all payment books for the designated loan or loans or all monthly billings for the designated loan or loans within five days of receipt. The ~~board~~ commissioner shall make payments in accordance with the terms and conditions of the designated loans, in an amount not to exceed \$20,000 when annualized. If the amount paid by the ~~board~~ commissioner is less than \$20,000 during a 12-month period, the ~~board~~ commissioner shall pay during the 12th month an additional amount towards a loan or loans designated by the participant, to bring the total paid to \$20,000. The total amount paid by the ~~board~~ commissioner must not exceed the amount of principal and accrued interest of the designated loans.

Sec. 26. Minnesota Statutes 1994, section 144.1491, subdivision 2, is amended to read:

Subd. 2. [SUSPENSION OR WAIVER OF OBLIGATION.] Payment or service obligations cancel in the event of a participant's death. The ~~board~~ commissioner may waive or suspend payment or service obligations in case of total and permanent disability or long-term temporary disability lasting for more than two years. The ~~board~~ commissioner shall evaluate all other requests for suspension or waivers on a case-by-case basis.

Sec. 27. Minnesota Statutes 1994, section 298.2214, subdivision 5, is amended to read:

Subd. 5. [~~HECB AND~~ SYSTEM APPROVAL.] A program may not be offered under a contract executed according to this section unless it is approved by the ~~higher education coordinating board and the board of the system offering the program~~ trustees of the Minnesota state colleges and universities or the board of regents of the University of Minnesota.

Sec. 28. Laws 1993, chapter 326, article 12, section 15, subdivision 1, is amended to read:

Subdivision 1. [CREATION AND DESIGNATION.] The higher education center on violence and abuse is created. The higher education center on violence and abuse shall be located at and managed by a public or private post-secondary institution in Minnesota. ~~The higher education coordinating board shall designate the location of the center following review of proposals from potential higher education sponsors.~~

Sec. 29. Laws 1993, chapter 326, article 12, section 15, subdivision 4, is amended to read:

Subd. 4. [PROFESSIONAL EDUCATION AND LICENSURE.] ~~By March 15, 1994,~~ The center shall convene task forces for professions that work with victims and perpetrators of violence. Task forces must be formed for the following professions: teachers, school administrators, guidance counselors, law enforcement officers, lawyers, physicians, nurses, psychologists, and social workers. Each task force must include representatives of the licensing agency, higher education systems offering programs in the profession, appropriate professional associations, students or recent graduates, representatives of communities served by the profession, and employers or experienced professionals. The center must establish guidelines for the work of the task forces. Each task force must review current programs, licensing regulations and examinations, and accreditation standards to identify specific needs and plans for ensuring that professionals are adequately prepared and updated on violence and abuse issues.

Sec. 30. Laws 1993, chapter 326, article 12, section 15, subdivision 5, is amended to read:

Subd. 5. [PROGRESS REPORT.] The center shall provide a progress report to the legislature by March 15, ~~1994~~ 1996.

Sec. 31. [TRANSFER OF PROGRAMS.]

The responsibilities of the higher education coordinating board confirmed and specified under Minnesota Statutes, sections 136A.1355 to 136A.1358, are transferred under Minnesota Statutes, section 15.039, to the Minnesota department of health.

Sec. 32. [INSTRUCTION TO REVISOR.]

In the next and subsequent editions of Minnesota Statutes, the revisor shall change the term "board" to "commissioner" in Minnesota Statutes, sections 136A.1355 to 136A.1358. In the next and subsequent editions of Minnesota Statutes, the revisor shall change the term "higher education coordinating board," and similar terms, to "higher education policy board," or similar terms.

Sec. 33. [REPEALER.]

Minnesota Statutes 1994, sections 135A.052, subdivision 3; 136A.04, subdivision 2; 136A.041; 136A.85; 136A.86; 136A.88; 136D.77; 136D.81, subdivision 2; 144.1488, subdivision 2; and 148.236; Laws 1993, chapter 326, article 12, section 15, subdivision 2; and Laws 1993, First Special Session chapter 2, article 1, section 2, subdivision 8, are repealed.

ARTICLE 4

FINANCIAL AID CHANGES

Section 1. Minnesota Statutes 1994, section 136A.101, subdivision 5, is amended to read:

Subd. 5. "Financial need" means the demonstrated need of the applicant for financial assistance to meet the ~~actual costs~~ recognized price of attending the eligible institution of choice as determined from financial information on the applicant and, if required, on the applicant's parents, by a college scholarship service or equivalent service under criteria established by the board the federal need analysis.

Sec. 2. Minnesota Statutes 1994, section 136A.101, subdivision 8, is amended to read:

Subd. 8. "Resident student" means a student who meets one of the following conditions:

(1) an independent student who has resided in Minnesota for purposes other than post-secondary education for at least 12 months without being enrolled at a post-secondary educational institution for more than five credits in any term;

(2) a dependent student whose parent or legal guardian resides in Minnesota at the time the student applies;

(3) a student who graduated from a Minnesota high school, if the student was a resident of Minnesota during the student's period of attendance at the Minnesota high school; or

(4) a student who, after residing in the state for a minimum of one year, earned a high school equivalency certificate in Minnesota.

Sec. 3. Minnesota Statutes 1994, section 136A.121, subdivision 5, is amended to read:

Subd. 5. [GRANT STIPENDS.] The grant stipend shall be based on a sharing of responsibility for covering the recognized price of attendance by the applicant, the applicant's family, and taxpayers. The amount of a financial stipend must not exceed a grant applicant's ~~cost~~ recognized price of attendance, as defined in subdivision 6, after deducting the following:

(1) a contribution by the grant applicant of at least 50 percent of the cost of attending the institution of the applicant's choosing the assigned student responsibility. The assigned student responsibility shall be a fixed percentage of the price of attendance as set by the legislature;

(2) for an applicant who is not an independent student, a contribution by the grant applicant's parents, the assigned family responsibility. As determined by a standardized the federal need analysis; and, the assigned family responsibility shall be:

(i) for a dependent student, a percentage of the parental contribution calculated according to the federal need analysis, as set by the legislature. If the calculated student contribution from assets is greater than the assigned student responsibility, a percentage of the excess amount shall be considered as part of the assigned family responsibility;

(ii) for an independent student, a percentage of the student contribution calculated according to the federal need analysis, as set by the legislature; and

(3) the amount of a federal Pell grant award for which the grant applicant is eligible.

If the combination of the assigned student responsibility and assigned family responsibility does not cover the recognized price of attendance, the remainder shall be assigned to taxpayers. The assigned taxpayer responsibility shall be covered by the federal Pell grant for which the student would be eligible and, if necessary, a Minnesota grant.

The minimum financial stipend is \$100.

Sec. 4. Minnesota Statutes 1994, section 136A.121, subdivision 6, is amended to read:

Subd. 6. [COST RECOGNIZED PRICE OF ATTENDANCE.] (a) The cost recognized price of attendance consists of allowances specified by the board for room and board and miscellaneous expenses, and for students attending public institutions is the sum of:

(1) for public institutions, tuition and fees charged by the institution; or

(2) for private institutions, an allowance for tuition and fees equal to the lesser of the actual tuition and fees charged by the institution, or the instructional costs per full-year equivalent student in comparable public institutions.

(b) For the purpose of paragraph (a), clause (2), "comparable public institutions" to both two- and four-year, private, residential, liberal arts, degree granting colleges and universities must be the same. the average full-time resident tuition and fees charged by the institution to Minnesota undergraduates; and

(2) a standard living miscellaneous and expense allowance specified by the legislature.

(b) The recognized price of attendance for students attending private institutions is the lesser of:

(1) average full-time resident tuition and fees charged by the institution to Minnesota undergraduates and a standard living and miscellaneous expense allowance specified by the legislature; or

(2) an amount consistent with the maximum awards described in subdivision 6a.

(c) For a student attending less than full time, the board shall prorate the cost recognized price of attendance to the actual number of credits for which the student is enrolled.

Sec. 5. Minnesota Statutes 1994, section 136A.121, is amended by adding a subdivision to read:

Subd. 6a. [MAXIMUM AWARD.] Maximum awards for students attending private institutions shall be set for each year by the legislature. Maximum awards are intended to limit taxpayer investments in private college students to what would have been invested if the student attended a Minnesota public institution. In setting the maximum award, the legislature shall consider the taxpayer support received by Minnesota resident undergraduate students enrolled in comparable public colleges and the largest combined federal Pell and state grant available to students attending those public institutions.

Sec. 6. Minnesota Statutes 1994, section 136A.121, subdivision 9, is amended to read:

Subd. 9. [AWARDS.] An undergraduate student who meets the board's requirements is eligible to apply for and receive a grant in any year of undergraduate study unless the student has obtained a baccalaureate degree or previously has been enrolled full time or the equivalent for eight semesters or 12 quarters. No more than the equivalent of three full-time quarters or two full-time semesters each fiscal year can count against the student's eligibility unless the state grant becomes available for more than three full-time quarters or two full-time semesters each fiscal year.

Sec. 7. Minnesota Statutes 1994, section 136A.125, subdivision 4, is amended to read:

Subd. 4. [AMOUNT AND LENGTH OF GRANTS.] The amount of a child care grant must be based on:

- (1) the income of the applicant and the applicant's spouse, if any;
- (2) the number in the applicant's family, as defined by the board; and
- (3) the number of eligible children in the applicant's family.

The maximum award to the applicant shall be ~~\$1,500~~ \$1,700 for each eligible child per academic year. The board shall prepare a chart to show the amount of a grant that will be awarded per child based on the factors in this subdivision. The chart shall include a range of income and family size.

Sec. 8. Minnesota Statutes 1994, section 136A.125, subdivision 6, is amended to read:

Subd. 6. [YEARLY ALLOCATIONS TO INSTITUTIONS.] The board shall base yearly allocations on the need for funds using relevant factors as determined by the board in consultation with the institutions. Up to five percent of the ~~allocation~~ funds spent on students' child care awards, as determined by the board, may be used for an institution's administrative expenses related to the child care grant program. Any money designated, but not used, for this purpose must be reallocated to child care grants. An institution may carry forward or backward ten percent of its annual allocation to be used for awards in the previous or subsequent academic year.

Sec. 9. Minnesota Statutes 1994, section 136A.1359, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] A nursing grant program is established under the authority of the higher education coordinating board to provide grants to students who are persons of color who are entering or enrolled in an educational program that leads to licensure as a registered nurse, or advanced nursing education.

Sec. 10. Minnesota Statutes 1994, section 136A.1359, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] To be eligible to receive a grant, a student shall be:

- (1) a citizen of the United States or permanent resident of the United States;
- (2) a resident of the state of Minnesota;
- (3) an Asian Pacific-American, African-American, American Indian, or Hispanic-American (Latino, Chicano, or Puerto Rican);
- (4) entering or enrolled in a nursing program in Minnesota that leads to licensure as a registered nurse, a baccalaureate degree in nursing, a master's degree in nursing, or program of advanced nursing education; and
- (5) eligible under any additional criteria established by the school, college, or program of nursing in which the student is enrolled. ~~Students applying for a grant must be willing to practice in Minnesota for at least three years following licensure.~~

The grant must be awarded for one academic year but is renewable for a maximum of six semesters or nine quarters of full-time study, or their equivalent.

Sec. 11. Minnesota Statutes 1994, section 136A.1359, subdivision 3, is amended to read:

Subd. 3. [RESPONSIBILITY OF NURSING PROGRAMS.] Each school, college, or program of nursing that wishes to participate in the student nursing grant program shall apply to the higher education coordinating board for grant money, according to policies established by the board. A school, college, or program of nursing shall establish criteria to use in awarding the grants. The criteria must include consideration of the likelihood of a student's success in completing the nursing educational program and must give priority to students with the greatest financial need. Grants must be \$2,500 per year. Each grant must be for a minimum of \$2,000 but not exceed \$4,000. Each school, college, or program of nursing shall agree that the money awarded through this grant program must not be used to replace any other grant or scholarship money for which the student would be otherwise eligible.

Sec. 12. [STUDENT INCENTIVES AND RESPONSIBILITIES.]

Subdivision 1. [AWARD INCREASES.] The higher education coordinating board shall allow state grant awards to be increased, if a student enrolls for more than 15 credits, or the equivalent, per quarter or semester.

Subd. 2. [EARLY INTERVENTION.] Students are encouraged to immediately seek assistance from faculty, counselors, or tutors if they are experiencing problems with a course. Faculty are directed to intervene in a timely fashion if a student is carrying a lower than passing grade in a course and to assist the student in accessing available tutorial programs or other forms of assistance.

Sec. 13. [REPEALER.]

Minnesota Statutes 1994, section 136A.125, subdivision 5, is repealed.

ARTICLE 5

TECHNICAL COLLEGES LAND ACQUISITION AND SALE

Section 1. [136F.36] [TECHNICAL COLLEGE CARPENTRY PROGRAM CONSTRUCTION AUTHORITY.]

Subdivision 1. [AUTHORITY TO ACQUIRE AND DEVELOP REAL PROPERTY FOR INSTRUCTIONAL PURPOSES.] For the purpose of instructional construction by technical colleges, the board may purchase or otherwise acquire real property that it does not intend to use as a permanent educational site. No other authorizing legislation or legislative approval is required for an acquisition or improvement under this section.

Subd. 2. [MONEY FOR ACQUISITION.] The amount needed for a purchase or other acquisition under this section may be spent from sums appropriated for purposes of the technical colleges including, but not limited to, general fund appropriations.

Subd. 3. [METHODS OF ACQUISITION.] The board may acquire property by gift, purchase, or exchange. Purchase may be by contract for deed, provided that in the event of nonpayment the seller is confined to the remedy of recovery of the property. All taxes and special assessments constituting a lien on any real property received and accepted under this section shall be paid in full by the landowner before title is transferred to the board.

Subd. 4. [AUTHORITY TO CONTRACT.] (a) The board may obtain the use of real property for technical college instructional construction programs by contractual arrangement with any responsible person, firm, corporation, association, or governmental agency. The party with whom the board contracts must refrain from sale, lease, or transfer of the real estate during the period specified by the board as necessary to serve the technical college's instructional purposes. The party with whom the board contracts must also agree to compensate the board for the fair market value of its contribution to the construction project.

(b) The board may contract with any responsible person, firm, corporation, association, or governmental agency, including but not limited to general contractors and subcontractors, to obtain labor or materials needed for instructional construction. The party with whom the board contracts shall comply with the licensing provisions of chapter 326, if applicable.

(c) The board will normally competitively bid contracts under this section, but may negotiate contracts without competitive bidding where it deems appropriate. The provisions of sections 16B.07 to 16B.09 do not apply to this subdivision.

Subd. 5. [SUPERVISION AND CONTROL.] Supervision and control of instructional construction shall lie exclusively with the board. The provisions of sections 16B.30 to 16B.335 do not apply to this subdivision.

Subd. 6. [CONSTRUCTION.] Instructional construction under this section shall comply with the state building code. The board may, in its discretion, offer the warranties required by chapter 327A.

Subd. 7. [INSURANCE.] The board is authorized to purchase insurance, including but not limited to builder's risk insurance and title insurance, in connection with instructional construction undertaken pursuant to this section.

Subd. 8. [SALE OF REAL ESTATE.] (a) Real estate acquired under this section may be sold for fair market value upon the terms and conditions set by the board. The requirements of chapters 92 and 94 do not apply to sales under this section. Sale may be by sealed bid, public auction, or through a real estate agent.

(b) Sale by sealed bid may not be made unless at least two weeks' published notice has been provided in at least one newspaper of general circulation in the area where the property is located. The notice shall state the time and place for receiving bids and contain a brief description of the real estate for sale. The real estate shall be sold to the highest responsible bidder. The board may, in its discretion, refuse to sell real estate where no acceptable bid is presented.

(c) Sale at public auction shall be to the highest responsible bidder. The auction may not be held unless at least two weeks' notice has been provided in at least one newspaper of general circulation in the area where the property is located. Real estate may be withdrawn from sale prior to the completion of the sale unless the auction has been announced to be without reserve. The auction must be conducted by a duly licensed auctioneer. The auctioneer's fees and other administrative costs of the auction may be included in the sale price, may be paid from the proceeds of the sale, or may be paid from any other available money that is not otherwise restricted or encumbered.

(d) Sale by a real estate agent shall be conducted only by a duly licensed agent. The real estate agent's fees and other administrative costs of the sale may be included in the sale price, may be paid from the proceeds of the sale, or may be paid from any other available money that is not otherwise restricted or encumbered.

(e) Proceeds from the sale of real property under this section are appropriated to the board.

Subd. 9. [OPTION TO LEASE.] Where real estate acquired under this section cannot be sold for fair market value, the board may, in its discretion, lease the real estate under the terms and conditions it prescribes. The provisions of section 16B.24 do not apply to this subdivision. Proceeds from the lease of real property under this section are appropriated to the board.

Sec. 2. Laws 1991, chapter 356, article 9, section 9, as amended by Laws 1994, chapter 532, article 5, section 1, subdivision 1, is amended to read:

Subdivision 1. [TRANSFER OF POWERS; GENERALLY.] The state board of technical colleges, the state board for community colleges, and the state university board and their respective chancellors retain responsibility for operating and managing their systems until July 1, 1995. On July 1, 1995, the authority, duties, responsibilities, related property of the state board of technical colleges, school boards, intermediate school boards, and joint vocational technical boards with respect to technical colleges, the state board for community colleges, and the state university board are transferred to the higher education board under Minnesota Statutes, section 15.039.

Effective July 1, 1995, school boards, intermediate school boards, and joint vocational technical boards shall transfer to the higher education board all real property, personal property, and improvements and attachments thereto related to technical colleges as determined by the higher education board, and shall convey all interests in the property. The school boards, intermediate school boards, and joint vocational technical boards shall not receive compensation for the conveyance of the interests. On July 1, 1995, title and ownership of all real property, personal property, and improvements and attachments thereto related to technical colleges as determined by the higher education board shall vest in the higher education board. On or after July 1, 1995, if requested by the higher education board, any predecessor in title or ownership shall issue a deed of conveyance or other document appropriate to transfer title or ownership to the higher education board to serve as evidence of transfer of title or ownership. The higher education board as successor in interest to any joint vocational technical board may execute such a deed of conveyance or other appropriate document to itself for that purpose. All debt service payments on the transferred property that have a due date on or after July 1, 1995, become the responsibility of the higher education board.

On July 1, 1995, all other obligations incurred on behalf of a technical college by a school board, a joint vocational district under Minnesota Statutes, section 136C.60, or an intermediate school district under Minnesota Statutes, chapter 136D, which will not be satisfied on or before June 30, 1995, transfer to the higher education board subject to limits identified in state law or in plans or policies of the higher education board subject to legislative approval.

The state board of technical colleges, state board for community colleges, and state university board are abolished, effective July 1, 1995.

ARTICLE 6

REORGANIZATION AND RECODIFICATION OF THE BOARD OF TRUSTEES

DEFINITIONS

Section 1. Minnesota Statutes 1994, section 15.38, subdivision 3, is amended to read:

Subd. 3. [MINNESOTA STATE COLLEGES AND UNIVERSITIES.] ~~The state university board of trustees of the Minnesota state colleges and universities~~ may purchase insurance coverage as it deems necessary and appropriate to protect buildings and contents and for activities ancillary to the programs of the state colleges and universities.

Sec. 2. [136F.01] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purpose of this chapter, the following terms have the meanings given them.

Subd. 2. [BOARD OR BOARD OF TRUSTEES.] "Board" or "board of trustees" means the board of trustees of the Minnesota state colleges and universities.

Subd. 3. [CHANCELLOR.] "Chancellor" means the chancellor of the Minnesota state colleges and universities.

Subd. 4. [STATE COLLEGES AND UNIVERSITIES.] "State colleges and universities" means Minnesota state colleges and universities governed by the board of trustees.

Subd. 5. [STUDENT ACTIVITIES.] "Student activities" means lectures, concerts, and other functions contributing to the mental, moral, and cultural development of the student body and community in which they live, athletic activities, including intercollegiate contests, forensics, dramatics, and such other activities of any nature as in the opinion of the board contribute to the educational, cultural, or physical well being of the student body.

BOARD OF TRUSTEES

Sec. 3. Minnesota Statutes 1994, section 136E.01, subdivision 1, is amended to read:

~~Subdivision 1. [MEMBERSHIP.] The higher education board, referred to in sections 136E.01 to 136E.05 as "the board,"~~ consists of 15 members appointed by the governor with the advice and consent of the senate. At least one member of the board must be a resident of each congressional district. Three members must be students who are enrolled at least half-time in a degree, diploma, or certificate program or have graduated from an institution governed by the board within one year of the date of appointment. The student members shall include: one member from a community college, one member from a state university, and one member from a technical college. The remaining members must be appointed to represent the state at large.

Sec. 4. Minnesota Statutes 1994, section 136E.02, subdivision 1, is amended to read:

~~Subdivision 1. [PURPOSE.] A higher education candidate advisory council for the board candidate advisory council~~ of trustees of the Minnesota state colleges and universities shall assist the governor in determining criteria for, and identifying and recruiting qualified candidates for, nonstudent membership on the ~~higher education~~ board.

Sec. 5. Minnesota Statutes 1994, section 136E.02, subdivision 3, is amended to read:

Subd. 3. [DUTIES.] The advisory council shall:

(1) develop a statement of the selection criteria to be applied and a description of the responsibilities and duties of a member of the ~~higher education~~ board and shall distribute this to potential candidates; and

(2) for each position on the board, identify and recruit qualified candidates for the board, based on the background and experience of the candidates, and their potential for discharging the responsibilities of a member of the board.

Sec. 6. Minnesota Statutes 1994, section 136E.021, subdivision 2, is amended to read:

Subd. 2. [CRITERIA.] After consulting with the ~~higher education~~ board of trustees candidate advisory council, the student associations shall jointly develop a statement of the selection criteria to be applied to potential candidates.

Sec. 7. Minnesota Statutes 1994, section 136E.03, is amended to read:

136E.03 [MISSIONS.]

The mission of the board is to provide programs of study that meet the needs of students for occupational, general, baccalaureate, and graduate education. The state ~~universities, community colleges, and technical colleges~~ universities shall have distinct missions as provided in section 135A.052, subdivision 1. Within that statutory definition and subject to the approval of the board, each ~~community college, state university, and technical college~~ campus may develop its own distinct campus mission. The board shall develop administrative arrangements that make possible the efficient use of the facilities and staff of the ~~technical state colleges, community colleges, and state universities~~ for providing these several different programs of study, so that students may have the benefit of improved and broader course offerings, ease of transfer among schools and programs, integrated course credit, coordinated degree programs, and coordinated financial aid. In carrying out the merger of the three separate systems, the board shall control administrative costs by eliminating duplicative administrative positions and course offerings.

Sec. 8. Minnesota Statutes 1994, section 136E.04, subdivision 1, is amended to read:

Subdivision 1. [GENERAL AUTHORITY.] The board shall possess all powers necessary to manage, supervise, and control the technical state colleges, community colleges, and state universities and all related property. # Those powers shall include, but are not limited to, those enumerated in this section. The board shall prescribe courses of study and conditions of admission, prepare and confer diplomas set tuition and fees, prescribe requirements for completion of programs, approve the awarding of appropriate certificates, diplomas, and degrees, and adopt suitable policies for the institutions it manages. Sections 14.01 to 14.47 do not apply to policies and procedures of the board.

Sec. 9. [136F.06] [POWERS AND DUTIES.]

Subd. 2. [CHANCELLOR.] The board shall appoint a chancellor who shall serve in the unclassified service. The chancellor shall be qualified by training and experience in the field of education or administration. The chancellor shall possess powers and perform duties as delegated by the board. The board shall set the salary of the chancellor according to section 15A.081, subdivision 7b.

Sec. 10. Minnesota Statutes 1994, section 136E.04, subdivision 3, is amended to read:

Subd. 3. [BUDGET.] (a) The board shall submit to the governor and the legislature the budget request for its ~~several different~~ programs of study.

(b) In its biennial budget request, the board shall provide to the governor and legislature information on its occupational and vocational programs specifying revenues, expenditures, trends for expenditures, expenditures for instructional equipment, and other relevant information related to those programs. The board shall also provide information on the accountability measures it uses to determine the efficiency and effectiveness of the occupational and vocational programs.

Sec. 11. [136F.06] [POWERS AND DUTIES.]

Subd. 4. [OFFICE LOCATION.] Notwithstanding chapter 16B, the board may select the location for its central office.

DESIGNATION

Sec. 12. [136F.10] [DESIGNATION.]

The following are redesignated as the Minnesota state colleges and universities: the community colleges located at Austin, Bloomington, Brainerd, Brooklyn Park, Cloquet, Coon Rapids, Ely, Fergus Falls, Grand Rapids, Hibbing, International Falls, Inver Grove Heights, Minneapolis, Rochester, Thief River Falls, Virginia, White Bear Lake, Willmar, and Worthington; the community college centers located at Cambridge and Duluth; the state universities located at Bemidji, Mankato, Marshall, Moorhead, St. Cloud, Winona, and the Twin Cities metropolitan area; and the technical colleges located at Alexandria, Albert Lea, Anoka, Austin, Bemidji, Brainerd, Brooklyn Park, Canby, Detroit Lakes, Duluth, East Grand Forks, Eden Prairie, Eveleth, Faribault, Granite Falls, Hibbing, Hutchinson, Jackson, Minneapolis, Mahtomedi, Moorhead, North Mankato, Pine City, Pipestone, Red Wing, Rochester, Rosemount, St. Cloud, St. Paul, Staples, Thief River Falls, Wadena, Willmar, and Winona.

Sec. 13. [136F.12] [FOND DU LAC CAMPUS.]

The Fond du Lac campus has a unique mission among two-year colleges to serve the lower division general education needs in Carlton and south St. Louis counties, and the education needs of American Indians throughout the state and especially in northern Minnesota. Accordingly, while the college is governed by the board of trustees, its governance is accomplished in conjunction with the board of directors of Fond du Lac tribal college. By July 1, 1995, the board of trustees and the board of directors of Fond du Lac tribal college shall implement the mechanisms necessary to accomplish the sharing of authority while ensuring accountability for college actions. The mechanisms shall supersede any previous arrangement, agreement, or memorandum of understanding.

Sec. 14. [136F.14] [CAMPUS MERGER OR REORGANIZATION.]

The board may merge or reorganize campuses or centers for the purpose of increased efficiency, use of personnel, placement of programs, student access, and other needs as determined by the board.

Sec. 15. [136F.16] [CAMPUS ESTABLISHMENT.]

Subdivision 1. [NEW STATE COLLEGES AND UNIVERSITIES.] A new state college or university shall be established only by specific legislation. For the purposes of this subdivision, campuses or centers that are merged or reorganized under section 136F.14 are not new state colleges or universities.

Subd. 2. [CAMPUS OR CENTER SITE.] The board may determine the exact location and site for each campus or center.

Subd. 3. [OFF-CAMPUS SITES.] The board shall not establish off-campus centers or other permanent sites to provide academic programs, courses, or student services without authorizing legislation. For the purposes of this subdivision, the campus of Metropolitan State University is the seven-county metropolitan area.

Sec. 16. [136F.18] [CAMPUS CLOSING.]

The board may close a campus or center under its jurisdiction. Prior to closing a campus or center, the board shall hold a public hearing on the issue in the area which would be affected by the closing. At the hearing affected persons shall have an opportunity to present testimony. The board shall give notice of this hearing by publishing notice in the State Register and in a newspaper of general circulation in the affected area at least 30 days before the scheduled hearing.

STUDENTS

Sec. 17. Minnesota Statutes 1994, section 136E.04, subdivision 7, is amended to read:

Subd. 7. [~~REGISTRATION AND FINANCIAL AID.~~] The board shall devise a student registration system that simplifies and combines registration ~~for the institutions it governs~~, improves the financial aid application process for students, and provides registration at common locations.

Sec. 18. [136F.21] [STUDENT HEALTH.]

Subdivision 1. [HEALTH SERVICE.] The board shall offer health services for students at each state university and may offer health services for students at each state college. The health services may be offered either on campus or in the nearby community. The board may charge each student a health service fee set by the board. The fees shall be used to maintain the health service and equip and construct facilities. The fee may be used to contract for health, medical, and hospitalization insurance for students. The fees shall be deposited in an activity fund and are annually appropriated to the board for the purposes of this subdivision. Each state college and university shall provide an annual financial accounting of the health service money to the board.

Subd. 2. [HEALTH BENEFITS.] The board may contract for hospital benefits coverage and medical benefits coverage for students in the state colleges and universities in the same manner as authorized by section 43A.23 for state employees.

Sec. 19. Minnesota Statutes 1994, section 136E.525, subdivision 1, is amended to read:

Subdivision 1. [STATEWIDE.] The board shall recognize one statewide student association for the community colleges, one for the state universities, and one for the technical colleges. Each statewide campus student association shall be affiliated with its campus statewide student associations but association and all students enrolled on those campuses shall be members of their respective statewide association.

Sec. 20. Minnesota Statutes 1994, section 136E.525, subdivision 2, is amended to read:

Subd. 2. [FEES.] Each statewide association shall set its fees to be collected by the board and shall submit any changes in its fees to the board for review. The board may revise or reject the fee change. Fees must be collected by each community state college, state and university, and technical college and shall be credited to each association's account to be spent as determined by that association.

Sec. 21. [136F.23] [STUDENTS; RECIPROCITY WITH OTHER INSTITUTIONS.]

(a) The board may enter into contracts with private or public colleges or universities in other states and in foreign countries and with private colleges in this state on a reciprocal basis in order to accomplish the following:

(1) to enable a student at any institution party to a contract under this subdivision to take a specialized course or courses at a different institution from that in which the student is enrolled, with or without the payment of tuition charges at the other institution; and

(2) to enable a student enrolled in any of the institutions party to the contract to attend another institution party to the contract without being required to pay nonresident tuition fees and in accordance with the terms of the contract.

(b) A contract entered into under this subdivision shall provide for approximately equal advantages between the contracting institutions and shall provide that the admission of nonresidents shall be on a space available basis only.

Sec. 22. [136F.24] [LEGAL COUNSELING AND SERVICE PROGRAM; FUNDING.]

(a) Notwithstanding section 8.06, or any other law or rule to the contrary, the official campus student association at each state college or university may expend money for the purpose of funding a program to provide legal counseling and services to students of the state college or university. The money to be expended shall be from that certain account of the state college and university activity funds allocated to the student associations.

(b) In addition to the provisions of paragraph (a), the statewide college and university student associations may expend money assigned to them to fund a legal counseling and service program.

Sec. 23. [136F.25] [ABSENCE FOR CHEMICAL ABUSE TREATMENT.]

If a student is absent from a state college or university to participate in a chemical abuse treatment program licensed by the state, the student, upon request, shall remain on the roll in the educational program of the state college or university in which the student is enrolled, according to policies adopted by the board.

Sec. 24. [136F.28] [SOUTHWEST ASIA VETERANS; TECHNICAL COLLEGES.]

Subdivision 1. [GRANTS.] A Southwest Asia veteran who enrolls in a technical college program, and who is a Minnesota resident whose entire education has not included completion of at least one technical college program is eligible for a state grant of \$500 per year if the veteran has GI Montgomery bill benefits, or \$1,000 per year if the veteran does not have GI Montgomery bill benefits, until the veteran has completed the lesser of (1) 115 credits in a technical college program, or (2) one technical college program. The grant is based on full-time attendance and shall be prorated if the student is attending less than full time. To be eligible for the tuition relief, a veteran who is discharged before July 1, 1993, must enroll in a technical college by July 1, 1995, and a veteran who is discharged on or after July 1, 1993, must enroll in a technical college within two years of the date of discharge. All veterans enrolled under this program must maintain a minimum of six credits per quarter. Total grants may not exceed the available appropriation.

Subd. 2. [DEFINITIONS.] For the purpose of this section, "Southwest Asia veteran" means a person who:

(1) served in the active military service in any branch of the armed forces of the United States any time between August 1, 1990 and February 27, 1992;

(2) became eligible for the Southwest Asia Service Medal as a result of the service;

(3) was a Minnesota resident at the time of induction into the armed forces and for the one year immediately preceding induction; and

(4) has been separated or discharged from active military service under conditions other than dishonorable.

CURRICULUM

Sec. 25. [136F.30] [COURSES AND PROGRAMS.]

Subdivision 1. [COURSES OF STUDY.] The board shall prescribe the courses of study, including graduate and undergraduate academic programs, training in professional, semiprofessional, and technical fields, and adult education. The board shall avoid duplicate program offerings. The board shall place a high priority on ensuring the transferability of credit.

Subd. 2. [ASSOCIATE DEGREE PLAN.] The board shall develop a plan for awarding associate degrees which reflects the mission of each campus it governs.

Subd. 3. [SHORT-TERM PROGRAMS.] The board may approve a short-term program in a state college or university as an economic development initiative. The short-term program shall have an approved program length of not more than two years, be operated for a specified duration, and shall not become permanent.

Sec. 26. [136F.32] [DEGREES; DIPLOMAS; CERTIFICATES.]

The board may award appropriate certificates, diplomas, or degrees to persons who complete a prescribed curriculum.

Sec. 27. [136F.34] [EDUCATIONAL TELEVISION AND TELECOMMUNICATIONS.]

Subdivision 1. [TELEVISION AND TELECOMMUNICATION.] The board may establish educational television and telecommunication projects at state colleges and universities, and may make facilities available to public or private nonprofit organizations.

Subd. 2. [COOPERATION.] The board may cooperate and contract with public and private

educational television systems, and other civic, cultural, and educational agencies and nonprofit organizations.

Sec. 28. [136F.35] [MODEL SCHOOLS.]

The board may establish model schools in a state university for illustrating methods of teaching.

HUMAN RESOURCES

Sec. 29. [136F.40] [APPOINTMENT OF PERSONNEL.]

Subdivision 1. [APPOINTMENT.] The board shall appoint all presidents, teachers, and other necessary employees and shall prescribe their duties consistent with chapter 43A. Salaries and benefits of employees must be determined according to chapters 43A and 179A.

Subd. 2. [INTERVIEW EXPENSES.] Candidates for positions in the board office or in a state college or university who have been invited by the board for an interview may be reimbursed for travel and subsistence expenses in the same manner and amounts as state employees.

Sec. 30. Minnesota Statutes 1994, section 136E.31, is amended to read:

136E.31 [ASSIGNMENT TO BARGAINING UNITS.]

Actions by the ~~higher education~~ board to merge or redesignate institutions or to promote collaborative efforts between institutions must not unilaterally change faculty assignments to bargaining units provided in section 179A.10, subdivision 2.

Sec. 31. [136F.42] [EXTENDED LEAVES OF ABSENCE.]

Subdivision 1. [DEFINITION.] As used in this section, "teacher" means a person on the instructional or administrative staff of the state colleges and universities who is a member of the teachers retirement association under chapter 354 or who is covered by the unclassified employees plan under chapter 352D or individual retirement account plan under chapter 354B. It shall not include a chancellor, deputy chancellor, or vice-chancellor.

Subd. 2. [GRANTING AUTHORITY.] The board may grant an extended leave of absence without salary to a full-time teacher who has been employed by the board for at least five years and has at least ten years of allowable service as defined in section 354.05, subdivision 13. The maximum duration of an extended leave of absence pursuant to this section shall be determined by mutual agreement of the board and the teacher at the time the leave is granted and shall be at least three but no more than five years. An extended leave of absence pursuant to this section shall be taken by mutual consent of the board and the teacher. No teacher may receive more than one leave of absence pursuant to this section.

Subd. 3. [REINSTATEMENT.] A teacher on an extended leave of absence pursuant to this section shall have the right to be reinstated to the same position or a similar position within the department or program from which the leave was granted at the beginning of the school year which immediately follows a year of extended leave of absence, unless the teacher is discharged or placed on retrenchment or on layoff or the teacher's contract is terminated while the teacher is on the extended leave. The board shall not be obligated to reinstate a teacher who is on an extended leave of absence pursuant to this section unless the teacher advises the board of an intention to return before February 1 in the school year preceding the school year in which the teacher wishes to return.

Subd. 4. [SENIORITY RIGHTS.] A teacher who is reinstated to the same or similar position after an extended leave pursuant to this section shall not lose tenure or credit for previous seniority in the employing state college or university. A teacher shall not accrue seniority credit during the time of a leave of absence pursuant to this section, except that a teacher at a state college or university may accrue seniority credit during the leave, consistent with the conditions of the collective bargaining agreement.

Subd. 5. [SALARY.] The years spent by a teacher on an extended leave of absence pursuant to

this section shall not be included in the determination of the teacher's salary upon reinstatement to the same or similar position by the board. The credits earned by a teacher on an extended leave of absence pursuant to this section shall not be included in the determination of the teacher's salary upon reinstatement to the same or similar position by the board for a period of time equal to the time of the extended leave of absence.

Subd. 6. [ALTERNATE LEAVE.] The board may grant a teacher a leave of absence which is not subject to the provisions of this section and section 354.094.

Sec. 32. [136F.43] [ANNUITIES.]

Subdivision 1. [PURCHASE.] At the request of an employee, the board may negotiate and purchase an individual annuity contract for an employee for retirement or other purposes from a company licensed to do business in Minnesota, and may allocate a portion of the compensation otherwise payable to the employee as salary for the purpose of paying the entire premium due or to become due under the contract. The allocation shall be made in a manner that will qualify the annuity premiums, or a portion thereof, for the benefit afforded under section 403(b) of the current federal Internal Revenue Code or any equivalent provision of subsequent federal income tax law. The employee shall own the contract and the employee's rights thereunder shall be nonforfeitable except for failure to pay premiums.

Subd. 2. [DEPOSITS; PAYMENT.] All amounts so allocated shall be deposited in an annuity account established by the board. Payment of annuity premiums shall be made when due or in accordance with the salary agreement entered into between the employee and the board. The money in the annuity account is not subject to the budget, allotment, and incumbrance system provided for in chapter 16A.

Sec. 33. [136F.44] [NONPROFIT FOUNDATION PAYROLL DEDUCTION.]

Subdivision 1. [REQUEST; WARRANT.] The commissioner of finance, upon the written request of an employee of the board, may deduct from an employee's salary or wages the amount requested for payment to a nonprofit state college or university foundation meeting the requirements in subdivision 2. The commissioner shall issue a warrant for the deducted amount to the nonprofit foundation. The Penny fellowship of the Minnesota state university student association shall be considered a nonprofit state college and university foundation for purposes of this section.

Subd. 2. [FOUNDATION APPLICATION; APPROVAL.] A nonprofit state college or university foundation that desires to receive contributions through payroll deductions shall apply to the board for approval to participate in the payroll deduction plan. The board may approve the application for participation if the foundation:

- (1) is tax exempt under section 501(c)3 of the Internal Revenue Code of 1986, as amended;
- (2) qualifies for tax deductible contributions under section 170 of the Internal Revenue Code of 1986, as amended;
- (3) secures funding solely for distribution to a state college or university or for distribution to students in the form of scholarships; and
- (4) has been incorporated according to chapter 317A for at least one calendar year before the date it applies to the board for approval.

Subd. 3. [SOLICITATION.] Efforts to secure payroll deductions authorized in subdivision 1 may not interfere with, require a modification of, nor be conducted during the period of a payroll deduction fund drive for employees authorized by section 309.501.

Sec. 34. [136F.45] [EMPLOYER-PAID HEALTH INSURANCE.]

(a) This section applies to a person who:

- (1) retires from the state university system, the technical college system, or the community college system, or from a successor system employing state university, technical college, or

community college faculty, with at least ten years of service credit in the system from which the person retires;

(2) was employed on a full-time basis immediately preceding retirement as a state university, technical college, or community college faculty member;

(3) begins drawing an annuity from the teachers retirement association or from the first class cities teachers retirement funds; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than \$35,000 in a calendar year from employment in the system from which the person retired.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the employer and the employee. The employer may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The employer shall determine the time of year the employee shall work.

(c) For a person eligible under paragraphs (a) and (b), the employing board shall make the same employer contribution for hospital, medical, and dental benefits as would be made if the person were employed full time.

(d) For work under paragraph (a), a person must receive a percentage of the person's salary at the time of retirement that is equal to the percentage of time the person works compared to full-time work.

(e) If a collective bargaining agreement covering a person provides for an early retirement incentive that is based on age, the incentive provided to the person must be based on the person's age at the time employment under this section ends. However, the salary used to determine the amount of the incentive must be the salary that would have been paid if the person had been employed full time for the year immediately preceding the time employment under this section ends.

Sec. 35. [136F.49] [EXCHANGE TEACHERS.]

Subdivision 1. [ASSIGNMENT; PROFESSIONAL STAFF.] The board may assign a member of its professional staff to teach in another institution of education beyond the borders of the state of Minnesota. When so assigned, the staff member is an exchange teacher.

Subd. 2. [ASSIGNMENT; TEACHERS.] The board may assign a teacher for service in another institution of education beyond the borders of the state of Minnesota in exchange for services of a teacher with qualifications acceptable to the board.

Subd. 3. [RIGHTS.] An exchange teacher shall retain all rights under contract with the board as though teaching in a Minnesota state college or university.

Sec. 36. [136F.495] [LICENSURE.]

The board may adopt rules under chapter 14 for licensure of teaching, support, and supervisory personnel in post-secondary and adult vocational education. When necessary for continuous programs approved by the board and when the board determines that appropriate licensure standards do not exist, the board may adopt appropriate temporary standards without regard to chapter 14 and may issue temporary licenses to teaching and support personnel. A temporary license is valid for up to one year and is not renewable, but a person holding a temporary license may, upon its expiration, be issued a license in accordance with standards adopted under chapter 14. The board may establish a processing fee for the issuance, renewal, or extension of a license.

ADMINISTRATION

Sec. 37. [136F.50] [COOPERATION OR PROMOTION OF A STATE COLLEGE OR UNIVERSITY.]

The board may cooperate by contractual arrangement or otherwise with responsible persons,

firms, corporations, associations, or governmental agencies to promote short courses, research, and other programs and activities in the state colleges and universities as in the judgment of the board contribute to the development of the state colleges and universities and the welfare of their students.

Sec. 38. Minnesota Statutes 1994, section 136E.05, is amended to read:

136E.05 [LOCAL ADVISORY COMMITTEES.]

Subdivision 1. [APPOINTMENT.] The president, with the approval of the chancellor and the board, may appoint a local advisory committee for each campus. Committee members must be qualified people who have knowledge of and interest in the campus. The board shall define the role and authority of the advisory committees and establish procedures for the appointment, terms, and termination of members. The president or an appointee of the president shall regularly meet and consult with the local advisory committee.

Subd. 2. [COMPENSATION.] Advisory committee members shall serve without compensation and without reimbursement for expenses.

Sec. 39. [136F.54] [PARKING AND TRAFFIC REGULATION.]

Subdivision 1. [BOARD POWER.] Notwithstanding section 169.966, the board may authorize a state college or university to adopt and enforce policies, regulations, or ordinances for the regulation of traffic and parking in parking facilities and on private roads and roadways situated on property owned, leased, occupied, or operated by the state college or university.

Subd. 2. [FINES; FEES.] A state college or university may collect a fine and a towing fee for a violation. Money collected under this section by a state college or university is annually appropriated to the state college or university for parking lot maintenance, improvement, and policy enforcement.

Subd. 3. [DISPUTES.] A state college or university, with the approval of the board, shall establish procedures to resolve a dispute arising from enforcement of a policy.

Subd. 4. [PROCEDURE.] Chapter 14 does not apply to this section.

Subd. 5. [ENFORCEMENT.] Every sheriff, constable, police officer, or other peace officer shall have authority to enforce all policies and ordinances adopted pursuant to this section and shall have authority to arrest and prosecute offenders for violations of law.

Sec. 40. [136F.56] [STUDENT HOUSING MANAGEMENT.]

The board may contract with student housing facility owners or on-site management firms to assist in the operation, control, and management of the facility.

Sec. 41. [136F.58] [STATE COUNCIL ON VOCATIONAL TECHNICAL EDUCATION.]

Subdivision 1. [STATE AGENCY PURPOSE.] The state council on vocational technical education, formerly known as the Minnesota state advisory council for vocational education, is a state agency in the executive branch. Its purpose is to implement section 112 of the Carl D. Perkins Vocational Education Act of 1984, United States Code, title 20, section 2322, and other purposes necessary to improve vocational technical education.

Subd. 2. [MEMBERS; TERMS.] The governor shall appoint the members of the council according to United States Code, title 20, section 2322. Except as otherwise provided by that act, members are governed by section 15.0575.

Subd. 3. [OFFICES.] The commissioner of administration shall provide the council with suitable office space, furnishings, and equipment.

Subd. 4. [FUNDING.] Federal, state, or private money received by the council must be deposited in the state treasury and credited to a special account for the council. The council has sole authority to spend its money. The money may not be diverted or reprogrammed by any agency or person to any other purpose. Unless restricted by federal or other state law, the council

may carry forward any unexpended balance from one fiscal year to the next and from one fiscal biennium to the next.

Subd. 5. [SERVICE CONTRACTS.] The council may contract for the services it needs to carry out its function. The council may also contract to provide services to other organizations. The contracts are not subject to the contract approval procedures of the commissioner of administration or of chapter 16B.

Subd. 6. [FISCAL AGENT.] The board shall act as fiscal agent for the council and provide other support services necessary for disbursements, accounting, auditing, and reporting.

Subd. 7. [STAFF.] The council may employ an executive director and other staff needed to carry out its duties. The executive director shall serve in the unclassified service and may be paid an allowance not to exceed \$2,000 annually for miscellaneous expenses in connection with duties of the office. The council may contract with professional, technical, and clerical consultants and interns needed to carry out its functions.

Sec. 42. [136F.59] [CLASSES ON HOLIDAYS.]

The board may conduct classes in the state colleges and universities on any of the following holidays: Martin Luther King's Birthday, Presidents' Day, Columbus Day, and Veterans Day.

Sec. 43. [136F.591] [BOOKSTORES.]

The board may permit a state college or university to conduct a bookstore in a state college or university building, or may allocate space in a state college or university building and permit a person or corporation to conduct a bookstore therein without rent at the board's pleasure and on such conditions as the board may impose. The board may provide insurance, at no cost to the state, for the inventory of a bookstore a state college or university conducts in its building.

FACILITIES

Sec. 44. [136F.60] [COLLEGE AND UNIVERSITY SITES; ACQUISITION.]

Subdivision 1. [PURCHASE OF NEIGHBORING PROPERTY; STATE UNIVERSITIES.] The board may purchase property adjacent to or in the vicinity of the campuses as necessary for the development of a state university. Before taking action, the board shall consult with the chairs of the senate finance committee and the house ways and means committee about the proposed action. The board shall explain the need to acquire property, specify the property to be acquired, and indicate the source and amount of money needed for the acquisition. The amount needed may be spent from sums previously appropriated for purposes of the state colleges and universities, including but not limited to general fund appropriations for instructional or noninstructional expenditures, general fund appropriations carried forward, or state college and university activity fund appropriations. The board may pay relocation costs, at its discretion, when acquiring property.

Subd. 2. [METHODS OF ACQUISITION.] If money has been appropriated to the board to acquire lands or sites for public buildings or real estate, the acquisition may be by gift, purchase, or condemnation proceedings. Condemnation proceedings must be under chapter 117.

Sec. 45. [136F.64] [STUDENT HOUSING; LAND TRANSFER.]

At the request of the board, the commissioner of administration shall transfer and convey, or lease for a term of years, state land under the control of but no longer needed by a state college or university to the city where the state college or university is located. The land must be used by the city for student housing. The conveyance must be made for no monetary consideration, and by quitclaim deed in a form approved by the attorney general. The deed must provide that the land reverts to the state if it is no longer used for student housing unless the owner of improvements on the land agrees before the reversion to pay the state the value of the unimproved land as determined by the commissioner before the improvements were made. The commissioner shall inflate the value of the unimproved land by three percent compounded annually for each year of ownership after the improvements were made. For purposes of determining the value, the commissioner shall designate two or more of the regularly appointed and qualified state appraisers to determine the value of the land.

Sec. 46. Minnesota Statutes 1994, section 136E.692, subdivision 1, is amended to read:

Subdivision 1. [CONSTRUCTION; IMPROVEMENTS.] The ~~higher education~~ board shall supervise and control the preparation of plans and specifications for the construction, alteration, or enlargement of ~~community college, state university, and technical state college and university~~ buildings, structures, and improvements for which appropriations are made to the board. The board shall advertise for bids and award contracts in connection with the improvements, supervise and inspect the work, approve necessary changes in the plans and specifications, approve estimates for payment, and accept the improvements when completed according to the plans and specifications.

Sec. 47. Minnesota Statutes 1994, section 136E.692, subdivision 3, is amended to read:

Subd. 3. [DISPUTE RESOLUTION.] In contracting for projects, the ~~higher education~~ board must not restrict its access to litigation or limit its methods of redress to arbitration or other nonjudicial procedures.

Sec. 48. Minnesota Statutes 1994, section 136E.692, subdivision 4, is amended to read:

Subd. 4. [REPAIRS.] The ~~higher education~~ board shall supervise and control the making of necessary repairs to all ~~community state college, state and university, and technical college~~ buildings and structures.

Sec. 49. [136F.68] [CAPITAL PROJECTS BIDDING PROCEDURES.]

In awarding contracts for capital projects under section 16B.09, the board shall consider the documentation provided by the bidders regarding their qualifications, including evidence of having successfully completed similar work, or delivering services or products comparable to that being requested. The board shall set procedures to administer this section, which must include practices that will assist in the economic development of small businesses, small targeted group businesses, and businesses in economically disadvantaged areas designated under section 16B.19.

FINANCE

Sec. 50. [136F.70] [TUITION; FEES; ACTIVITIES FUNDS.]

Subdivision 1. [TUITION.] The board shall set rates of tuition for the various instructional programs, including in-service education courses, general adult education programs, summer session programs, off-campus courses, institutes, projects, and reciprocity agreements. The board may waive tuition for certain persons, courses, and programs.

Subd. 2. [FEES.] The board may prescribe fees to be charged students for student unions, state college and university activities, functions, and purposes.

Subd. 3. [REFUNDS.] The board may make refunds to students for tuition, activity fees, union fees, and any other fees from imprest cash funds. The imprest cash fund shall be reimbursed periodically by checks or warrants drawn on the funds and accounts to which the refund should ultimately be charged. The amounts necessary to pay the refunds are appropriated from the funds and accounts to which they are charged.

Sec. 51. [136F.71] [RECEIPTS.]

Subdivision 1. [APPROPRIATION OF RECEIPTS.] All receipts of every kind, nature, and description, including student tuition and fees, all federal receipts, aids, contributions, and reimbursements, but not including receipts attributable to state colleges and universities activity funds, in all the state colleges and universities are appropriated to the board, but are subject to budgetary control to be exercised by the commissioner of finance. The balance in these funds shall not cancel on June 30, but shall be available in the next fiscal year.

Subd. 2. [ACTIVITY FUNDS.] All receipts attributable to the state colleges and universities activity funds and deposited in the state treasury are appropriated to the board and are not subject to budgetary control as exercised by the commissioner of finance.

Sec. 52. [136F.72] [FUNDS.]

Subdivision 1. [ACTIVITY FUNDS.] The board shall establish in each state college and university a fund to be known as the activity fund. The purpose of these funds shall be to provide for the administration of state college and university activities designed for student recreational, social, welfare, and educational pursuits supplemental to the regular curricular offerings. The activity funds shall encompass accounts for student activities, student health services authorized college and university agencies, authorized auxiliary enterprises, student loans, gifts and endowments, and in addition other accounts as the board may prescribe.

Subd. 2. [ADMINISTRATIVE FUND AND ACCOUNTS.] The board may establish a fund within the board office for management of employee retirement funds. The board may establish an administrative fund at each state college and university or within the board office for the administration of contracts, student equipment purchases, and receipt and transfer of foreign program money.

Subd. 3. [ADMINISTRATION.] The board, independent of other authority and notwithstanding chapters 16A and 16B, shall administer the money collected for the state colleges and universities activity funds and the administrative fund. All activity fund money collected shall be administered under the policies of the board subject to audit of the legislative auditor.

Subd. 4. [IMPREST CASH FUNDS.] The board may establish an imprest cash fund in each of its state colleges and universities.

Sec. 53. [136F.73] [CASH OVER AND SHORT ACCOUNT OF IMPREST CASH FUND.]

The board may establish a cash over and short account within the imprest cash fund for each state college and university. This account shall be used to record on a daily basis overages and shortages of cash receipts. At the end of each fiscal year, the board shall credit or debit the overage or shortage from each state college or university to the board maintenance and equipment appropriation account. In the instance of a debit balance remaining in any cash over and short accounts, the board may transfer from the maintenance and equipment appropriation account moneys sufficient to offset such debit balance. The commissioner of finance shall make the appropriate adjustments and entries on the general books of account of the state.

Sec. 54. [136F.74] [CARRY-OVER AUTHORITY.]

The board may carry over any unexpended balance from its appropriation from the first year of a biennium into the second year of the biennium. The board may carry over any unexpended balance into the following biennium. The amounts carried over must not be taken into account in determining state appropriations and must not be deducted from a later appropriation.

Sec. 55. [136F.75] [LITIGATION AWARDS.]

Notwithstanding any law to the contrary, the board may keep money received from successful litigation by or against the board. Awards made to the state or the board resulting from litigation against or by the board must be kept by the board to the credit of the account from which the litigation was originally funded. An award that exceeds the costs incurred in the litigation shall be used by the board for repair or replacement projects. The board shall report on any awards it receives as part of its biennial budget request.

Sec. 56. [136F.77] [TECHNICAL EQUIPMENT.]

Subdivision 1. [PROPRIETARY PURCHASES.] Notwithstanding the competitive bidding requirements of chapter 16B, technical educational equipment may be purchased for state colleges and universities on request of the board either by brand designation or in accordance with standards and specifications prescribed by the board. The purchase is subject to supervision by the information policy office under section 16B.41.

Subd. 2. [COMPUTER SALES AND SUPPORT.] The board may sell computers and related products to state college and university staff and students to advance their instructional and research abilities. The board shall contract with a private vendor for service, maintenance, and support for computers and related products sold by the board.

Sec. 57. [136F.78] [FINANCING FOR CHILD CARE FACILITIES.]

A state college or university may seek financing for child care facilities through the higher education facilities authority, as provided in section 136A.28, subdivision 3, only with the explicit authorization of the board.

Sec. 58. [136F.79] [SOLE STATE AGENCY.]

The board is the sole state agency to receive and disburse federal funds authorized by the Vocational Education Act of 1963, as amended in the education amendments of 1976, Public Law Number 94-482, and Code of Federal Regulations, title 34, part 400. The board shall develop and submit the state plan for vocational technical education. The board shall develop the state plan according to terms of agreement with the state board of education.

GRANTS AND GIFTS

Sec. 59. [136F.80] [GRANTS; GIFTS; BEQUESTS; DEVISES; ENDOWMENTS.]

Subdivision 1. [RECEIPT AND ACCEPTANCE.] The board may apply for, receive, and accept on behalf of the state and for the benefit of any state college or university any grant, gift, bequest, devise, or endowment that any person, firm, corporation, foundation, association, or government agency may make to the board for the purposes of the state colleges and universities. The board may use any money given to it or to any of the state colleges and universities consistent with the terms and conditions under which the money was received and for the purposes stated. All moneys received are appropriated to the board for use in the colleges and universities. These moneys shall not be taken into account in determining appropriations or allocations. All taxes and special assessments constituting a lien on any real property received and accepted by the board under this section shall be paid in full before title is transferred to the state.

Subd. 2. [DEPOSIT OF MONEY.] The board shall provide by policy, in accordance with provisions of chapter 118, for the deposit of all money received or referred to under this section. Whenever the board shall by resolution determine that there are moneys in the state college or university funds not currently needed, the board may by resolution authorize and direct the president of the college or university to invest a specified amount in securities as are duly authorized as legal investments for savings banks and trust companies. Securities so purchased shall be deposited and held for the board by any bank or trust company authorized to do a banking business in this state.

GENERAL PROVISIONS

Sec. 60. [TRANSFER OF RETIREMENT FUND MEMBERSHIP FOR TECHNICAL COLLEGE EMPLOYEES; ELECTION TO RETAIN RETIREMENT FUND MEMBERSHIP.]

A person who is employed by a technical college or by the technical college system on June 30, 1995, and who is transferred to state employment shall remain a member of the public employees retirement association or the Minneapolis employees retirement fund, whichever applies, unless the person affirmatively elects, in writing, retirement coverage by the general state employees retirement plan of the Minnesota state retirement system. The following provisions govern the election of a transfer or the retention of retirement benefit coverage:

(1) For a person who desires to transfer benefit coverage, the affirmative written election must be made within 120 days of the transfer of the employee to state employment.

(2) On behalf of transferred employees who retain retirement benefit coverage with the pretransfer retirement plan, the board shall make the applicable employer contributions to the public employees retirement association under Minnesota Statutes, section 353.27, subdivisions 3 and 3a, or the same percentage of covered payroll employer contribution to the Minneapolis employees retirement fund that special school district No. 1 is required to make for that school year under Minnesota Statutes, section 422A.101, subdivision 2.

(3) An employee who makes a retirement benefit coverage transfer election under this section may revoke that election at any time within the first six months after the person becomes a state employee. Once an employee revokes the retirement benefit coverage transfer election, the employee may not make another election. If the initial retirement benefit coverage transfer election is revoked, all retirement contributions made by or on behalf of the employee revoking a

prior election must be transferred to the applicable retirement plan as though they were erroneous deductions or contributions, plus monthly interest at an annual rate of 8.5 percent, compounded monthly, and the balance remaining between any contribution amount transferred and the amount of contributions that otherwise would have been due are payable in the applicable proportions by the revoking employee and the board, plus monthly interest at an annual rate of 8.5 percent, compounded monthly.

(4) The executive directors of the Minnesota state retirement system, the public employees retirement association, and the Minneapolis employees retirement fund, and the chancellor of the higher education system, shall confer and jointly adopt appropriate procedures for making the retirement benefit coverage transfer elections under this section.

(5) The executive directors of the public employees retirement association, the Minnesota state retirement system, and the Minneapolis employees retirement fund, whichever applies, shall, upon request, provide appropriate benefit counseling to applicable affected employees on the effect of electing retirement benefit coverage by the general state employees retirement plan of the Minnesota state retirement system.

Sec. 61. [STATUTORY DOWNSIZING; BOARD RECOMMENDATIONS.]

By January 1, 1996, the board of trustees of the Minnesota state colleges and universities and the board of regents of the University of Minnesota shall provide the education committees of the legislature with recommendations to reduce the number of statutory sections relating to higher education, including, but not limited to, recommendations regarding statutory sections that could be incorporated in board policies or procedures, and regarding statutory sections that are obsolete.

Sec. 62. [EARLY SEPARATION INCENTIVES.]

Subdivision 1. [EMPLOYER PARTICIPATION; HIGHER EDUCATION AGENCIES.] (a) In order to minimize the disruptive effects of layoffs or reorganization attributable to the merger of the state universities, community colleges, and technical colleges, and the restructuring of the higher education coordinating board, employees of the higher education coordinating board, the state university, community college, and technical college systems, and employees of local school districts, joint technical districts, and intermediate districts assigned to a technical college position, who are employed in positions that are to be eliminated in the merger and restructuring, as certified by the chancellor of the higher education board or the executive director of the higher education coordinating board, are entitled to elect an early separation incentive set forth in subdivision 3.

(b) The higher education board and the higher education coordinating board must determine those specific positions to be permanently eliminated as part of the merger or restructuring and identify the employees who may elect one of the early separation incentives established by this section.

Subd. 2. [ELIGIBILITY.] A person employed by the employing units identified in subdivision 1 is eligible to elect the incentive if the person:

(1) is an employee of the higher education coordinating board, a state university, community college, or technical college, or an administrative employee of a local school district, joint technical district and intermediate district assigned to a technical college position whose position is to be eliminated;

(2) is at least age 55 but is not yet age 65;

(3) is employed in a permanent position and in active work status at the time the incentive is elected;

(4) upon retirement, termination, or separation is immediately eligible for a retirement annuity from a defined benefit Minnesota public employee pension plan or a distribution from a defined contribution Minnesota public employee pension plan;

(5) retires, separates, or is terminated from an eligible position after June 30, 1994, but before July 1, 1996; and

(6) has been certified by the chancellor of the higher education board or the executive director of the higher education coordinating board as eligible to elect an early separation incentive.

Subd. 3. [INCENTIVES.] (a) Eligible employees may elect one of the following incentives but may not elect both.

(b) Retirement under this section means permanent separation or termination from employment with or under the control of the higher education board, the higher education coordinating board, or the higher education systems to be merged.

(c) Employees who separate, terminate, or retire with the early retirement incentive under paragraph (e) may not be rehired by the state in any employment position under the control of the higher education board or the higher education coordinating board.

(d) An eligible employee who receives a termination notice after July 1, 1994, may elect to take a six-month retraining leave in order to complete a course of study that is approved by the higher education board or the higher education coordinating board and which is designed to prepare the employee to assume a faculty position at a state university, community college, or technical college. The retraining leave must be at the full salary level that the person received immediately before the termination notice, including fringe benefits. The leave must be completed no later than June 30, 1996. Employees who seek to return to teaching must satisfy the qualifications established by applicable collective bargaining agreements. Any subsequent faculty appointments must be in accordance with collective bargaining agreements and policies of the higher education board. The individual's pretermination notice employment ceases at the conclusion of the retraining leave. Individual employee eligibility for severance payments must be made in accordance with the policies of the employing unit in effect at the time the incentive was elected. Notice of election of this incentive must be made before April 1, 1996, on forms prescribed by the higher education board.

(e) An eligible employee may elect the following instead of the incentive in paragraph (d):

(1) state-paid hospital, medical, and dental insurance to age 65. An employee who retires, is terminated, or is separated is eligible for single or dependent insurance coverages, whichever applies, and any employer payments to which the person was entitled immediately before retirement, termination, or separation subject to any changes in coverage and employer and employee payments through collective bargaining or personnel plans in positions equivalent to the position from which the employee retired, terminated, or separated. The employee is not eligible for employer-paid life insurance. If the employee is not yet age 65 at the time of retirement or separation, the employee is eligible for employer-paid insurance under the provisions of a personnel plan and has at least as many months service with the current employer and as the number of months the individual is under age 65 at the time of retirement; and

(2) if the eligible employee has at least 15 years of combined service credit in a Minnesota public pension plan, a one-time opportunity to purchase up to two years of service credit in or to make not more than two years of additional member contributions to the public pension plan that the employee is a member of at the time of retirement or separation as follows:

(i) Eligible employees may have the additional payment made on the basis of the employee's base salary in the year of separation as denoted in the salary schedule in the applicable employer personnel policy and at the rate and in the manner specified in section 352.04, 353.27, 354.42, or 354A.12, whichever applies. The employee payment must include interest at the rate of 8.5 percent. The employer shall make the required employer contribution and employer additional contribution to the retirement fund as specified in section 352.04, 353.27, 354.42, or 354A.12, whichever applies for an employee who elects this option. Both the required employee and employer payments must be made to the fund before the employee's date of retirement or separation, whichever is earlier.

(ii) Defined contribution plan members in plans established by chapter 352D or 354B must have additional employee and employer contributions made on the basis of the employee's base salary in the year of retirement as denoted in the salary schedule in the applicable employer personnel policy and at the rate and in the manner specified in section 352D.04, subdivision 2, or 354B.04, as applicable. The additional contributions must be made before the employee's date of retirement or separation, whichever is earlier.

Sec. 63. [REVISOR INSTRUCTION.]

(a) In the next and subsequent editions of Minnesota Statutes, the revisor shall renumber each section in column A with the corresponding number in column B.

<u>COLUMN A</u>	<u>COLUMN B</u>
<u>136.31</u>	<u>136F.90</u>
<u>136.31, subd. 7</u>	<u>136F.90, subd. 6</u>
<u>136.32</u>	<u>136F.91</u>
<u>136.33</u>	<u>136F.92</u>
<u>136.34</u>	<u>136F.93</u>
<u>136.35</u>	<u>136F.94</u>
<u>136.36</u>	<u>136F.95</u>
<u>136.37</u>	<u>136F.96</u>
<u>136.38</u>	<u>136F.97</u>
<u>136.41, subd. 8</u>	<u>136F.98, subd. 1</u>
<u>136.41, subd. 9</u>	<u>136F.98, subd. 2</u>
<u>136.41, subd. 10</u>	<u>136F.98, subd. 3</u>
<u>136E.01</u>	<u>136F.02</u>
<u>136E.02</u>	<u>136F.03</u>
<u>136E.021</u>	<u>136F.04</u>
<u>136E.03</u>	<u>136F.05</u>
<u>136E.04, subs. 1 and 3</u>	<u>136F.06</u>
<u>136E.04, subd. 7</u>	<u>136F.20</u>
<u>136E.04, subd. 8</u>	<u>136F.47</u>
<u>136E.05</u>	<u>136F.52</u>
<u>136E.31</u>	<u>136F.41</u>
<u>136E.525</u>	<u>136F.22</u>
<u>136E.692</u>	<u>136F.66</u>

(b) In the next and subsequent editions of Minnesota Statutes, the revisor shall correct all cross-references to sections renumbered, recodified, or repealed in sections 1 to 64.

Sec. 64. [REPEALER.]

Minnesota Statutes 1994, sections 15.38, subdivision 4; 136.01; 136.015; 136.017; 136.02; 136.03; 136.031; 136.036; 136.045; 136.065; 136.07; 136.09; 136.10; 136.11; 136.111; 136.12; 136.13; 136.14; 136.141; 136.142; 136.143; 136.144; 136.145; 136.146; 136.147; 136.17; 136.171; 136.172; 136.18; 136.19; 136.20; 136.21; 136.22; 136.232; 136.24; 136.25; 136.261; 136.27; 136.31; 136.311; 136.32; 136.33; 136.34; 136.35; 136.36; 136.37; 136.38; 136.40; 136.41; 136.42; 136.43; 136.44; 136.45; 136.46; 136.47; 136.48; 136.49; 136.50; 136.501; 136.502; 136.503; 136.504; 136.505; 136.506; 136.507; 136.55; 136.56; 136.57; 136.58; 136.60; 136.6011; 136.602; 136.603; 136.61; 136.62; 136.621; 136.622; 136.63; 136.65; 136.651; 136.653; 136.67; 136.70; 136.71; 136.72; 136.88; 136.90; 136C.01; 136C.02; 136C.03; 136C.04; 136C.041; 136C.042; 136C.043; 136C.044; 136C.05; 136C.06; 136C.07; 136C.075; 136C.08; 136C.10; 136C.15; 136C.17; 136C.31; 136C.34; 136C.41; 136C.411; 136C.43; 136C.44; 136C.50; 136C.51; 136C.60; 136C.61; 136C.62; 136C.63; 136C.64; 136C.65; 136C.66; 136C.67; 136C.68; 136C.69; 136C.70; 136C.71; 136C.75; 136E.04, subdivisions 2, 4, 5, and 6; 136E.395; and Laws 1994, chapter 532, article 6, section 12, paragraph (a), are repealed.

Sec. 65. [EFFECTIVE DATE.]

Sections 1 to 64 are effective July 1, 1995."

Delete the title and insert:

"A bill for an act relating to education; appropriating money for education and related purposes to the higher education coordinating board, board of trustees of the Minnesota state colleges and universities, University of Minnesota, and the Mayo medical foundation, with certain conditions;

requiring public post-secondary institutions to convert to the semester system; creating definitions and actions during financial emergencies; establishing a nursing grant program; revising allocations and use of the peace officers training account; assigning duties to the library and information services task force; requiring expansion of the transfer curriculum; setting goals for compensation plans and labor agreements; establishing a new funding formula for public higher education systems; modifying provisions relating to the higher education coordinating board; modifying higher education grant programs; providing for technical colleges land acquisition and sale; consolidating and restructuring certain higher education statutes to reflect the merger of the community colleges, state universities, and technical colleges; amending Minnesota Statutes 1994, sections 15.38, subdivision 3; 123.3514, subdivision 3; 126.56, subdivision 5; 135A.08, subdivisions 1, 2, and 3; 135A.10, subdivision 1; 135A.15, subdivision 1; 136A.01; 136A.02, subdivisions 1, 6, and 7; 136A.04, subdivision 1; 136A.043; 136A.05, subdivision 1; 136A.07; 136A.101, subdivisions 5 and 8; 136A.121, subdivisions 5, 6, 9, 16, and by adding a subdivision; 136A.125, subdivisions 4 and 6; 136A.1359, subdivisions 1, 2, and 3; 136A.42; 136A.87; 136E.01, subdivision 1; 136E.02, subdivisions 1 and 3; 136E.021, subdivision 2; 136E.03; 136E.04, subdivisions 1, 3, and 7; 136E.05; 136E.31; 136E.525, subdivisions 1, 2, and 3; 136E.692, subdivisions 1, 3, and 4; 144.1487, subdivision 1; 144.1488, subdivisions 1 and 4; 144.1489, subdivisions 1, 3, and 4; 144.1490; 144.1491, subdivision 2; 298.2214, subdivision 5; and 626.861, subdivision 4; Laws 1991, chapter 356, article 9, section 9, as amended; Laws 1993, chapter 326, article 12, section 15, subdivisions 1, 4, and 5; and Laws 1994, chapter 643, section 69, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 135A; and 136A; proposing coding for new law as Minnesota Statutes, chapter 136F; repealing Minnesota Statutes 1994, sections 15.38, subdivision 4; 135A.031; 135A.032, subdivision 2; 135A.033; 135A.052, subdivision 3; 136.01; 136.015; 136.017; 136.02; 136.03; 136.031; 136.036; 136.045; 136.065; 136.07; 136.09; 136.10; 136.11; 136.111; 136.12; 136.13; 136.14; 136.141; 136.142; 136.143; 136.144; 136.145; 136.146; 136.147; 136.17; 136.171; 136.172; 136.18; 136.19; 136.20; 136.21; 136.22; 136.232; 136.24; 136.25; 136.261; 136.27; 136.31; 136.311; 136.32; 136.33; 136.34; 136.35; 136.36; 136.37; 136.38; 136.40; 136.41; 136.42; 136.43; 136.44; 136.45; 136.46; 136.47; 136.48; 136.49; 136.50; 136.501; 136.502; 136.503; 136.504; 136.505; 136.506; 136.507; 136.55; 136.56; 136.57; 136.58; 136.60; 136.6011; 136.602; 136.603; 136.61; 136.62; 136.621; 136.622; 136.63; 136.65; 136.651; 136.653; 136.67; 136.70; 136.71; 136.72; 136.88; 136.90; 136A.04, subdivision 2; 136A.041; 136A.125, subdivision 5; 136A.85; 136A.86; 136A.88; 136C.01; 136C.02; 136C.03; 136C.04; 136C.041; 136C.042; 136C.043; 136C.044; 136C.05; 136C.06; 136C.07; 136C.075; 136C.08; 136C.13; 136C.15; 136C.17; 136C.31; 136C.34; 136C.41; 136C.411; 136C.43; 136C.44; 136C.50; 136C.51; 136C.60; 136C.61; 136C.62; 136C.63; 136C.64; 136C.65; 136C.66; 136C.67; 136C.68; 136C.69; 136C.70; 136C.71; 136C.75; 136D.77; 136D.81, subdivision 2; 136E.04, subdivisions 2, 4, 5, and 6; 136E.395; 144.1488, subdivision 2; and 148.236; Laws 1993, chapter 326, article 12, section 15, subdivision 2; Laws 1993, First Special Session chapter 2, article 1, sections 2, subdivision 8; and 9, subdivision 6; and Laws 1994, chapter 532, article 6, section 12, paragraph (a)."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

SECOND READING OF HOUSE BILLS

H.F. Nos. 1678, 1132, 1485, 1207 and 266 were read the second time.

MOTIONS AND RESOLUTIONS

Ms. Wiener moved that H.F. No. 641 be withdrawn from the Committee on Rules and Administration and re-referred to the Committee on Governmental Operations and Veterans. The motion prevailed.

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate take up the the Consent Calendar. The motion prevailed.

CONSENT CALENDAR

H.F. No. 1457: A bill for an act relating to state lands; authorizing the commissioner of natural resources to sell certain acquired state lands located in Becker county.

Mr. Moe, R.D. moved to amend H.F. No. 1457, as amended pursuant to Rule 49, adopted by the Senate April 12, 1995, as follows:

(The text of the amended House File is identical to S.F. No. 1583.)

Page 2, line 4, delete "occupier of the land" and insert "previous owners, who occupied the land immediately before the current occupants,"

The motion prevailed. So the amendment was adopted.

H.F. No. 1457 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Morse	Riveness
Beckman	Frederickson	Krentz	Murphy	Robertson
Belanger	Hanson	Kroening	Neuville	Runbeck
Berg	Hottinger	Laidig	Novak	Sams
Berglin	Janezich	Langseth	Olson	Samuelson
Bertram	Johnson, D.E.	Larson	Ourada	Scheevel
Betzold	Johnson, D.J.	Lessard	Pappas	Spear
Chandler	Johnson, J.B.	Limmer	Pariseau	Stevens
Chmielewski	Johnston	Marty	Piper	Stumpf
Cohen	Kelly	Merriam	Pogemiller	Terwilliger
Day	Kiscaden	Metzen	Price	Vickerman
Dille	Kleis	Moe, R.D.	Ranum	Wiener
Finn	Knutson	Mondale	Reichgott Junge	

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

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Mr. Larson introduced--

S.F. No. 1664: A bill for an act relating to the environment; clarifying the definition of qualified facilities for purposes of the landfill cleanup program; amending Minnesota Statutes 1994, section 115B.39, subdivision 2.

Referred to the Committee on Environment and Natural Resources.

Mr. Spear introduced--

S.F. No. 1665: A bill for an act relating to education; providing for statewide uniform student assessments; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 126.

Referred to the Committee on Education.

Mr. Johnson, D.J. introduced--

S.F. No. 1666: A bill for an act relating to taxation; property tax refund; providing a property

tax refund as a credit against income tax for certain owners of seasonal recreational property; amending Minnesota Statutes 1994, sections 290.06, by adding a subdivision; 290A.02; 290A.03, by adding a subdivision; 290A.04, by adding subdivisions; 290A.09; 290A.10; and 290A.23, subdivision 3.

Referred to the Committee on Taxes and Tax Laws.

Mr. Samuelson introduced--

S.F. No. 1667: A bill for an act relating to local government aids; modifying the aid formula for cities with a population of less than 2,500; amending Minnesota Statutes 1994, sections 477A.011, subdivisions 34 and 37; and 477A.013, subdivisions 8 and 9; repealing Minnesota Statutes 1994, section 477A.011, subdivision 33.

Referred to the Committee on Taxes and Tax Laws.

Mr. Samuelson introduced--

S.F. No. 1668: A bill for an act relating to local government aids; changing the method for calculating aid reductions; amending Minnesota Statutes 1994, section 477A.0132, subdivision 2.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Ourada, Kleis, Kramer, Scheevel and Johnson, D.E. introduced--

S.F. No. 1669: A bill for an act relating to state government; providing that the legislature is subject to certain laws that govern state executive agencies; requiring study of certain topics; amending Minnesota Statutes 1994, sections 16A.124, subdivision 1; 43A.05, subdivision 5; 43A.19, subdivision 1; 179A.03, subdivision 15; and 363.073, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 3.

Referred to the Committee on Governmental Operations and Veterans.

Messrs. Kroening, Novak, Frederickson, Mses. Lesewski and Johnson, J.B. introduced--

S.F. No. 1670: A bill for an act relating to the organization and operation of state government; appropriating money for community development and certain agencies of state government, with certain conditions; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; requiring studies and reports; amending Minnesota Statutes 1994, sections 116J.873, subdivision 3, and by adding a subdivision; 116M.16, subdivision 2; 116M.18, subdivisions 4, 5, and by adding a subdivision; 116N.03, subdivision 2; 116N.08, subdivisions 5, 6, and by adding a subdivision; 124.85, by adding a subdivision; 175.171; 268A.01, subdivisions 4, 5, 6, 9, and 10; 268A.03; 268A.06, subdivision 1; 268A.07; 268A.08, subdivisions 1 and 2; 268A.13; 462A.201, subdivision 2; 462A.204, subdivision 1; 462A.206, subdivisions 2 and 5; and 462A.21, subdivisions 3b, 8b, 21, and by adding a subdivision; Laws 1994, chapter 643, section 19, subdivision 9; proposing coding for new law in Minnesota Statutes, chapters 177; 178; 268A; and 462A; repealing Minnesota Statutes 1994, sections 116J.874, subdivision 6; 268A.01, subdivisions 7, 11, and 12; and 268A.09.

Referred to the Committee on Finance.

Without objection, the Senate reverted to the Order of Business of Motions and Resolutions.

MOTIONS AND RESOLUTIONS

Mr. Samuelson moved that S.F. No. 1667 be withdrawn from the Committee on Taxes and Tax Laws and returned to its author. The motion prevailed.

Mr. Samuelson moved that S.F. No. 1668 be withdrawn from the Committee on Taxes and Tax Laws and returned to its author. The motion prevailed.

RECONSIDERATION

Ms. Lesewski moved that the vote whereby the Senate refused to concur in the House amendments to S.F. No. 445 on April 13, 1995, be now reconsidered. The motion prevailed.

S.F. No. 445: A bill for an act relating to the environment; requiring the pollution control agency to permit the operation of certain waste combustors.

CONCURRENCE AND REPASSAGE

Ms. Lesewski moved that the Senate concur in the amendments by the House to S.F. No. 445 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 445 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 64 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Laidig	Neuville	Robertson
Beckman	Hottinger	Langseth	Novak	Runbeck
Belanger	Janezich	Larson	Oliver	Sams
Berg	Johnson, D.E.	Lesewski	Olson	Samuelson
Bertram	Johnson, D.J.	Lessard	Ourada	Scheevel
Betzold	Johnson, J.B.	Limmer	Pappas	Solon
Chandler	Johnston	Marty	Pariseau	Spear
Chmielewski	Kiscaden	Merriam	Piper	Stevens
Cohen	Kleis	Metzen	Pogemiller	Stumpf
Day	Knutson	Moe, R.D.	Price	Terwilliger
Dille	Kramer	Mondale	Ranum	Vickerman
Finn	Krentz	Morse	Reichgott Junge	Wiener
Frederickson	Kroening	Murphy	Riveness	

Mses. Berglin and Flynn voted in the negative.

So the bill, as amended, was repassed and its title was agreed to.

MEMBERS EXCUSED

Ms. Robertson and Mr. Oliver were excused from the Session of today from 12:00 noon to 12:25 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 8:00 a.m., Wednesday, April 19, 1995. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

FORTY-SECOND DAY

St. Paul, Minnesota, Wednesday, April 19, 1995

The Senate met at 8:00 a.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Marilyn Saure Breckenridge.

The roll was called, and the following Senators answered to their names:

Anderson	Frederickson	Kroening	Neuville	Runbeck
Beckman	Hanson	Laidig	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berg	Janezich	Larson	Olson	Scheevel
Berglin	Johnson, D.E.	Lesewski	Ourada	Solon
Bertram	Johnson, D.J.	Lessard	Pappas	Spear
Betzold	Johnson, J.B.	Limmer	Pariseau	Stevens
Chandler	Johnston	Marty	Piper	Stumpf
Chmielewski	Kelly	Merriam	Pogemiller	Terwilliger
Cohen	Kiscaden	Metzen	Price	Vickerman
Day	Kleis	Moe, R.D.	Ranum	Wiener
Dille	Knutson	Mondale	Reichgott Junge	
Finn	Kramer	Morse	Riveness	
Flynn	Krentz	Murphy	Robertson	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 680.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 18, 1995

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1209: A bill for an act relating to Hennepin county; modifying certain provisions concerning the county medical examiners office; amending Minnesota Statutes 1994, section 383B.225, subdivisions 5, 6, 7, 9, 11, and 12.

Senate File No. 1209 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 18, 1995

CONCURRENCE AND REPASSAGE

Mr. Betzold moved that the Senate concur in the amendments by the House to S.F. No. 1209 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1209 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 55 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kramer	Mondale	Reichgott Junge
Beckman	Hanson	Krentz	Morse	Robertson
Belanger	Hottinger	Laidig	Novak	Sams
Berg	Janezich	Langseth	Oliver	Samuelson
Betzold	Johnson, D.E.	Larson	Olson	Scheevel
Chandler	Johnson, J.B.	Lesewski	Ourada	Spear
Chmielewski	Johnston	Lessard	Pariseau	Stevens
Day	Kelly	Limmer	Piper	Stumpf
Dille	Kiscaden	Marty	Pogemiller	Terwilliger
Finn	Kleis	Metzen	Price	Vickerman
Flynn	Knutson	Moe, R.D.	Ranum	Wiener

So the bill, as amended, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 2.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 18, 1995

FIRST READING OF HOUSE BILLS

The following bill was read the first time and referred to the committee indicated.

H.F. No. 2: A bill for an act relating to the environment; automobile emissions; providing that a vehicle need not be inspected until the year of its registration is five years more than its model year; changing the inspection fee; providing a contingent expiration date for the inspection program; amending Minnesota Statutes 1994, sections 116.61, subdivision 1, and by adding a subdivision; 116.64, subdivision 1.

Referred to the Committee on Environment and Natural Resources.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 54 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
54	279				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 265 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
265	619				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 265 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 265 and insert the language after the enacting clause of S.F. No. 619, the first engrossment; further, delete the title of H.F. No. 265 and insert the title of S.F. No. 619, the first engrossment.

And when so amended H.F. No. 265 will be identical to S.F. No. 619, and further recommends that H.F. No. 265 be given its second reading and substituted for S.F. No. 619, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1437 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1437	1152				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1437 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1437 and insert the language after the enacting clause of S.F. No. 1152, the second engrossment; further, delete the title of H.F. No. 1437 and insert the title of S.F. No. 1152, the second engrossment.

And when so amended H.F. No. 1437 will be identical to S.F. No. 1152, and further recommends that H.F. No. 1437 be given its second reading and substituted for S.F. No. 1152, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1450 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1450	1220				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1645 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
1645	1390				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1645 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1645 and insert the language after the enacting clause of S.F. No. 1390, the first engrossment; further, delete the title of H.F. No. 1645 and insert the title of S.F. No. 1390, the first engrossment.

And when so amended H.F. No. 1645 will be identical to S.F. No. 1390, and further recommends that H.F. No. 1645 be given its second reading and substituted for S.F. No. 1390, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Messrs. Pogemiller and Stumpf from the Committee on Education, to which was referred

S.F. No. 1497: A bill for an act relating to education; exempting high school league tournament admissions from the sales tax with certain conditions; amending Minnesota Statutes 1994, section 297A.25, subdivision 30.

Report the same back with the recommendation that the bill be amended as follows:

Page 1, line 14, delete "gross receipts" and insert "Minnesota sales tax collected"

Page 1, line 16, delete "are exempt" and insert "shall not be remitted to the state"

Page 1, line 18, delete everything after "(1)" and insert "The tax"

Page 1, line 19, after "deposited" insert "by the state high school league"

Page 1, line 24, delete everything after "(2)" and insert "The tax"

Page 2, line 4, delete "the exemption" and insert "this provision"

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Finance, to which was re-referred

S.F. No. 106: A bill for an act relating to ethanol; modifying provisions relating to producer payments; modifying provisions relating to disposition of certain revenues from state trust lands, sales of software, agricultural and environmental loans, food handlers, ethanol and oxygenated fuels, the citizen's council on Voyageurs National Park, local recreation grants, zoo admission charges, watercraft surcharge, water information, well sealing grants, pollution control agency fees, special critical habitat license plates, sale of tax-forfeited lands, and payments in lieu of taxes; establishing the Passing on the Farm Center; authorizing establishment of a shooting area in Sand Dunes State Forest; abolishing the harmful substance compensation board and account; extending performance reporting requirements; providing for easements across state trails in certain circumstances; appropriating money; amending Minnesota Statutes 1994, sections 15.91, subdivision 1; 16A.125; 16B.405, subdivision 2; 17.117, subdivisions 2, 4, 6, 7, 8, 9, 10, 11, 14, 16, and by adding subdivisions; 28A.03; 28A.08; 41A.09, by adding subdivisions; 41B.02, subdivision 20; 41B.043, subdivisions 1b, 2, and 3; 41B.045, subdivision 2; 41B.046, subdivision 1, and by adding a subdivision; 84.631; 84.943, subdivision 3; 84B.11, subdivision 1; 85.015, by adding a subdivision; 85.019; 85A.02, subdivision 17; 86.72, subdivision 1; 86B.415, subdivision 7; 92.46, subdivision 1; 93.22; 103A.43; 103F.725, subdivision 1a; 103H.151, by adding a subdivision; 103L.331, subdivision 4; 115A.03, subdivision 29; 115A.908, subdivision 3; 115B.20, subdivision 1; 115B.25, subdivision 1a; 115B.26, subdivision 2; 115B.41, subdivision 1; 115B.42; 115C.03, subdivision 9; 116.07, subdivision 4d, and by adding a subdivision; 116.12, subdivision 1; 116.96, subdivision 5; 116C.69, subdivision 3; 116P.11; 239.791, subdivision 8; 282.01, subdivisions 2 and 3; 282.011, subdivision 1; 282.02; 282.04, subdivision 1; 296.02, by adding a subdivision; 446A.07, subdivision 8; 446A.071, subdivision 2; 473.845, subdivision 2; 477A.11, subdivision 4; 477A.12; 477A.14; proposing coding for new law in Minnesota Statutes, chapters 17; 28A; 89; 116; 168; repealing Minnesota Statutes 1994, sections 28A.08, subdivision 2; 41A.09, subdivisions 2, 3, and 5; 115B.26, subdivision 1; 239.791, subdivisions 4, 5, 6, and 9; 282.018; 296.02, subdivision 7; 325E.0951, subdivision 5; 446A.071, subdivision 7; and Laws 1993, chapter 172, section 10.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, delete lines 15 to 18 and insert:

	"1995	1996	1997	TOTAL
General	\$140,000	\$160,249,000	\$152,524,000	\$312,913,000
Environmental		21,625,000	21,912,000	43,537,000
Solid Waste		5,819,000	5,743,000	11,562,000"

Page 2, delete lines 22 and 23 and insert:

"Special Revenue		13,190,000	10,954,000	24,144,000
Natural Resources		18,907,000	18,658,000	37,565,000"

Page 2, after line 24, insert:

"Environmental Trust Minnesota		17,044,000	-0-	17,044,000
Future Resources		14,912,000	-0-	14,912,000"

Page 2, delete line 27 and insert:

"TOTAL	\$140,000	\$306,634,000	\$264,072,000	\$570,846,000"
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Page 2, delete lines 34 and 35 and insert:

"Subdivision 1. Total				
Appropriation			41,188,000	37,908,000"

Page 2, delete line 38 and insert:

"Environmental	20,015,000	20,302,000"
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Page 3, delete line 2 and insert:

"Special Revenue	1,243,000	1,120,000"
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Page 3, line 24, delete "\$900,000" and insert "\$855,000"

Page 4, delete lines 44 to 50

Page 5, delete line 4 and insert:

"8,459,000	8,435,000"
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Page 5, delete line 6 and insert:

"Environmental	3,649,000	3,663,000"
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Page 6, after line 10, insert:

"\$50,000 each year is transferred from the solid waste fund to the department of revenue for solid waste assessment compliance activities."

Page 6, line 29, after the period, insert "This appropriation is available until June 30, 1997."

Page 6, delete line 32 and insert:

"7,882,000	6,833,000"
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Page 6, after line 39, insert:

"Special Revenue	39,000	39,000"
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Page 7, delete lines 12 to 17

Page 7, delete lines 45 and 46 and insert:

"Subdivision 1. Total Appropriation	140,000	159,080,000	154,823,000"
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Page 7, delete line 48 and insert:

"General	140,000	87,729,000	84,321,000"
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Page 8, delete line 1 and insert:

"Natural Resources	18,877,000	18,628,000"
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Page 10, after line 21, insert:

"For 1995 - \$140,000

This appropriation is added to the appropriation in Laws 1993, chapter 172, section 5, subdivision 5, to replace equipment destroyed in an arson fire at William O'Brien state park."

Page 14, line 7, delete "22,432,000" and insert "22,059,000"

Page 14, delete line 9 and insert:

"General	373,000	10,044,000"
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Page 15, delete lines 51 and 52 and insert:

"Subdivision 1. Total Appropriation		24,554,000	24,034,000"
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Page 15, delete line 56 and insert:

"Special Revenue 9,612,000 9,684,000"

Page 16, delete line 2 and insert:

"17,262,000 16,991,000"

Page 16, delete line 6 and insert:

"Special Revenue 9,412,000 9,484,000"

Page 16, line 33, delete "\$690,000" and insert "\$695,000" in both places

Page 17, line 49, delete "\$26,000,000" and insert "\$25,500,000"

Page 18, line 8, delete "\$182,000" and insert "\$192,000" in both places

Page 19, line 25, delete "\$80,000" and insert "\$115,000" in both places

Page 35, line 53, after "fund" insert "to the commissioner of agriculture"

Page 48, lines 14 and 25, delete "potential"

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for environmental, natural resource, and agricultural purposes; modifying provisions relating to disposition of certain revenues from state trust lands, sales of software, agricultural and environmental loans, food handlers, ethanol and oxygenated fuels, the citizen's council on Voyageurs National Park, local recreation grants, zoo admission charges, watercraft surcharge, water information, well sealing grants, pollution control agency fees, sale of tax-forfeited lands, and payments in lieu of taxes; establishing the Passing on the Farm Center; establishing special critical habitat license plates; authorizing establishment of a shooting area in Sand Dunes State Forest; abolishing the harmful substance compensation board and account; extending performance reporting requirements; providing for easements across state trails in certain circumstances; amending Minnesota Statutes 1994, sections 15.91, subdivision 1; 16A.125; 16B.405, subdivision 2; 17.117, subdivisions 2, 4, 6, 7, 8, 9, 10, 11, 14, 16, and by adding subdivisions; 28A.03; 28A.08; 41A.09, by adding subdivisions; 41B.02, subdivision 20; 41B.043, subdivisions 1b, 2, and 3; 41B.045, subdivision 2; 41B.046, subdivision 1, and by adding a subdivision; 84.631; 84.943, subdivision 3; 84B.11, subdivision 1; 85.015, by adding a subdivision; 85.019; 85A.02, subdivision 17; 86.72, subdivision 1; 86B.415, subdivision 7; 92.46, subdivision 1; 93.22; 103A.43; 103F.725, subdivision 1a; 103H.151, by adding a subdivision; 103I.331, subdivision 4; 115A.03, subdivision 29; 115A.908, subdivision 3; 115B.20, subdivision 1; 115B.25, subdivision 1a; 115B.26, subdivision 2; 115B.41, subdivision 1; 115B.42; 115C.03, subdivision 9; 116.07, subdivision 4d, and by adding a subdivision; 116.12, subdivision 1; 116.96, subdivision 5; 116C.69, subdivision 3; 116P.11; 239.791, subdivision 8; 282.01, subdivisions 2 and 3; 282.011, subdivision 1; 282.02; 282.04, subdivision 1; 296.02, by adding a subdivision; 446A.07, subdivision 8; 446A.071, subdivision 2; 473.845, subdivision 2; 477A.11, subdivision 4; 477A.12; 477A.14; proposing coding for new law in Minnesota Statutes, chapters 17; 28A; 89; 116; 168; repealing Minnesota Statutes 1994, sections 28A.08, subdivision 2; 41A.09, subdivisions 2, 3, and 5; 115B.26, subdivision 1; 239.791, subdivisions 4, 5, 6, and 9; 282.018; 296.02, subdivision 7; 325E.0951, subdivision 5; 446A.071, subdivision 7; and Laws 1993, chapter 172, section 10."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Finance, to which was referred

S.F. No. 1670: A bill for an act relating to the organization and operation of state government; appropriating money for community development and certain agencies of state government, with certain conditions; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; requiring studies and reports; amending Minnesota Statutes 1994, sections 116J.873, subdivision 3, and by adding a subdivision; 116M.16, subdivision 2; 116M.18, subdivisions 4, 5, and by adding a subdivision; 116N.03, subdivision 2; 116N.08, subdivisions 5, 6, and by adding a subdivision; 124.85, by

adding a subdivision; 175.171; 268A.01, subdivisions 4, 5, 6, 9, and 10; 268A.03; 268A.06, subdivision 1; 268A.07; 268A.08, subdivisions 1 and 2; 268A.13; 462A.201, subdivision 2; 462A.204, subdivision 1; 462A.206, subdivisions 2 and 5; and 462A.21, subdivisions 3b, 8b, 21, and by adding a subdivision; Laws 1994, chapter 643, section 19, subdivision 9; proposing coding for new law in Minnesota Statutes, chapters 177; 178; 268A; and 462A; repealing Minnesota Statutes 1994, sections 116J.874, subdivision 6; 268A.01, subdivisions 7, 11, and 12; and 268A.09.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, line 3, delete "\$ 172,507,000" and insert "\$ 171,792,000" and delete "\$ 150,714,000" and insert "\$ 151,029,000" and delete "\$ 323,221,000" and insert "\$ 322,821,000"

Page 2, line 8, delete "194,992,000" and insert "194,277,000" and delete "170,746,000" and insert "171,061,000" and delete "365,738,000" and insert "365,338,000"

Page 2, line 15, delete "\$ 28,984,000" and insert "\$ 29,034,000" and delete "\$ 21,378,000" and insert "\$ 21,893,000"

Page 2, line 17, delete "28,314,000" and insert "28,364,000" and delete "20,708,000" and insert "21,223,000"

Page 2, line 24, delete "17,961,000" and insert "18,011,000" and delete "10,311,000" and insert "10,826,000"

Page 3, line 32, delete "\$7,000,000" and insert "\$6,600,000"

Page 4, after line 27, insert:

"\$450,000 the first year and \$515,000 the second year are from fees collected under Minnesota Statutes, section 446A.04, subdivision 5, and credited to the general fund to administer the programs of the public facilities authority."

Page 7, line 52, delete "30,982,000" and insert "30,217,000" and delete "17,782,000" and insert "17,582,000"

Page 10, line 14, delete "\$500,000" and insert "\$200,000"

Page 10, line 33, delete "\$500,000" and insert "\$100,000"

Page 10, line 47, delete "\$500,000" and insert "\$335,000"

Page 10, delete lines 51 to 56

Page 15, line 12, delete "owned" and insert "operated"

Page 16, line 31, delete ", state park,"

Page 26, line 3, delete "their" and insert "its"

Page 26, line 7, delete "they are"

Page 37, line 36, delete "this article" and insert "sections 462A.061 to 462A.063"

Page 44, line 13, delete "four" and insert "eight"

Page 46, lines 24 and 25, delete the new language and insert "board of trustees of the Minnesota state colleges and universities"

Page 46, lines 36 and 37, delete "state university board, or its successor," and insert "board of trustees of the Minnesota state colleges and universities"

And when so amended the bill do pass. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 106 and 1670 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 54, 265, 1437, 1450 and 1645 were read the second time.

MOTIONS AND RESOLUTIONS

Mr. Hottinger moved that the name of Mr. Terwilliger be added as a co-author to S.F. No. 1663. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1134 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1134: A bill for an act relating to financial institutions; regulating notices; electronic financial terminals, mergers with subsidiaries, the powers and duties of the commissioner of commerce, reporting and records requirements, lending powers, the powers and duties of institutions, detached facilities, and interstate banking; making technical changes; regulating mortgage prepayments; allowing written waivers of the right to prepay without penalty under certain circumstances; clarifying definition of franchise; permitting a delinquency and collection charge; amending Minnesota Statutes 1994, sections 46.04, subdivision 1, and by adding a subdivision; 46.041, subdivision 4; 46.046, subdivision 1; 46.048, subdivision 1, and by adding subdivisions; 47.10, subdivision 3; 47.11; 47.20, subdivisions 5 and 10; 47.28, subdivision 1; 47.52; 47.56; 47.58, subdivision 2; 47.61, subdivision 3; 47.62, subdivisions 2, 3, and by adding subdivisions; 47.67; 47.69, subdivisions 3 and 5; 47.78; 48.16; 48.194; 48.24, subdivision 5; 48.475, subdivision 3; 48.48, subdivisions 1 and 2; 48.49; 48.61, subdivision 7, and by adding a subdivision; 48.65; 48.90, subdivision 1; 48.91; 48.92, subdivisions 1, 2, 6, 7, 8, 9, and by adding a subdivision; 48.93, subdivisions 1, 3, and 4; 48.96; 48.99, subdivision 1; 49.01, subdivision 3; 51A.02, subdivisions 6, 26, and 40; 51A.19, subdivision 9; 51A.50; 51A.58; 52.04, subdivision 2a; 52.05, subdivision 2; 53.015, subdivision 4; 53.04, subdivisions 3a, 3c, 4a, and 5a; 53.09, subdivisions 1, 2, and by adding a subdivision; 56.11; 56.12; 56.125, subdivisions 1, 2, and 3; 56.131, subdivisions 1, 2, 4, and 6; 56.132; 56.14; 56.155, subdivision 1; 56.17; 59A.06, subdivision 2; 61A.09, subdivision 3; 62B.04, subdivision 1; 62B.08, subdivision 2; 80C.01, subdivision 4; 300.20, subdivision 1; 325F.91, subdivision 2; 327B.04, subdivision 1; 327B.09, subdivision 1; 332.23, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapters 45; 47; 48; 51A; 52; and 334; repealing Minnesota Statutes 1994, sections 46.03; 47.80; 47.81; 47.82; 47.83; 47.84; 47.85; 48.1585; 48.512, subdivision 6; 48.611; 48.95; 48.97; 48.98; 48.991; and 51A.385.

Mr. Solon moved to amend S.F. No. 1134 as follows:

Page 25, line 20, delete "16, 18 to 21, and 23 to 26" and insert "23 and 25 to 28"

The motion prevailed. So the amendment was adopted.

Mr. Solon then moved to amend S.F. No. 1134 as follows:

Page 26, line 34, delete "be" and insert "not exceed"

Page 99, line 24, before "REPEALER" insert "IMMEDIATE"

Page 99, line 25, delete everything after "sections"

Page 99, line 26, delete "47.83; 47.84; 47.85;" and delete "48.95;"

Page 99, line 27, delete "48.98;"

Page 99, after line 27, insert:

"Sec. 24. [DELAYED REPEALER.]

Minnesota Statutes 1994, sections 47.80; 47.81; 47.82; 47.83; 47.84; 47.85; 48.95; and 48.98, are repealed."

Page 99, line 29, delete "22" and insert "23" and delete "immediately" and insert "the day"

Page 99, line 31, before the period, insert ", except that the portions of section 17 that strike existing clauses (4) and (7) are effective the day following final enactment"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Solon then moved to amend S.F. No. 1134 as follows:

Page 99, after line 23, insert:

"Sec. 23. [NONSEVERABILITY.]

If any section, subdivision, clause, or phrase of section 20 or 21, or section 5, paragraph (d), clauses (1) and (2), is for any reason held to be unconstitutional or in violation of federal law, the decision shall cause the remaining portions of those sections, subdivisions, clauses, or phrases to be invalid and void.

Sec. 24. [SUNSET.]

Sections 5, 20, and 21 are repealed effective May 31, 1997."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Ms. Reichgott Junge moved to amend S.F. No. 1134 as follows:

Page 24, line 29, after the period, insert "If the borrower is married, an assignment, order, security agreement, or other lien is not valid without the spouse's written consent, if the spouse's consent would be necessary under applicable law to make the property offered as security available to satisfy the debt in the event of default."

The motion prevailed. So the amendment was adopted.

Ms. Reichgott Junge then moved to amend S.F. No. 1134 as follows:

Page 83, delete section 22

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 1134 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Murphy	Sams
Beckman	Hanson	Kroening	Neuville	Samuelson
Belanger	Hottinger	Laidig	Novak	Scheevel
Berg	Janezich	Langseth	Oliver	Solon
Bertram	Johnson, D.E.	Larson	Olson	Spear
Betzold	Johnson, D.J.	Lesewski	Ourada	Stevens
Chandler	Johnson, J.B.	Lessard	Pariseau	Stumpf
Chmielewski	Johnston	Limmer	Piper	Terwilliger
Cohen	Kelly	Marty	Pogemiller	Vickerman
Day	Kiscaden	Metzen	Price	Wiener
Dille	Kleis	Moe, R.D.	Reichgott Junge	
Finn	Knutson	Mondale	Riveness	
Flynn	Kramer	Morse	Robertson	

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1151 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1151: A bill for an act relating to crime prevention; directing the peace officer standards and training board to review its minimum standards of conduct every three years; providing for automatic license revocation for peace officers convicted of felonies; requiring certain information to be compiled; requiring a model policy regarding professional conduct to be developed; directing a study; requiring reports; amending Minnesota Statutes 1994, section 626.843, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 626.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Neuville	Sams
Beckman	Hanson	Laidig	Novak	Samuelson
Belanger	Hottinger	Langseth	Oliver	Scheevel
Berg	Janezich	Larson	Olson	Solon
Berglin	Johnson, D.E.	Lesewski	Ourada	Spear
Bertram	Johnson, D.J.	Lessard	Pariseau	Stevens
Betzold	Johnson, J.B.	Limmer	Piper	Stumpf
Chandler	Johnston	Marty	Pogemiller	Terwilliger
Chmielewski	Kelly	Merriam	Price	Vickerman
Cohen	Kiscaden	Metzen	Ranum	Wiener
Day	Kleis	Moe, R.D.	Reichgott Junge	
Dille	Knutson	Mondale	Riveness	
Finn	Kramer	Morse	Robertson	
Flynn	Krentz	Murphy	Runbeck	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1044 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1044: A bill for an act relating to gambling; terminating existing tribal-state gaming compacts effective June 30, 1998.

Mr. Berg moved that S.F. No. 1044 be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate proceed to the Order of Business of Introduction and First Reading of Senate Bills. The motion prevailed.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Mr. Laidig introduced--

S.F. No. 1671: A bill for an act relating to natural resources; reinvest in Minnesota program purpose and administration; amending Minnesota Statutes 1994, section 84.95; repealing Minnesota Statutes 1994, section 88.80.

Referred to the Committee on Environment and Natural Resources.

Mr. Metzen introduced--

S.F. No. 1672: A bill for an act relating to elections; prohibiting certain contributions made to affect the outcome of certain school district special elections; proposing coding for new law in Minnesota Statutes, chapter 205A.

Referred to the Committee on Ethics and Campaign Reform.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Lessard moved that H.F. No. 2 be withdrawn from the Committee on Environment and Natural Resources and re-referred to the Committee on Finance. The motion prevailed.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Reports of Committees.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was re-referred

S.F. No. 845: A bill for an act relating to health; MinnesotaCare; expanding provisions of health care; establishing requirements for integrated service networks; modifying requirements for health plan companies; establishing the standard health coverage; repealing the regulated all-payer option; modifying universal coverage and insurance reform provisions; revising the research and data initiatives; expanding eligibility for the MinnesotaCare program; creating the prescription drug purchasing authority; establishing a drug purchasing benefit program for senior citizens; extending the health care commission and regional coordinating boards; making technical changes; reducing tax deductions for the voluntarily uninsured; providing penalties; amending Minnesota Statutes 1994, sections 13.99, by adding a subdivision; 60A.02, subdivision 1a; 60B.02; 60B.03, subdivision 2; 60G.01, subdivisions 2, 4, and 5; 62A.10, subdivisions 1 and 2; 62A.65, subdivisions 5 and 8; 62D.02, subdivision 8; 62D.042, subdivision 2; 62D.11, subdivision 1; 62D.181, subdivisions 2, 3, 6, and 9; 62E.05; 62E.141; 62H.04; 62H.08; 62J.017; 62J.04, subdivisions 1a and 3; 62J.05, subdivisions 2 and 9; 62J.06; 62J.09, subdivisions 1, 2, 6, 8, and by adding a subdivision; 62J.152, subdivision 5; 62J.17, subdivision 4a; 62J.212; 62J.37; 62J.38;

62J.40; 62J.41, subdivisions 1 and 2; 62J.48; 62J.54; 62J.55; 62J.58; 62L.02, subdivisions 11, 16, 24, and 26; 62L.03, subdivisions 3, 4, and 5; 62L.09, subdivision 1; 62L.12, subdivision 2; 62M.02, subdivision 12; 62M.07; 62M.09, subdivision 5; 62M.10, by adding a subdivision; 62N.02, by adding subdivisions; 62N.04; 62N.10, subdivision 4, and by adding a subdivision; 62N.11, subdivision 1; 62N.13; 62N.14, subdivision 3; 62N.25, subdivision 2; 62P.05, subdivision 4, and by adding a subdivision; 62Q.01, subdivisions 2, 3, 4, and by adding subdivisions; 62Q.03, subdivisions 1, 6, 7, 8, 9, 10, and by adding subdivisions; 62Q.07, subdivisions 1 and 2; 62Q.075, subdivision 4; 62Q.09, subdivision 3; 62Q.11, subdivision 2; 62Q.165; 62Q.17, subdivisions 2, 6, 8, and by adding a subdivision; 62Q.18; 62Q.19; 62Q.23; 62Q.25; 62Q.30; 62Q.32; 62Q.33, subdivisions 4 and 5; 62Q.41; 72A.20, by adding subdivisions; 136A.1355, subdivisions 3 and 5; 136A.1356, subdivisions 3 and 4; 144.1464, subdivisions 2, 3, and 4; 144.147, subdivision 1; 144.1484, subdivision 1; 144.1486, subdivision 4; 144.1489, subdivision 3; 151.48; 256.9353, subdivisions 1 and 3; 256.9354, subdivisions 1, 4, 5, and by adding a subdivision; 256.9357, subdivisions 1, 2, and 3; 256.9358, subdivisions 3, 4, and by adding a subdivision; 256.9363, subdivision 5; 256B.037, subdivisions 1, 3, 4, and by adding subdivisions; 256B.04, by adding a subdivision; 256B.055, by adding a subdivision; 256B.057, subdivision 3, and by adding subdivisions; 256B.0625, subdivision 30; 256B.69, subdivisions 2 and 4; 270.101, subdivision 1; 290.01, subdivision 19a; 295.50, subdivisions 3, 4, and 10a; 295.53, subdivisions 1, 3, and 4; 295.55, subdivision 4; and 295.57; Laws 1990, chapter 591, article 4, section 9; Laws 1994, chapter 625, article 5, sections 5, subdivision 1; 7; and 10, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 62J; 62L; 62N; 62Q; 256; 256B; and 295; repealing Minnesota Statutes 1994, sections 62J.045; 62J.07, subdivision 4; 62J.09, subdivision 1a; 62J.152, subdivision 6; 62J.19; 62J.30; 62J.31; 62J.32; 62J.33; 62J.34; 62J.35; 62J.41, subdivisions 3 and 4; 62J.44; 62J.45; 62J.65; 62L.08, subdivision 7a; 62N.34; 62P.01; 62P.02; 62P.03; 62P.07; 62P.09; 62P.11; 62P.13; 62P.15; 62P.17; 62P.19; 62P.21; 62P.23; 62P.25; 62P.27; 62P.29; 62P.31; 62P.33; 62Q.03, subdivisions 2, 3, 4, 5, and 11; 62Q.21; 62Q.27; and 256.9353, subdivisions 4 and 5; Laws 1993, chapter 247, article 1, sections 12, 13, 14, 15, 18, and 19; Minnesota Rules, part 4685.1700, subpart 1, item D.

Reports the same back with the recommendation that the bill be amended as follows:

Pages 11 and 12, delete section 20

Page 21, line 4, after "A" insert "separate"

Page 22, line 10, before the period, insert ", but is authorized to incorporate under chapter 317A."

The provisions of this chapter govern if the provisions of chapter 317A conflict with this chapter. The association may operate under the approved plan of operation and shall be governed in accordance with this chapter and may operate in accordance with chapter 317A. If the association incorporates as a nonprofit corporation under chapter 317A, the filing of the plan of operation meets the requirements of filing articles of incorporation.

The association, its transactions, and all property owned by it are exempt from taxation under the laws of this state or any of its subdivisions, including, but not limited to, income tax, sales tax, use tax, and property tax. The association may seek exemption from payment of all fees and taxes levied by the federal government. Except as otherwise provided in this chapter, the association is not subject to the provisions of chapters 14, 60A, 62A, and 62P. The association is not a public employer and is not subject to the provisions of chapters 179A and 353. The board of directors and health carriers who are members of the association are exempt from sections 325D.49 to 325D.66 in the performance of their duties as directors and members of the association"

Page 22, line 26, delete "and identify" and insert "which identifies"

Page 22, line 28, after "market" insert ", recommends whether transfers attributable to risk adjustment should be required between the individual and small group markets, and makes other appropriate recommendations"

Page 24, lines 28 and 29, delete "by the commissioner"

Page 24, line 31, delete "by the commissioner"

Page 24, line 33, after the period, insert "Except for the proposed and approved plan of operation, the risk adjustment methodologies examined, the plan for testing, the plan of the risk adjustment system, minutes of meetings, and other general operating information are classified as public data."

Page 25, line 1, after the period, insert "The commissioners of health and human services have the authority to collect data from health plan companies as needed for the purpose of developing a risk adjustment mechanism for public programs."

Page 25, line 15, before the semicolon, insert ", except for meetings involving privileged communication between the association and its counsel as permitted under section 471.705, subdivision 1d, paragraph (e)"

Page 29, line 11, delete "COMPLAINT RESOLUTION" and insert "HEALTH PLAN COMPANY COMPLAINT PROCEDURE"

Page 29, line 35, after the period, insert "A health plan company may meet the requirements of subdivision 3 by providing an alternative dispute resolution process. If the health plan company chooses to provide alternative dispute resolution to meet the requirements of subdivision 3, the process shall be provided at no cost to the enrollee."

Page 29, delete line 36

Page 30, delete lines 1 to 7

Page 30, line 8, delete "6" and insert "5"

Page 30, line 17, delete "7" and insert "6"

Page 30, line 22, delete "8" and insert "7"

Page 30, line 27, delete "9" and insert "8"

Page 30, after line 36, insert:

"Sec. 20. [62Q.106] [DISPUTE RESOLUTION BY COMMISSIONER.]

A complainant may at any time submit a complaint to the appropriate commissioner to investigate. After investigating a complaint, or reviewing a company's decision, the appropriate commissioner may order a remedy as authorized under section 62N.04, 62Q.30, chapter 45, 60A, or 62D."

Page 33, delete lines 28 to 35

Page 33, line 36, delete "5b" and insert "5a"

Page 34, line 8, delete "5c" and insert "5b"

Page 34, line 15, before the period, insert "or until universal coverage is achieved as defined under section 62Q.165, whichever is later"

Page 34, lines 17 to 19, delete the new language

Page 35, line 3, after "under" insert "this section,"

Page 40, line 13, delete "28" and insert "29"

Page 48, line 28, delete "reduction"

Page 48, delete lines 29 to 32 and insert "penalty for the uninsured established under section 62Q.166."

Pages 49 to 51, delete section 2 and insert:

"Sec. 2. [62Q.166] [PENALTY FOR THE UNINSURED.]

Subdivision 1. [DEFINITIONS.] (a) For the purposes of this section, the following terms have the meanings given.

(b) "Commissioner" means the commissioner of health.

(c) "Income" means federal adjusted gross income, as defined in the Internal Revenue Code of 1986, as amended through December 31, 1994.

(d) "Uninsured" means the failure to have in effect during a reporting period 30 consecutive days or more of qualifying coverage as defined in section 62L.02, subdivision 24. Coverage through a health plan company must be at least a qualified plan as defined in section 62E.02, subdivision 4, except that the deductible must be no more than \$2,000.

(e) "Household unit" means a Minnesota resident subject to taxation under chapter 290 and all dependents claimed on the resident's federal income tax return for the reporting year. For purposes of this section, married spouses and any dependents they claim are a household unit if they file a joint federal tax return or file separate returns but reside together.

(f) "Reporting year" means the 12-month period for which income is reported for purposes of chapter 290.

(g) "Filing year" means the 12-month period following the reporting year.

Subd. 2. [ESTABLISHMENT OF PENALTY.] (a) Effective for reporting year beginning after December 31, 1996, a penalty of \$100 shall be imposed on all household units with income for the reporting year greater than 275 percent of the federal poverty guideline for a family of that size, for which one or more members of the household unit are uninsured while residing in Minnesota. Effective for reporting year beginning after December 31, 1997, the penalty becomes \$200 and after December 31, 1998, the penalty becomes \$400.

(b) The federal poverty guideline used to establish gross annual income under paragraph (a) shall be the guideline applicable to a family of the household's size in effect on January 1 of the reporting year.

(c) The household unit shall report on a form prescribed by the commissioner information required by the commissioner related to the penalty imposed under this section.

Subd. 3. [HOUSEHOLD UNIT DUTIES.] Each household unit meeting the income guidelines in subdivision 2, paragraph (a), shall report the information required under subdivision 2, paragraph (c), and pay the penalty to the commissioner no later than April 15 of the filing year.

Subd. 4. [ENFORCEMENT.] For the purpose of enforcing this section, the commissioner shall have the same power to abate the penalty as the commissioner of revenue has under section 270.07, subdivision 1, paragraph (e). The interest provision of section 270.75 shall apply.

Subd. 5. [CONTRACTING ENFORCEMENT TO ANOTHER STATE AGENCY.] The commissioner may contract with another state agency to enforce this section and may exchange any information necessary with that state agency. If the commissioner contracts with the department of revenue, the commissioner of revenue is authorized to examine reports and assess and collect the penalty in the manner provided in chapters 270 and 289A.

Subd. 6. [TREATMENT OF DATA.] Information collected by the commissioner under this section shall be treated as private data on individuals as defined under section 13.02, subdivision 2.

Subd. 7. [USE OF INCREASED REVENUE.] State revenue attributable to the penalties assessed under this section shall be deposited in the health care access fund. Up to five percent of the revenue attributable to the penalty may be appropriated to the commissioner to administer this section."

Pages 56 and 57, delete section 4 and insert:

"Sec. 4. Minnesota Statutes 1994, section 270B.14, subdivision 11, is amended to read:

Subd. 11. [DISCLOSURE TO COMMISSIONER OF HEALTH.] (a) On the request of the commissioner of health, the commissioner may disclose return information to the extent provided in paragraph (b) and for the purposes provided in paragraph (c).

(b) Data that may be disclosed are limited to the taxpayer's identity, as defined in section 270B.01, subdivision 5.

(c) The commissioner of health may request data only for the purposes of carrying out epidemiologic investigations, which includes conducting occupational health and safety surveillance, and locating and notifying individuals exposed to health hazards as a result of employment. Requests for data by the commissioner of health must be in writing and state the purpose of the request. Data received may be used only for the purposes of section 144.0525.

(d) The commissioner may disclose information to the commissioner of health as necessary to enforce the penalty for the uninsured provided under section 62Q.166.

Sec. 5. [PUBLIC EDUCATION.]

The commissioner of health, with the cooperation of the commissioner of revenue, shall develop information to be distributed to the public in order to educate the public on the penalty for the uninsured established under Minnesota Statutes, section 62Q.166. This information shall be available to the public by January 1, 1996.

Sec. 6. [PENALTY THRESHOLD LEVEL.]

The health care commission shall make recommendations to the legislature by January 15, 1996, on the establishment and implementation of criteria that would allow an individual to be exempt from paying the penalty established under Minnesota Statutes, section 62Q.166.

Sec. 7. [COORDINATION BETWEEN ACUTE AND LONG-TERM CARE.]

Subdivision 1. [GOAL.] The health care commission shall examine the relationship between the acute and long-term care systems in order to address fragmentation and cost shifting between these two systems.

Subd. 2. [PLAN.] The commission shall prepare a plan for a process to bring about greater coordination between acute and long-term care that would maximize quality, overcome cost shifting, and contain overall costs.

(a) The commission's plan shall identify:

(1) concepts, issues, perceived problems, or concerns to be addressed as part of a process to achieve greater coordination and improved outcomes in acute and long-term care;

(2) a suitable process for addressing the issues in clause (1), including adequate involvement of appropriate stakeholder groups, persons receiving long-term care, and the public; and

(3) recommendations for appropriate relationships, division of responsibilities, resources, and a timetable for the process of achieving greater coordination between acute and long-term care.

(b) The commission's plan shall address:

(1) the need for an appropriate framework for measuring and comparing potential costs and benefits of proposals to improve coordination between acute and long-term care;

(2) specific information needs and how the information will be developed or obtained;

(3) the role of the commission and any changes or modifications of the commission in assisting the process described in the plan; and

(4) the degree to which the process of coordinating acute and long-term care might be undertaken sequentially or incrementally, with descriptions of any recommended steps in the process.

(c) In developing the plan, the commission shall take testimony from interested persons, review findings of previous studies and reports, and consult with other state agencies and organizations, including, but not limited to:

(1) adults with disabilities, parents or guardians of children with disabilities, and groups representing children and adults with a variety of disabilities; and

(2) facility based and home- and community-based long-term care providers.

(d) The commission's plan shall be reported to the legislature by January 15, 1996."

Page 60, after line 31, insert:

"Subd. 3. [CONSUMER INFORMATION.] The information clearinghouse or another entity designated by the commissioner shall provide consumer information to health plan company enrollees to:

(1) assist enrollees in understanding their rights;

(2) explain and assist in the use of all available complaint systems, including internal complaint systems within health carriers, community integrated service networks, integrated service networks, and the departments of health and commerce;

(3) provide information on coverage options in each regional coordinating board region of the state;

(4) provide information on the availability of purchasing pools and enrollee subsidies; and

(5) help consumers use the health care system to obtain coverage.

The information clearinghouse or other entity designated by the commissioner for the purposes of this subdivision shall not:

(1) provide legal services to consumers;

(2) represent a consumer or enrollee; or

(3) serve as an advocate for consumers in disputes with health plan companies.

Nothing in this subdivision shall interfere with the ombudsman program established under section 256B.031, subdivision 6, or other existing ombudsman programs."

Page 60, line 32, delete "3" and insert "4"

Page 62, line 36, delete "section" and insert "chapter"

Page 63, line 17, before "must" insert ", pursuant to sections 62J.301 to 62J.42,"

Page 68, line 32, delete "benefits" and insert "benefits"

Page 84, delete lines 35 and 36

Page 85, delete line 1

Page 98, after line 1, insert:

"Sec. 20. Minnesota Statutes 1994, section 214.16, subdivision 2, is amended to read:

Subd. 2. [BOARD COOPERATION REQUIRED.] The board shall assist the commissioner of health ~~and the data analysis unit~~ in data collection activities required under Laws 1992, chapter 549, article 7, and shall assist the commissioner of revenue in activities related to collection of the health care provider tax required under Laws 1992, chapter 549, article 9. Upon the request of the commissioner, ~~the data analysis unit~~, or the commissioner of revenue, the board shall make available names and addresses of current licensees and provide other information or assistance as needed.

Sec. 21. Minnesota Statutes 1994, section 214.16, subdivision 3, is amended to read:

Subd. 3. [GROUNDS FOR DISCIPLINARY ACTION.] The board shall take disciplinary action, which may include license revocation, against a regulated person for:

(1) intentional failure to provide the commissioner of health ~~or the data analysis unit established under section 62J.30~~ with the data required under chapter 62J;

(2) intentional failure to provide the commissioner of revenue with data on gross revenue and other information required for the commissioner to implement sections 295.50 to 295.58; and

(3) intentional failure to pay the health care provider tax required under section 295.52."

Page 100, line 11, delete "department's MMIS" and insert "Medicaid Management Information System (MMIS)"

Page 101, line 10, delete the comma

Page 105, line 20, delete from "and" through page 105, line 24, to "available" and insert "beginning October 1, 1995, or upon federal approval of the waiver request"

Page 110, line 10, delete "4" and insert "4a"

Page 125, delete lines 8 to 11 and insert:

"(b) If federal approval is obtained, the commissioner of human services shall notify the chair of the senate finance committee, the chair of the house of representatives ways and means committee, and the commissioner of finance that approval has been obtained. Upon notification, the commissioner of finance shall transfer the appropriated amount to the commissioner of human services."

Page 125, after line 15, insert:

"Sec. 42. [ADMINISTRATIVE EXPENDITURES.]

If the federal Health Care Financing Administration approves the section 1115 MinnesotaCare health care reform waiver, all administrative expenditures associated with that waiver shall be removed from the base appropriations for the 1998-1999 biennium."

Page 172, after line 21, insert:

"Section 1. Minnesota Statutes 1994, section 16A.724, is amended to read:

16A.724 [HEALTH CARE ACCESS FUND.]

A health care access fund is created in the state treasury. The fund is a direct appropriated special revenue fund. The commissioner shall deposit to the credit of the fund money made available to the fund. Notwithstanding section 11A.20, after June 30, 1997, all investment income and all investment losses attributable to the investment of the health care access fund not currently needed shall be credited to the health care access fund."

Page 181, line 20, delete "1 and 5" and insert "2 and 6"

Page 181, line 22, delete "2, 6, and 9" and insert "3, 7, and 10"

Page 181, line 24, delete "3" and insert "4"

Page 181, line 26, delete "4" and insert "5"

Page 181, line 27, delete "7" and insert "8"

Page 181, line 29, delete "8" and insert "9"

Page 181, line 31, delete "10" and insert "11"

Subd. 2. Supreme Court Operations

3,989,000	4,030,000
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\$2,500 the first year and \$2,500 the second year are for a contingent account for expenses necessary for the normal operation of the court for which no other reimbursement is provided.

Subd. 3. Civil Legal Services

4,757,000	4,757,000
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This appropriation is for legal service to low-income clients and for family farm legal assistance under Minnesota Statutes, section 480.242. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium. A qualified legal services program, as defined in Minnesota Statutes, section 480.24, subdivision 3, may provide legal services to persons eligible for family farm legal assistance under Minnesota Statutes, section 480.242.

Subd. 4. Family Law Legal Services

877,000	877,000
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This appropriation is to improve the access of low-income clients to legal representation in family law matters and must be distributed under Minnesota Statutes, section 480.242, to the qualified legal services programs described in Minnesota Statutes, section 480.242, subdivision 2, paragraph (a). Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

Subd. 5. State Court Administration

7,627,000	7,516,000
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\$50,000 is for staffing the nonfelony enforcement advisory committee under article 2, section 33, to be available until December 31, 1996.

\$175,000 the first year and \$175,000 the second year are to fund the activities of the juvenile violence prevention and enforcement unit authorized to be established under article 2, section 39.

Subd. 6. Community Dispute Resolution

245,000	245,000
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Subd. 7. Law Library Operations

1,729,000	1,744,000
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Subd. 8. Criminal and Juvenile Justice Information Systems

1,481,000

127,000

\$675,000 the first year and \$63,000 the second year are for the statewide juvenile criminal history system, extended juvenile justice data, statewide misdemeanor system, and the tracking system for domestic abuse orders for protection.

\$73,000 the first year and \$64,000 the second year are to administer the statewide criminal and juvenile justice community model including salary expenses.

\$733,000 the first year is to implement the electronic livescan/cardscan fingerprint technology for the statewide designated court locations in accordance with the Minnesota criminal and juvenile justice task force recommendations.

Sec. 3. COURT OF APPEALS

5,842,000

5,917,000

Sec. 4. DISTRICT COURTS

67,288,000

68,046,000

\$180,000 the first year and \$180,000 the second year are for two referees in the fourth judicial district, if a law is enacted providing for a homestead agricultural and credit assistance offset in the same amount.

Sec. 5. BOARD OF JUDICIAL STANDARDS

210,000

212,000

Sec. 6. TAX COURT

592,000

592,000

Sec. 7. PUBLIC SAFETY

Subdivision 1. Total

Appropriation

15,985,000

12,296,000

Summary by Fund

	1996	1997
General	15,945,000	12,256,000
Special Revenue	-0-	-0-
Trunk Highway	-0-	-0-
Environmental	40,000	40,000

Subd. 2. Administrative and Related Services

92,000

92,000

This appropriation is to reimburse the cost of soft body armor purchased under Minnesota Statutes, section 299A.38.

Subd. 3. Driver and Vehicle Services

12,000

-0-

\$12,000 the first year is for improvements to the department's driving records computer system to better indicate to a peace officer whether to

impound the vehicle registration plates of an individual pursuant to Minnesota Statutes, section 168.042.

Subd. 4. Emergency Management

2,820,000 2,085,000

Summary by Fund

General	2,780,000	2,045,000
Environmental	40,000	40,000

Subd. 5. Fire Marshal

2,568,000 2,568,000

\$82,000 the first year and \$82,000 the second year are appropriated from the state government special revenue fund for transfer by the commissioner of finance to reimburse the general fund for the cost of fire safety inspections performed by the state fire marshal.

The fire marshal may enter into contracts for specialty investigative services.

Subd. 6. Capitol Security

1,436,000 1,436,000

Subd. 7. Liquor Control

389,000 391,000

Subd. 8. Gambling Enforcement

1,137,000 1,140,000

**Subd. 9. Drug Policy and
Violence Prevention**

5,277,000 2,328,000

\$852,000 the first year and \$852,000 the second year are to be distributed by the commissioner of public safety, after consulting with the chemical abuse and violence prevention council.

\$50,000 the first year is for a grant to a statewide program to create and develop theatrical plays, workshops, and educational resources based on a peer education model that promotes increased awareness and prevention of sexual abuse, interpersonal violence, and sexual harassment. This appropriation is available until June 30, 1997.

\$25,000 the first year and \$25,000 the second year are to establish the youth neighborhood centers described in article 2, section 8.

\$100,000 the first year and \$100,000 the second year are for a grant to the Northwest Hennepin Human Services Council to administer and expand the Northwest law enforcement project to municipal and county law enforcement agencies throughout the metropolitan area.

\$100,000 the first year is for grants for the truancy reduction pilot programs created in S.F. No. 418.

\$300,000 the first year is for grants to local law enforcement jurisdictions to develop three truancy service centers under Minnesota Statutes, proposed section 260A.04 created in S.F. No. 418. Applicants must provide a one-to-one funding match. If the commissioner has received applications from fewer than three counties by the application deadline, the commissioner may make unallocated funds from this appropriation available to an approved grantee that can provide the required one-to-one funding match for the additional funds.

\$2,050,000 the first year is for grants to local law enforcement agencies for law enforcement officers assigned to schools under S.F. No. 418. The grants may be used to expand the assignment of law enforcement officers to middle schools and junior high schools or to fund new positions in high schools that do not currently have a law enforcement officer assigned to them. The grants may be used to provide the local share required for eligibility for federal funding for these positions. The amount of the state grant must be matched by at least an equal amount of money from nonstate sources.

\$250,000 the first year is for grants to a school district for a photographic identification system for school district staff and junior and senior high school students under S.F. No. 418. The amount of the state grant must be matched by at least an equal amount of money from nonstate sources.

\$200,000 the first year is for incentive grants to school districts to encourage the development and enhancement of conflict resolution and peer mediation programs for students under S.F. No. 418.

Subd. 10. Crime Victims Services

2,037,000	2,038,000
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Subd. 11. Crime Victims Ombudsman

217,000	218,000
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Sec. 8. CRIMINAL APPREHENSION

17,498,000

16,395,000

Summary by Fund

General	15,526,000	14,407,000
Special Revenue	484,000	498,000
Trunk Highway	1,488,000	1,490,000

\$200,000 the first year and \$200,000 the second

year are for use by the bureau of criminal apprehension for the purpose of investigating cross-jurisdictional criminal activity.

\$387,000 the first year and \$398,000 the second year from the bureau of criminal apprehension account in the special revenue fund are for laboratory activities.

\$97,000 the first year and \$100,000 the second year from the bureau of criminal apprehension account in the special revenue fund are for grants to local officials for the cooperative investigation of cross-jurisdictional criminal activity. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

\$275,000 the first year and \$275,000 the second year are for the continuation of the crime fax integrated criminal alert network project.

\$745,000 the first year and \$88,000 the second year are for integration and development of the statewide juvenile criminal history system, extended juvenile justice data system, statewide misdemeanor system, and the tracking system for domestic abuse orders for protection with the bureau's centralized computer systems.

\$206,000 the first year and \$206,000 the second year are for improvements in the bureau's internal systems support functions.

\$500,000 the first year is to upgrade the bureau's forensic laboratory to implement new methods of DNA testing.

\$60,000 the first year and \$60,000 the second year are to provide the reimbursements authorized by Minnesota Statutes, section 299C.063, subdivision 2.

\$100,000 the first year and \$100,000 the second year are to be used for the witness and victim protection fund established in Minnesota Statutes, section 299C.065, subdivision 1a.

Up to \$1,000,000 from dedicated noncriminal justice records fees may be used to implement the electronic livescan/cardscan fingerprint technology for the statewide arrest/booking locations in accordance with the Minnesota criminal and juvenile justice task force recommendations.

Sec. 9. BOARD OF PRIVATE DETECTIVE AND PROTECTIVE AGENT SERVICES	102,000	115,000
Sec. 10. BOARD OF PEACE OFFICER STANDARDS AND TRAINING	4,505,000	4,452,000

This appropriation is from the peace officers

training account in the special revenue fund. Any receipts credited to the peace officer training account in the special revenue fund in the first year in excess of \$4,505,000 must be transferred and credited to the general fund. Any receipts credited to the peace officer training account in the special revenue fund in the second year in excess of \$4,452,000 must be transferred and credited to the general fund.

\$850,000 the first year and \$850,000 the second year are for law enforcement educational programs provided by the state colleges and universities.

\$100,000 the first year and \$100,000 the second year are for the development of an advanced law enforcement degree at the existing school of law enforcement at Metropolitan State University.

\$203,000 the first year and \$203,000 the second year shall be made available to law enforcement agencies to pay educational expenses and other costs of students who have been given conditional offers of employment by the agency and who are enrolled in the licensing core of a professional peace officer education program. No more than \$5,000 may be expended on a single student.

\$2,300,000 the first year and \$2,300,000 the second year are to reimburse local law enforcement for the cost of administering board-approved continuing education to peace officers.

\$100,000 the first year and \$100,000 the second year are for transfers to the crime victim and witness account in the state treasury for the purposes specified in Minnesota Statutes, section 611A.675. This sum is available until expended.

\$61,000 the first year is for legal fees. If actual expenses are less than \$61,000 the balance shall cancel to the general fund on July 1, 1996.

Sec. 11. BOARD OF PUBLIC DEFENSE

Subdivision 1. Total

Appropriation

37,218,000

37,184,000

None of this appropriation shall be used to pay for lawsuits against public agencies or public officials to change social or public policy.

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. State Public Defender

2,712,000

2,681,000

Subd. 3. District Public
Defense

33,761,000	33,762,000
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\$904,000 the first year and \$904,000 the second year are for grants to the five existing public defense corporations under Minnesota Statutes, section 611.216.

Subd. 4. Board of Public
Defense

745,000	741,000
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Sec. 12. CORRECTIONS

Subdivision 1. Total
Appropriation

259,334,000	281,317,000
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The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

During the biennium ending June 30, 1997, whenever offenders are assigned for the purpose of work under agreement with any state department or agency, local unit of government, or any other government subdivision, the state department, agency, local unit of government, or other governmental subdivision must certify in writing to the appropriate bargaining agent that the work performed by inmates will not result in the displacement of currently employed workers or workers on seasonal layoff or layoff from a substantially equivalent position, including partial displacement such as reduction in hours of nonovertime work, wages, or other employee benefits.

Subd. 2. Correctional
Institutions

171,121,000	189,859,000
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Subd. 3. Community Services

67,751,000	70,260,000
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\$75,000 the first year and \$75,000 the second year are to establish an electronic alcohol monitoring pilot program under article 2, section 37.

\$12,000 the first year is to adopt the rules and administer the advisory committee described in article 3, section 21.

\$25,000 the first year is to conduct the study on the use of secure treatment facilities for juveniles directed in article 3, section 22.

\$5,432,000 the first year and \$5,500,000 the second year are for grants for a comprehensive continuum of care for juveniles at high risk to

become extended jurisdiction juveniles and for extended jurisdiction juveniles under article 3, section 23. The commissioner shall pay to each county after January 1 of each year the total amount appropriated for that year divided by the sum of the total number of juveniles in the state in the prior year who were charged with having committed offenses that would result in a presumption of certification under Minnesota Statutes, section 260.125, subdivision 2a, plus one for each county which did not have such a juvenile so charged, multiplied by the greater of the total number of juveniles in the county so charged or by one. Counties that are not community corrections act counties may not be required to pay more than the amount of the county's reimbursement for a comprehensive continuum of care for juveniles convicted as extended jurisdiction juveniles.

When a court commits an extended jurisdiction juvenile to the commissioner of corrections for placement in a state juvenile facility, the per diem cost of care for that juvenile must be charged to the county of commitment.

None of this appropriation shall be used to pay for biomedical intervention for sex offenders.

Subd. 4. Management Services

20,462,000	21,198,000
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During the biennium ending June 30, 1997, when awarding grants for victims' programs and services, the commissioner shall give priority to geographic areas that are unserved or underserved by programs or services.

\$100,000 the first year and \$100,000 the second year are to develop a continuum of care for juvenile female offenders. The commissioner of corrections shall collaborate with the commissioners of human services, health, economic security, planning, education, and public safety and with representatives of the private sector to develop a comprehensive continuum of care to address the gender-specific needs of juvenile female offenders.

\$2,000,000 the first year and \$2,636,000 the second year are for salary supplements for employees throughout the department.

Sec. 13. CORRECTIONS OMBUDSMAN	596,000	599,000
Sec. 14. SENTENCING GUIDELINES COMMISSION	369,000	371,000
Sec. 15. HUMAN SERVICES	192,000	43,000
Subdivision 1. Child Abuse Hotline		

167,000

18,000

\$167,000 the first year and \$18,000 the second year are to implement the child abuse hotline under article 2, section 43.

Subd. 2. Parental Self-help

25,000

25,000

\$25,000 the first year and \$25,000 the second year are for a grant to a nonprofit, statewide child abuse prevention organization whose primary focus is parental self-help and support.

Sec. 16. HEALTH

120,000

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This amount is for the expanded projects for the Institute of Child and Adolescent Sexual Health described in article 2, section 38.

Sec. 17. ATTORNEY GENERAL

190,000

190,000

\$190,000 the first year and \$190,000 the second year are for the Drug Abuse Resistance Education Advisory Council for drug abuse resistance education programs under Minnesota Statutes, section 299A.331.

Sec. 18. EDUCATION

600,000

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\$600,000 the first year is for grants to school districts for alternative programming for at-risk and in-risk students under S.F. No. 418.

Sec. 19. Minnesota Statutes 1994, section 16A.285, is amended to read:

16A.285 [ALLOWED APPROPRIATION TRANSFERS.]

An agency in the executive, legislative, or judicial branch may transfer state agency operational money between programs within the same fund if: (1) the agency first notifies the commissioner as to the type and intent of the transfer; and (2) the transfer is consistent with legislative intent. If an amount is specified for an item within an activity, that amount must not be transferred or used for any other purpose.

The commissioner shall report the transfers to the chairs of the senate finance and house of representatives ways and means committees.

Sec. 20. Minnesota Statutes 1994, section 243.51, subdivision 1, is amended to read:

Subdivision 1. The commissioner of corrections is hereby authorized to contract with agencies and bureaus of the United States attorney general and with the proper officials of other states or a county of this state for the custody, care, subsistence, education, treatment and training of persons convicted of criminal offenses constituting felonies in the courts of this state, the United States, or other states of the United States. Such contracts shall provide for reimbursing the state of Minnesota for all costs or other expenses involved. Funds received under such contracts shall be deposited in the state treasury to the credit of the facility in which such persons may be confined and are appropriated to the commissioner of corrections for correctional purposes. Any prisoner transferred to the state of Minnesota pursuant to this subdivision shall be subject to the terms and conditions of the prisoner's original sentence as if the prisoner were serving the same within the confines of the state in which the conviction and sentence was had or in the custody of the United States attorney general. Nothing herein shall deprive such inmate of the right to parole or the rights to legal process in the courts of this state.

Sec. 21. Minnesota Statutes 1994, section 243.51, subdivision 3, is amended to read:

Subd. 3. [TEMPORARY DETENTION.] The commissioner of corrections is authorized to contract with agencies and bureaus of the United States attorney general and with the appropriate officials of any other state or county of this state for the temporary detention of any person in custody pursuant to any process issued under the authority of the United States, other states of the United States, or the district courts of this state. The contract shall provide for reimbursement to the state of Minnesota for all costs and expenses involved. Money received under contracts shall be deposited in the state treasury ~~to the credit of the facility in which the persons may be confined and are appropriated to the commissioner of corrections for correctional purposes.~~

Sec. 22. Minnesota Statutes 1994, section 626.861, subdivision 4, is amended to read:

Subd. 4. [PEACE OFFICERS TRAINING ACCOUNT.] ~~(a) Receipts from penalty assessments must be credited to a peace officer officers training account in the special revenue fund. The peace officers standards and training board shall make the following allocations from appropriated funds, net of operating expenses:~~

~~(1) for fiscal year 1994:~~

~~(i) at least 25 percent for reimbursement to board approved skills courses; and~~

~~(ii) at least 13.5 percent for the school of law enforcement;~~

~~(2) for fiscal year 1995:~~

~~(i) at least 17 percent to the community college system for one time start up costs associated with the transition to an integrated academic program;~~

~~(ii) at least eight percent for reimbursement to board approved skills courses in the technical college system; and~~

~~(iii) at least 13.5 percent for the school of law enforcement.~~

~~The balance in each year may be used to pay each local unit of government an amount in proportion to the number of licensed peace officers and constables employed, at a rate to be determined by the board. The disbursed amount must be used exclusively for reimbursement of the cost of in-service training required under this chapter and chapter 214.~~

~~(b) The board must not reduce allocations to law enforcement agencies or higher education systems or institutions to fund legal costs or other board operating expenses not presented in the board's biennial legislative budget request.~~

~~(c) No school in Minnesota certified by the board shall provide a nondegree professional peace officer education program for any state agency or local law enforcement agency after December 31, 1994, without affirmative legislative approval.~~

ARTICLE 2

GENERAL CRIME PROVISIONS

Section 1. Minnesota Statutes 1994, section 2.722, subdivision 1, is amended to read:

Subdivision 1. [DESCRIPTION.] Effective July 1, 1959, the state is divided into ten judicial districts composed of the following named counties, respectively, in each of which districts judges shall be chosen as hereinafter specified:

1. Goodhue, Dakota, Carver, Le Sueur, McLeod, Scott, and Sibley; 28 judges; and four permanent chambers shall be maintained in Red Wing, Hastings, Shakopee, and Glencoe and one other shall be maintained at the place designated by the chief judge of the district;

2. Ramsey; 24 judges;

3. Wabasha, Winona, Houston, Rice, Olmsted, Dodge, Steele, Waseca, Freeborn, Mower, and Fillmore; 22 judges; and permanent chambers shall be maintained in Faribault, Albert Lea, Austin, Rochester, and Winona;

4. Hennepin; 57 judges;

5. Blue Earth, Watonwan, Lyon, Redwood, Brown, Nicollet, Lincoln, Cottonwood, Murray, Nobles, Pipestone, Rock, Faribault, Martin, and Jackson; 17 judges; and permanent chambers shall be maintained in Marshall, Windom, Fairmont, New Ulm, and Mankato;

6. Carlton, St. Louis, Lake, and Cook; 15 judges;

7. Benton, Douglas, Mille Lacs, Morrison, Otter Tail, Stearns, Todd, Clay, Becker, and Wadena; 22 judges; and permanent chambers shall be maintained in Moorhead, Fergus Falls, Little Falls, and St. Cloud;

8. Chippewa, Kandiyohi, Lac qui Parle, Meeker, Renville, Swift, Yellow Medicine, Big Stone, Grant, Pope, Stevens, Traverse, and Wilkin; 11 judges; and permanent chambers shall be maintained in Morris, Montevideo, and Willmar;

9. Norman, Polk, Marshall, Kittson, Red Lake, Roseau, Mahnomen, Pennington, Aitkin, Itasca, Crow Wing, Hubbard, Beltrami, Lake of the Woods, Clearwater, Cass and Koochiching; 20 judges; and permanent chambers shall be maintained in Crookston, Thief River Falls, Bemidji, Brainerd, Grand Rapids, and International Falls;

10. Anoka, Isanti, Wright, Sherburne, Kanabec, Pine, Chisago, and Washington; 34 35 judges; and permanent chambers shall be maintained in Anoka, Stillwater, and other places designated by the chief judge of the district.

Sec. 2. Minnesota Statutes 1994, section 2.722, is amended by adding a subdivision to read:

Subd. 4a. [REFEREE VACANCY; CONVERSION TO JUDGESHIP.] When a referee of the district court dies, resigns, retires, or is removed from the position, the chief judge of the district shall notify the supreme court and may petition to request that the position be converted to a judgeship. The supreme court shall determine within 90 days of the petition whether to order the position abolished or convert the position to a judgeship in the affected or another judicial district. The supreme court shall certify any judicial vacancy to the governor, who shall fill it in the manner provided by law.

Sec. 3. Minnesota Statutes 1994, section 3.732, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section and section 3.736 the terms defined in this section have the meanings given them.

(1) "State" includes each of the departments, boards, agencies, commissions, courts, and officers in the executive, legislative, and judicial branches of the state of Minnesota and includes but is not limited to the housing finance agency, the higher education coordinating board, the higher education facilities authority, the health technology advisory committee, the armory building commission, the zoological board, the iron range resources and rehabilitation board, the state agricultural society, the University of Minnesota, state universities, community colleges, state hospitals, and state penal institutions. It does not include a city, town, county, school district, or other local governmental body corporate and politic.

(2) "Employee of the state" means all present or former officers, members, directors, or employees of the state, members of the Minnesota national guard, members of a bomb disposal unit approved by the commissioner of public safety and employed by a municipality defined in section 466.01 when engaged in the disposal or neutralization of bombs or other similar hazardous explosives, as defined in section 299C.063, outside the jurisdiction of the municipality but within the state, or persons acting on behalf of the state in an official capacity, temporarily or permanently, with or without compensation. It does not include either an independent contractor or members of the Minnesota national guard while engaged in training or duty under United States Code, title 10, or title 32, section 316, 502, 503, 504, or 505, as amended through December 31, 1983. Notwithstanding sections 43A.02 and 611.263, for purposes of this section and section 3.736 only, "employee of the state" includes a district public defender or assistant district public defender in the second or fourth judicial district and a member of the health technology advisory committee.

(3) "Scope of office or employment" means that the employee was acting on behalf of the state in the performance of duties or tasks lawfully assigned by competent authority.

(4) "Judicial branch" has the meaning given in section 43A.02, subdivision 25.

Sec. 4. Minnesota Statutes 1994, section 176.192, is amended to read:

176.192 [BOMB DISPOSAL UNIT EMPLOYEES.]

For purposes of this chapter, a member of a bomb disposal unit approved by the commissioner of public safety and employed by a municipality defined in section 466.01, is considered ~~a state~~ an employee of the department of public safety solely for the purposes of this chapter when disposing of or neutralizing bombs or other similar hazardous explosives, as defined in section 299C.063, for another municipality or otherwise outside the jurisdiction of the employer-municipality but within the state.

Sec. 5. [242.40] [PLACEMENT OF JUVENILES AT RED WING AND SAUK CENTRE PROHIBITED.]

Juveniles may no longer be confined in the department of corrections' facilities at Red Wing and Sauk Centre after January 1, 1997. By January 1, 1997, all juveniles confined at Red Wing and Sauk Centre must be transferred to either privately owned and operated residential facilities licensed by the department of corrections or, upon request of the county, back to the county originally having jurisdiction over the juvenile.

Sec. 6. Minnesota Statutes 1994, section 243.23, subdivision 3, is amended to read:

Subd. 3. [EXCEPTIONS.] Notwithstanding sections 241.26, subdivision 5, and 243.24, subdivision 1, the commissioner may promulgate rules for the disbursement of funds earned under subdivision 1, or other funds in an inmate account, and section 243.88, subdivision 2. The commissioner shall first make deductions for the following expenses provide for disbursements in the following order of priority:

- (1) federal and state taxes;
- (2) repayment of advances;
- (3) gate money as provided in section 243.24; ~~and, where applicable, mandatory savings as provided by United States Code, title 18, section 1761, as amended. The commissioner's rules may then provide for disbursements to be made in the following order of priority:~~
 - (1) ~~for the~~ (4) support of families and dependent relatives of the respective inmates;
 - (2) ~~for the~~ (5) payment of court-ordered restitution;
 - (3) ~~for~~ (6) payment of fines, surcharges, or other fees assessed or ordered by a court;
 - (4) ~~for~~ (7) contribution to any programs established by law to aid victims of crime provided that the contribution shall not be more than 20 percent of an inmate's gross wages;
 - (5) ~~for the~~ (8) room and board or other costs of confinement;
 - (9) payment of restitution to the commissioner ordered by prison disciplinary hearing officers for damage to property caused by an inmate's conduct; and
 - (6) ~~for the~~ (10) discharge of any legal obligations arising out of litigation under this subdivision.

The commissioner may authorize the payment of court-ordered restitution from an inmate's wages when the restitution was ordered by the court as a sanction for the conviction of an offense which is not the offense of commitment, including offenses which occurred prior to the offense for which the inmate was committed to the commissioner. An inmate of an adult correctional facility under the control of the commissioner is subject to actions for the enforcement of support obligations and reimbursement of any public assistance rendered the dependent family and

relatives. The commissioner may conditionally release an inmate who is a party to an action under this subdivision and provide for the inmate's detention in a local detention facility convenient to the place of the hearing when the inmate is not engaged in preparation and defense.

Sec. 7. Minnesota Statutes 1994, section 243.88, is amended by adding a subdivision to read:

Subd. 5. [DEDUCTIONS.] Notwithstanding any other law to the contrary, any compensation paid to inmates under this section is subject to section 243.23, subdivisions 2 and 3, and rules of the commissioner of corrections.

Sec. 8. [299A.326] [YOUTH NEIGHBORHOOD CENTERS; PILOT PROJECTS ESTABLISHED.]

Subdivision 1. [ESTABLISHMENT; REQUIREMENTS.] The commissioner of public safety shall establish up to five pilot projects at neighborhood centers serving youths between the ages of 11 to 21. At least three centers must be located in the seven-county metropolitan area, the other two centers must be located outside the seven-county metropolitan area. The centers must offer recreational activities, social services, meals, job skills and career services, and provide referrals for youths to other available services outside the centers. The commissioner shall consult with other appropriate agencies and, to the extent possible, use existing resources and staff in creating the programs. The commissioner shall ensure that the programs are adequately staffed by specially trained personnel and outreach street workers. Each center must integrate community volunteers into the program's activities and services and cooperate with local law enforcement agencies. The centers must be open during hours convenient to youths including evenings, weekends, and extended summer hours. However, there may not be any conflicts with truancy laws. Each center must have a plan for evaluation designed to measure the program's effectiveness in aiding youths.

Subd. 2. [ADVISORY BOARD.] The commissioner shall establish an advisory board to help develop plans and programs for the youth centers established in subdivision 1. The commissioner shall encourage both youths and their families to participate on the board.

Sec. 9. Minnesota Statutes 1994, section 299A.38, subdivision 2, is amended to read:

Subd. 2. [STATE AND LOCAL REIMBURSEMENT.] Peace officers and heads of local law enforcement agencies who buy vests for the use of peace officer employees may apply to the commissioner for reimbursement of funds spent to buy vests. On approving an application for reimbursement, the commissioner shall pay the applicant an amount equal to the lesser of ~~one-third~~ one-half of the vest's purchase price or ~~\$165~~ \$300. The political subdivision that employs the peace officer shall pay at least the lesser of ~~one-third~~ one-half of the vest's purchase price or ~~\$165~~ \$300. The political subdivision may not deduct or pay its share of the vest's cost from any clothing, maintenance, or similar allowance otherwise provided to the peace officer by the law enforcement agency.

Sec. 10. Minnesota Statutes 1994, section 299A.44, is amended to read:

299A.44 [DEATH BENEFIT.]

Subdivision 1. [PAYMENT REQUIRED.] On certification to the governor by the commissioner of public safety that a public safety officer employed within this state has been killed in the line of duty, leaving a spouse or one or more eligible dependents, the commissioner of finance shall pay \$100,000 from the public safety officer's benefit account, as follows:

- (1) if there is no dependent child, to the spouse;
- (2) if there is no spouse, to the dependent child or children in equal shares;
- (3) if there are both a spouse and one or more dependent children, one-half to the spouse and one-half to the child or children, in equal shares;
- (4) if there is no surviving spouse or dependent child or children, to the parent or parents dependent for support on the decedent, in equal shares; or
- (5) if there is no surviving spouse, dependent child, or dependent parent, then no payment may be made from the public safety officer's benefit fund.

Subd. 2. [ADJUSTMENT OF BENEFIT.] On October 1 of each year beginning after the effective date of this subdivision, the commissioner of public safety shall adjust the level of the benefit payable immediately before October 1 under subdivision 1, to reflect the annual percentage change in the Consumer Price Index for all urban consumers, published by the federal Bureau of Labor Statistics, occurring in the one-year period ending on June 1 immediately preceding such October 1.

Sec. 11. Minnesota Statutes 1994, section 299A.51, subdivision 2, is amended to read:

Subd. 2. [WORKERS' COMPENSATION.] During operations authorized under section 299A.50, members of a regional hazardous materials response team operating outside their geographic jurisdiction are considered state employees of the department of public safety for purposes of chapter 176.

Sec. 12. [299C.063] [BOMB DISPOSAL EXPENSE REIMBURSEMENT.]

Subdivision 1. [DEFINITIONS.] The terms used in this section have the meanings given them in this subdivision:

(a) "Bomb disposal unit" means a commissioner-approved unit consisting of persons who are trained and equipped to dispose of or neutralize bombs or other similar hazardous explosives and who are employed by a municipality.

(b) "Commissioner" means the commissioner of public safety.

(c) "Municipality" has the meaning given it in section 466.01.

(d) "Hazardous explosives" means explosives as defined in section 299F.72, subdivision 2, explosive devices and incendiary devices as defined in section 609.668, subdivision 1, and all materials subject to regulation under United States Code, title 18, chapter 40.

Subd. 2. [EXPENSE REIMBURSEMENT.] The commissioner may reimburse bomb disposal units for reasonable expenses incurred to dispose of or neutralize bombs or other similar hazardous explosives for another municipality outside the jurisdiction of the employer-municipality but within the state. Reimbursement is limited to the extent of appropriated funds.

Subd. 3. [AGREEMENTS.] The commissioner may enter into contracts or agreements with bomb disposal units to implement and administer this section.

Sec. 13. Minnesota Statutes 1994, section 299C.065, subdivision 1a, is amended to read:

Subd. 1a. [WITNESS AND VICTIM PROTECTION FUND.] A witness and victim protection fund is created under the administration of the ~~commissioner of public safety~~ superintendent of the bureau of criminal apprehension. The ~~commissioner~~ superintendent may make grants to local officials to provide for the relocation or other protection of a victim, witness, or potential witness who is involved in a criminal prosecution and who the ~~commissioner~~ superintendent has reason to believe is or is likely to be the target of a violent crime or a violation of section 609.498 or 609.713, in connection with that prosecution. The awarding of grants under this subdivision is not limited to the crimes and investigations described in subdivision 1. The ~~commissioner~~ superintendent may award grants for any of the following actions in connection with the protection of a witness or victim under this subdivision:

(1) to provide suitable documents to enable the person to establish a new identity or otherwise protect the person;

(2) to provide housing for the person;

(3) to provide for the transportation of household furniture and other personal property to the person's new residence;

(4) to provide the person with a payment to meet basic living expenses for a time period the ~~commissioner~~ superintendent deems necessary;

(5) to assist the person in obtaining employment; and

(6) to provide other services necessary to assist the person in becoming self-sustaining.

Sec. 14. Minnesota Statutes 1994, section 299C.10, is amended by adding a subdivision to read:

Subd. 4. [FEE FOR BACKGROUND CHECK; ACCOUNT; APPROPRIATION.] The superintendent shall collect a fee in an amount to cover the expense for each background check provided for a purpose not directly related to the criminal justice system. The proceeds of the fee must be deposited in a special account. Until July 1, 1997, money in the account is appropriated to the commissioner to maintain and improve the quality of the criminal record system in Minnesota.

Sec. 15. Minnesota Statutes 1994, section 299C.62, subdivision 4, is amended to read:

Subd. 4. [RESPONSE OF BUREAU.] The superintendent shall respond to a background check request within a reasonable time after receiving the signed, written document described in subdivision 2. ~~The superintendent's response shall be limited to a statement that the background check crime information contained in the document is or is not complete and accurate.~~ The superintendent shall provide the children's service provider with a copy of the applicant's criminal record or a statement that the applicant is not the subject of a criminal history record at the bureau. It is the responsibility of the service provider to determine if the applicant qualifies as an employee or volunteer under this section.

Sec. 16. Minnesota Statutes 1994, section 357.021, subdivision 2, is amended to read:

Subd. 2. [FEE AMOUNTS.] The fees to be charged and collected by the court administrator shall be as follows:

(1) In every civil action or proceeding in said court, the plaintiff, petitioner, or other moving party shall pay, when the first paper is filed for that party in said action, a fee of \$122.

The defendant or other adverse or intervening party, or any one or more of several defendants or other adverse or intervening parties appearing separately from the others, shall pay, when the first paper is filed for that party in said action, a fee of \$122.

The party requesting a trial by jury shall pay \$75.

The fees above stated shall be the full trial fee chargeable to said parties irrespective of whether trial be to the court alone, to the court and jury, or disposed of without trial, and shall include the entry of judgment in the action, but does not include copies or certified copies of any papers so filed or proceedings under chapter 103E, except the provisions therein as to appeals.

(2) Certified copy of any instrument from a civil or criminal proceeding, \$10, and \$5 for an uncertified copy.

(3) Issuing a subpoena, \$3 for each name.

(4) Issuing an execution and filing the return thereof; issuing a writ of attachment, injunction, habeas corpus, mandamus, quo warranto, certiorari, or other writs not specifically mentioned, \$10.

(5) Issuing a transcript of judgment, or for filing and docketing a transcript of judgment from another court, \$7.50.

(6) Filing and entering a satisfaction of judgment, partial satisfaction, or assignment of judgment, \$5.

(7) Certificate as to existence or nonexistence of judgments docketed, \$5 for each name certified to.

(8) Filing and indexing trade name; or recording basic science certificate; or recording certificate of physicians, osteopaths, chiropractors, veterinarians, or optometrists, \$5.

(9) For the filing of each partial, final, or annual account in all trusteeships, \$10.

(10) For the deposit of a will, \$5.

(11) For recording notary commission, \$25, of which, notwithstanding subdivision 1a, paragraph (b), \$20 must be forwarded to the state treasurer to be deposited in the state treasury and credited to the general fund.

(12) When a defendant pleads guilty to or is sentenced for a petty misdemeanor other than a parking violation, the defendant shall pay a fee of \$11.

(13) Filing a motion or response to a motion for modification of child support, a fee fixed by rule or order of the supreme court.

(14) For the filing of a restraining order pursuant to section 609.748, \$60.

(15) All other services required by law for which no fee is provided, such fee as compares favorably with those herein provided, or such as may be fixed by rule or order of the court.

The fees in clauses (3) and (4) need not be paid by a public authority or the party the public authority represents.

Sec. 17. Minnesota Statutes 1994, section 481.01, is amended to read:

481.01 [BOARD OF LAW EXAMINERS; EXAMINATIONS.]

The supreme court shall, by rule from time to time, prescribe the qualifications of all applicants for admission to practice law in this state, and shall appoint a board of law examiners, which shall be charged with the administration of such rules and with the examination of all applicants for admission to practice law. The board shall consist of not less than three, nor more than seven, attorneys at law, who shall be appointed each for the term of three years and until a successor qualifies. The supreme court may fill any vacancy in the board for the unexpired term and in its discretion may remove any member thereof. The board shall have a seal and shall keep a record of its proceedings, of all applications for admission to practice, and of persons admitted to practice upon its recommendation. At least two times a year the board shall hold examinations and report the result thereof, with its recommendations, to the supreme court. Upon consideration of such report, the supreme court shall enter an order in the case of each person examined, directing the board to reject or to issue to the person a certificate of admission to practice. The board shall have such officers as may, from time to time, be prescribed and designated by the supreme court. The fee for examination shall be fixed, from time to time, by the supreme court, but shall not exceed \$50. Such fees, and any other fees which may be received pursuant to such rules as the supreme court may promulgate governing the practice of law and court-related alternative dispute resolution practices shall be paid to the state treasurer and shall constitute a special fund in the state treasury. The moneys in such fund are appropriated annually to the supreme court for the payment of compensation and expenses of the members of the board of law examiners and for otherwise regulating the practice of law. The moneys in such fund shall never cancel. Payments therefrom shall be made by the state treasurer, upon warrants of the commissioner of finance issued upon vouchers signed by one of the justices of the supreme court. The members of the board shall have such compensation and such allowances for expenses as may, from time to time, be fixed by the supreme court.

Sec. 18. Minnesota Statutes 1994, section 609.101, subdivision 1, is amended to read:

Subdivision 1. [SURCHARGES AND ASSESSMENTS.] (a) When a court sentences a person convicted of a felony, gross misdemeanor, or misdemeanor, other than a petty misdemeanor such as a traffic or parking violation, and if the sentence does not include payment of a fine, the court shall impose an assessment of not less than \$25 nor more than \$50. If the sentence for the felony, gross misdemeanor, or misdemeanor includes payment of a fine of any amount, including a fine of less than \$100, the court shall impose a surcharge on the fine of 20 percent of the fine. This section applies whether or not the person is sentenced to imprisonment and when the sentence is suspended.

(b) In addition to the assessments in paragraph (a), the court shall assess ~~the following surcharges~~ a surcharge of \$20 after a person is convicted:

~~(1) for a person charged with a felony, \$25;~~

~~(2) for a person charged with a gross misdemeanor, \$15;~~

~~(3) for a person charged with a misdemeanor other than a traffic, parking, or local ordinance violation, \$10; and~~

~~(4) for a person charged with a local ordinance violation other than a parking or traffic violation, \$5 of a violation of state law or local ordinance, other than a traffic or parking violation.~~

~~The surcharge must be assessed for the original charge, whether or not it is subsequently reduced. A person charged on more than one count may be assessed only one surcharge under this paragraph, but must be assessed for the most serious offense. This paragraph applies whether or not the person is sentenced to imprisonment and when the sentence is suspended.~~

(c) If the court fails to impose an assessment required by paragraph (a), the court administrator shall correct the record to show imposition of an assessment of \$25 if the sentence does not include payment of a fine, or if the sentence includes a fine, to show an imposition of a surcharge of ten percent of the fine. If the court fails to impose an assessment required by paragraph (b), the court administrator shall correct the record to show imposition of the assessment described in paragraph (b).

(d) Except for assessments and surcharges imposed on persons convicted of violations described in section 97A.065, subdivision 2, the court shall collect and forward to the commissioner of finance the total amount of the assessments or surcharges and the commissioner shall credit all money so forwarded to the general fund.

(e) If the convicted person is sentenced to imprisonment, the chief executive officer of the correctional facility in which the convicted person is incarcerated may collect the assessment or surcharge from any earnings the inmate accrues for work performed in the correctional facility and forward the amount to the commissioner of finance, indicating the part that was imposed for violations described in section 97A.065, subdivision 2, which must be credited to the game and fish fund.

Sec. 19. Minnesota Statutes 1994, section 609.101, subdivision 2, is amended to read:

Subd. 2. [MINIMUM FINES.] Notwithstanding any other law:

~~(1), when a court sentences a person convicted of violating section 609.221, 609.222, 609.223, 609.2231, 609.224, 609.267, or 609.2671, 609.2672, 609.342, 609.343, 609.344, or 609.345, it must impose a fine of not less than \$500 30 percent of the maximum fine authorized by law nor more than the maximum fine authorized by law;~~

~~(2) when a court sentences a person convicted of violating section 609.222, 609.223, 609.2671, 609.343, 609.344, or 609.345, it must impose a fine of not less than \$300 nor more than the maximum fine authorized by law; and~~

~~(3) when a court sentences a person convicted of violating section 609.2231, 609.224, or 609.2672, it must impose a fine of not less than \$100 nor more than the maximum fine authorized by law.~~

The court shall collect the portion of the fine mandated by this subdivision and forward 70 percent of it to a local victim assistance program that provides services locally in the county in which the crime was committed. The court shall forward the remaining 30 percent to the commissioner of finance to be credited to the general fund. If more than one victim assistance program serves the county in which the crime was committed, the court may designate on a case-by-case basis which program will receive the fine proceeds, giving consideration to the nature of the crime committed, the types of victims served by the program, and the funding needs of the program. If no victim assistance program serves that county, the court shall forward 100 percent of the fine proceeds to the commissioner of finance to be credited to the general fund. Fine proceeds received by a local victim assistance program must be used to provide direct services to crime victims.

The minimum fine required by this subdivision is in addition to the surcharge or assessment required by subdivision 1 and is in addition to any sentence of imprisonment or restitution imposed or ordered by the court.

As used in this subdivision, "victim assistance program" means victim witness programs within county attorney offices or any of the following programs: crime victim crisis centers, victim-witness programs, battered women shelters and nonshelter programs, and sexual assault programs.

Sec. 20. Minnesota Statutes 1994, section 609.101, subdivision 3, is amended to read:

Subd. 3. [CONTROLLED SUBSTANCE OFFENSES; MINIMUM FINES.] (a) Notwithstanding any other law, when a court sentences a person convicted of a controlled substance crime under sections 152.021 to 152.025, it must impose a fine of not less than ~~20~~ 30 percent of the maximum fine authorized by law nor more than the maximum fine authorized by law.

(b) The minimum fine required by this subdivision is in addition to the surcharge or assessment required by subdivision 1 and is in addition to any sentence of imprisonment or restitution imposed or ordered by the court.

(c) The court shall collect the fine mandated by this subdivision and forward 70 percent of it to a local drug abuse prevention program existing or being implemented in the county in which the crime was committed. The court shall forward the remaining 30 percent to the state treasurer to be credited to the general fund. If more than one drug abuse prevention program serves the county in which the crime was committed, the court may designate on a case-by-case basis which program will receive the fine proceeds, giving consideration to the community in which the crime was committed, the funding needs of the program, the number of peace officers in each community certified to teach the program, and the number of children served by the program in each community. If no drug abuse prevention program serves communities in that county, the court shall forward 100 percent of the fine proceeds to the state treasurer to be credited to the general fund.

(d) The minimum fines required by this subdivision shall be collected as are other fines. Fine proceeds received by a local drug abuse prevention program must be used to support that program, and may be used for salaries of peace officers certified to teach the program. The drug abuse resistance education program must report receipt and use of money generated under this subdivision as prescribed by the drug abuse resistance education advisory council.

(e) As used in this subdivision, "drug abuse prevention program" and "program" include:

(1) the drug abuse resistance education program described in sections 299A.33 and 299A.331; and

(2) any similar drug abuse education and prevention program that includes the following components:

(A) instruction for students enrolled in kindergarten through grade six that is designed to teach students to recognize and resist pressures to experiment with controlled substances and alcohol;

(B) provisions for parental involvement;

(C) classroom instruction by uniformed law enforcement personnel;

(D) the use of positive student leaders to influence younger students not to use drugs; and

(E) an emphasis on activity-oriented techniques designed to encourage student-generated responses to problem-solving situations.

Sec. 21. Minnesota Statutes 1994, section 609.135, is amended by adding a subdivision to read:

Subd. 8. [FINE AND SURCHARGE COLLECTION.] A defendant's obligation to pay court-ordered fines, surcharges, court costs, and fees shall survive for a period of six years from

the date of the expiration of the defendant's stayed sentence for the offense for which the fines, surcharges, court costs, and fees were imposed, or six years from the imposition or due date of the fines, surcharges, court costs, and fees, whichever is later.

Sec. 22. Minnesota Statutes 1994, section 609.748, subdivision 3a, is amended to read:

Subd. 3a. ~~[FILING FEE WAIVED.] The filing fees for a restraining order under this section are waived for the petitioner shall be as indicated in section 357.021. The court administrator and the sheriff of any county in this state shall perform their duties relating to service of process without charge to the petitioner. The court shall direct payment of the reasonable costs of service of process if served by a private process server when the sheriff is unavailable or if service is made by publication, without requiring the petitioner to make application under section 563.04. The court may direct a respondent to pay to the court administrator the petitioner's filing fees and reasonable costs of service of process if the court determines that the respondent has the ability to pay the petitioner's fees and costs.~~

Sec. 23. Minnesota Statutes 1994, section 611.17, is amended to read:

611.17 [FINANCIAL INQUIRY; STATEMENTS.]

(a) Each judicial district must screen requests under paragraph (b).

(b) Upon a request for the appointment of counsel, the court shall make appropriate inquiry into the financial circumstances of the applicant, who shall submit a financial statement under oath or affirmation setting forth the applicant's assets and liabilities, including the value of any real property owned by the applicant, whether homestead or otherwise, less the amount of any encumbrances on the real property, the source or sources of income, and any other information required by the court. The applicant shall be under a continuing duty while represented by a public defender to disclose any changes in the applicant's financial circumstances that might be relevant to the applicant's eligibility for a public defender. The state public defender shall furnish appropriate forms for the financial statements. The forms must contain conspicuous notice of the applicant's continuing duty to disclose to the court changes in the applicant's financial circumstances. The information contained in the statement shall be confidential and for the exclusive use of the court and the public defender appointed by the court to represent the applicant except for any prosecution under section 609.48. A refusal to execute the financial statement or produce financial records constitutes a waiver of the right to the appointment of a public defender.

Sec. 24. Minnesota Statutes 1994, section 611.20, is amended by adding a subdivision to read:

Subd. 4. [EMPLOYED DEFENDANTS.] A defendant who is employed when a public defender is appointed, or who becomes employed while represented by a public defender, shall reimburse the state for the cost of the public defender. The court may accept partial reimbursement from the defendant if the defendant's financial circumstances warrant a reduced reimbursement schedule. The court may consider the guidelines in subdivision 6 in determining a defendant's reimbursement schedule. If a defendant does not agree to make payments, the court may order the defendant's employer to withhold a percentage of the defendant's income to be turned over to the court. The percentage to be withheld may be determined under subdivision 6.

Sec. 25. Minnesota Statutes 1994, section 611.20, is amended by adding a subdivision to read:

Subd. 5. [REIMBURSEMENT RATE.] Legal fees required to be reimbursed under subdivision 4, shall be determined by multiplying the total number of hours worked on the case by a public defender by \$30 per hour. The public defender assigned to the defendant's case shall provide to the court, upon the court's request, a written statement containing the total number of hours worked on the defendant's case up to the time of the request.

Sec. 26. Minnesota Statutes 1994, section 611.20, is amended by adding a subdivision to read:

Subd. 6. [REIMBURSEMENT SCHEDULE GUIDELINES.] In determining a defendant's reimbursement schedule, the court may derive a specific dollar amount per month by multiplying the defendant's net income by the percent indicated by the following guidelines:

<u>Net Income Per Month of Defendant</u>	<u>Number of Dependents Not Including Defendant</u>				
	<u>4 or more</u>	<u>3</u>	<u>2</u>	<u>1</u>	<u>0</u>
<u>\$200 and Below</u>	<u>Percentage based on the ability of the defendant to pay as determined by the court.</u>				
<u>\$200 - 350</u>	<u>8%</u>	<u>9.5%</u>	<u>11%</u>	<u>12.5%</u>	<u>14%</u>
<u>\$351 - 500</u>	<u>9%</u>	<u>11%</u>	<u>12.5%</u>	<u>14%</u>	<u>15%</u>
<u>\$501 - 650</u>	<u>10%</u>	<u>12%</u>	<u>14%</u>	<u>15%</u>	<u>17%</u>
<u>\$651 - 800</u>	<u>11%</u>	<u>13.5%</u>	<u>15.5%</u>	<u>17%</u>	<u>19%</u>
<u>\$801 and above</u>	<u>12%</u>	<u>14.5%</u>	<u>17%</u>	<u>19%</u>	<u>20%</u>

"Net income" shall have the meaning given it in section 518.551, subdivision 5.

Sec. 27. Minnesota Statutes 1994, section 611.20, is amended by adding a subdivision to read:

Subd. 7. [INCOME WITHHOLDING.] (a) Whenever an obligation for reimbursement of public defender costs is ordered by a court under this section, the amount of reimbursement as determined by court order must be withheld from the income of the person obligated to pay. The court shall serve a copy of the reimbursement order on the defendant's employer. Notwithstanding any law to the contrary, the order is binding on the employer when served. Withholding must begin no later than the first pay period that occurs after 14 days following the date of the notice. The employer shall withhold from the income payable to the defendant the amount specified in the order and shall remit, within ten days of the date the defendant is paid the remainder of the income, the amounts withheld to the court.

(b) An employer shall not discharge, or refuse to hire, or otherwise discipline an employee as a result of a wage or salary withholding authorized by this section. The employer shall be liable to the court for any amounts required to be withheld. An employer that fails to withhold or transfer funds in accordance with this section is also liable for interest on the funds at the rate applicable to judgments under section 549.09, computed from the date the funds were required to be withheld. An employer that has failed to comply with the requirements of this section is subject to contempt of court.

(c) Amounts withheld under this section do not supersede or have priority over amounts withheld pursuant to other sections of law.

Sec. 28. Minnesota Statutes 1994, section 611.35, subdivision 1, is amended to read:

Subdivision 1. Any person who is represented by a public defender or appointive counsel shall, if financially able to pay, reimburse the governmental unit chargeable with the compensation of such public defender or appointive counsel for the actual costs to the governmental unit in providing the services of the public defender or appointive counsel. The court in hearing such matter shall ascertain the amount of such costs to be charged to the defendant and shall direct reimbursement over a period of not to exceed six months, unless the court for good cause shown shall extend the period of reimbursement. If a term of probation is imposed as a part of a sentence, reimbursement of costs as required by this subdivision may chapter must not be made a condition of probation. Reimbursement of costs as required by this chapter is a civil obligation and must not be made a condition of a criminal sentence.

Sec. 29. [611A.675] [FUND FOR EMERGENCY NEEDS OF CRIME VICTIMS.]

Subdivision 1. [GRANTS AUTHORIZED.] The crime victims reparations board shall make grants to local law enforcement agencies for the purpose of providing emergency assistance to victims. As used in this section, "emergency assistance" includes but is not limited to:

- (1) replacement of necessary property that was lost, damaged, or stolen as a result of the crime;
- (2) purchase and installation of necessary home security devices; and
- (3) transportation to locations related to the victim's needs as a victim, such as medical facilities and facilities of the criminal justice system.

Subd. 2. [APPLICATION FOR GRANTS.] A county sheriff or the chief administrative officer of a municipal police department may apply to the board for a grant for any of the purposes described in subdivision 1 or for any other emergency assistance purpose approved by the board. The application must be on forms and pursuant to procedures developed by the board. The application must describe the type or types of intended emergency assistance, estimate the amount of money required, and include any other information deemed necessary by the board.

Subd. 3. [REPORTING BY LOCAL AGENCIES REQUIRED.] A county sheriff or chief administrative officer of a municipal police department who receives a grant under this section shall report all expenditures to the board on a quarterly basis. The sheriff or chief administrative officer shall also file an annual report with the board itemizing the expenditures made during the preceding year, the purpose of those expenditures, and the ultimate disposition, if any, of each assisted victim's criminal case.

Subd. 4. [REPORT TO LEGISLATURE.] On or before February 1, 1997, the board shall report to the chairs of the senate crime prevention and house of representatives judiciary committees on the implementation, use, and administration of the grant program created under this section.

Sec. 30. Minnesota Statutes 1994, section 626.841, is amended to read:

626.841 [BOARD; MEMBERS.]

The board of peace officer standards and training shall be composed of the following 15 members:

(a) Two members to be appointed by the governor from among the county sheriffs in Minnesota;

(b) Four members to be appointed by the governor from among peace officers in Minnesota municipalities, at least two of whom shall be chiefs of police;

(c) Two members to be appointed by the governor from among peace officers, at least one of whom shall be a member of the Minnesota state patrol association;

(d) The superintendent of the Minnesota bureau of criminal apprehension or a designee;

(e) Two members appointed by the governor ~~experienced in law enforcement at a local, state, or federal level~~ from among peace officers, or former peace officers, who are ~~not~~ currently employed as on a full-time basis in a professional peace officers officer education program;

(f) Two members to be appointed by the governor, one member to be appointed from among administrators of Minnesota colleges or universities that offer professional peace officer education, and one member to be appointed from among the elected city officials in statutory or home rule charter cities of under 5,000 population outside the metropolitan area, as defined in section 473.121, subdivision 2;

(g) Two members appointed by the governor from among the general public.

A chair shall be appointed by the governor from among the members. In making appointments the governor shall strive to achieve representation from among the geographic areas of the state.

Sec. 31. [626.8555] [PEACE OFFICER EDUCATION PROGRAMS.]

Metropolitan State University and Minneapolis Community College, in consultation with the POST board and state and local law enforcement agencies in the seven-county metropolitan area, shall provide core law enforcement courses in an accelerated time period for students in the metropolitan area. These courses shall be available at the beginning of the 1995-1996 academic year and are contingent on sufficient program enrollment. The POST board and the state colleges and universities shall evaluate the accelerated law enforcement program and report to the 1997 legislature.

Sec. 32. Minnesota Statutes 1994, section 626.861, subdivision 1, is amended to read:

Subdivision 1. [LEVY OF ASSESSMENT.] There is levied a penalty assessment of 15 percent on each fine imposed and collected by the courts of this state for traffic offenses in violation of chapters 168 to 173 or equivalent local ordinances, other than a fine or forfeiture for a violation of a local ordinance or other law relating to the parking of a vehicle. In cases where the defendant is convicted but a fine is not imposed, or execution of the fine is stayed, the court shall impose a penalty assessment of not less than \$5 nor more than \$10 when the conviction is for a ~~misdemeanor~~ or petty misdemeanor, and shall impose a penalty assessment of not less than ~~\$10~~ \$25 but not more than \$50 when the conviction is for a misdemeanor, gross misdemeanor, or felony. Where multiple offenses are involved, the penalty assessment shall be assessed separately on each offense for which the defendant is sentenced. If imposition or execution of sentence is stayed for all of the multiple offenses, the penalty assessment shall be based upon the most serious offense of which the defendant was convicted. Where the court suspends a portion of a fine, the suspended portion shall not be counted in determining the amount of the penalty assessment unless the offender is ordered to pay the suspended portion of the fine. Suspension of an entire fine shall be treated as a stay of execution for purposes of computing the amount of the penalty assessment.

Sec. 33. Laws 1993, chapter 255, section 1, subdivision 1, is amended to read:

Section 1. [NONFELONY ENFORCEMENT ADVISORY COMMITTEE.]

Subdivision 1. [DUTIES.] The nonfelony enforcement advisory committee shall study current enforcement and prosecution of all nonfelony offenses under Minnesota law. The committee shall evaluate the effect of prosecutorial jurisdiction over misdemeanor and gross misdemeanor crimes against the person on effective law enforcement and public safety. The committee shall analyze the relative penalty levels for nonfelony crimes against the person and, low-level felony property crimes, and crimes for which there are both felony and nonfelony penalties. The committee shall recommend any necessary changes in Minnesota law to achieve the following goals:

- (1) proportionality of penalties for gross misdemeanors, misdemeanors, and petty misdemeanors;
- (2) effective enforcement and prosecution of these offenses; and
- (3) efficient use of the resources of the criminal justice system.

Sec. 34. Laws 1993, chapter 255, section 1, subdivision 4, is amended to read:

Subd. 4. [REPORT.] By ~~October 1, 1995~~ December 15, 1996, the committee shall report its findings and recommendations for revisions in Minnesota law to the chairs of the senate committee on crime prevention and the house committee on judiciary.

Sec. 35. Laws 1993, chapter 255, section 2, is amended to read:

Sec. 2. [REPEALER.]

Section 1 is repealed effective ~~October 15, 1995~~ December 31, 1996.

Sec. 36. [CORRECTIONAL FACILITY AUTHORIZED.]

The commissioner of corrections may establish a minimum security adult correctional facility for men at Camp Ripley. The commissioner is authorized to enter into negotiations and contracts with appropriate parties to establish the facility.

Sec. 37. [ELECTRONIC ALCOHOL MONITORING OF DWI OFFENDERS; PILOT PROGRAM.]

Subdivision 1. [DEFINITIONS.] As used in this section, the following terms have the meaning given them in this subdivision.

(a) "Breath analyzer unit" means a device that performs breath alcohol testing and is connected to a remote electronic alcohol monitoring system.

(b) "Remote electronic alcohol monitoring system" means a system that electronically monitors the alcohol concentration of individuals in their homes to ensure compliance with court-ordered conditions of pretrial release, supervised release, or probation.

Subd. 2. [PILOT PROGRAM ESTABLISHED.] In cooperation with the conference of chief judges, the state court administrator, and the commissioner of public safety, the commissioner of corrections shall establish a three-year pilot program to evaluate the effectiveness of using breath analyzer units to monitor DWI offenders who are ordered to abstain from alcohol use as a condition of pretrial release, supervised release, or probation. The pilot program must include procedures ensuring that violators of this condition of release receive swift consequences for the violation.

The commissioner of corrections shall select at least two judicial districts to participate in the pilot program. Offenders who are ordered to use a breath analyzer unit shall also be ordered to pay the per diem cost of the monitoring unless the offender is indigent. The commissioner of corrections shall reimburse the judicial districts for any costs the districts incur in participating in the program.

After three years, the commissioner of corrections shall evaluate the effectiveness of the program and shall report the results of this evaluation to the conference of chief judges, the state court administrator, the commissioner of public safety, and the chairs of the house of representatives and senate committees having jurisdiction over criminal justice policy and finance.

Sec. 38. [INSTITUTE FOR CHILD AND ADOLESCENT SEXUAL HEALTH.]

Subdivision 1. [EXPANDED PROJECTS.] The Institute for Child and Adolescent Sexual Health shall continue to provide intervention services for children aged 8 to 10 who are exhibiting sexually aggressive behavior and who are not currently receiving any treatment. The institute shall establish at least one pilot project to develop and implement an earlier intervention strategies program for younger children identified as high risk to become sex offenders.

Subd. 2. [REPORT.] The Institute for Child and Adolescent Sexual Health shall report to the chairs of the senate crime prevention and house of representatives judiciary committees before March 1, 1996, on the status and preliminary findings of the pilot project.

Sec. 39. [RAMSEY COUNTY; JUVENILE VIOLENCE PREVENTION AND ENFORCEMENT UNIT; MEMBERS; DUTIES.]

The county of Ramsey may establish a pilot project that creates a juvenile violence prevention and enforcement unit consisting of one prosecutor, one investigating officer, one legal assistant, and one victim/witness coordinator.

The juvenile violence prevention and enforcement unit shall:

(1) target, investigate, and prosecute juveniles who commit crimes using dangerous weapons, as defined in Minnesota Statutes, section 609.02, subdivision 6;

(2) identify, track, investigate, and prosecute persons who furnish dangerous weapons to juveniles;

(3) work closely with other members of the criminal justice system, including other local jurisdictions, the Bureau of Alcohol, Tobacco, and Firearms of the United States Treasury Department, and out-of-state agencies involved in investigating and prosecuting juvenile violence; and

(4) develop a collaborative relationship with neighborhoods and communities that are involved with the juvenile violence prevention problem.

Sec. 40. [TASK FORCE ON JUVENILE FACILITY ALTERNATIVES.]

Subdivision 1. [TASK FORCE ESTABLISHED.] A task force is established to study how services are provided to juveniles in residential facilities. The task force shall develop plans addressing alternative methods by which the services, programs, and responsibilities for the class of juvenile offenders currently sent to the department of corrections' facilities at Red Wing and Sauk Centre may be provided.

Subd. 2. [REPORT REQUIRED.] The task force shall report its recommendations to the chairs

of the senate crime prevention and the house of representatives judiciary committees by February 1, 1996. The report must address how the services, programs, and responsibilities for the class of juvenile offenders currently sent to the department of corrections' facilities at Red Wing and Sauk Centre may be provided in a different manner, including by being taken over by the private sector. The report must specifically address the feasibility of privatization, specifically address the financial implications of privatization, and recommend future uses for the facilities at Red Wing and Sauk Centre in the event of privatization.

Subd. 3. [MEMBERSHIP.] By July 1, 1995, the speaker of the house of representatives and majority leader of the senate shall appoint individuals who have demonstrated experience in the juvenile justice field and who are representatives or designees of the following to serve as members of the task force:

- (1) the commissioner of corrections;
- (2) the commissioner of human services;
- (3) a public defender;
- (4) a prosecutor;
- (5) two juvenile corrections specialists from nonpublic service providers;
- (6) a juvenile court judge;
- (7) a community corrections county;
- (8) a noncommunity corrections county;
- (9) two public members, at least one of whom is a parent of a child who was a client in the juvenile justice system;
- (10) two county commissioners, one from a community corrections act county and the other from a noncommunity corrections act county; and
- (11) an educator.

In addition, at least one majority and one minority member of the senate and one majority and one minority member of the house of representatives shall serve on the committee.

The speaker of the house of representatives and the majority leader of the senate shall appoint the chair of the task force from among the task force members.

Sec. 41. [DATA ACCESS ON INTERNET.]

The criminal justice information policy group shall develop a plan for providing databases containing private or confidential data to law enforcement agencies on the Internet with appropriate security provisions.

Sec. 42. [TRAINING COMMITTEE MEMBERSHIP.]

At least one person shall be appointed to the peace officer standards and training board's training committee from among higher education representatives of Minnesota colleges or universities that offer professional peace officer education.

Sec. 43. [CHILD ABUSE HELPLINE.]

Subdivision 1. [PLAN.] The commissioner of human services, in consultation with the commissioner of public safety, shall develop a plan for an integrated statewide toll-free 24-hour telephone helpline to provide consultative services to parents, family members, law enforcement personnel, and social service professionals regarding the physical and sexual abuse of children. The plan must:

- (1) identify methods for implementing the telephone helpline;

(2) identify existing services regarding child abuse provided by state and local governmental agencies, nonprofit organizations, and others;

(3) consider strategies to coordinate existing services into an integrated telephone helpline;

(4) consider the practicality of retraining and redirecting existing professionals to staff the telephone helpline on a 24-hour basis;

(5) determine what new services, if any, would be required for the telephone helpline;

(6) determine the costs of implementing the telephone helpline and ways to reduce costs through coordination of existing services; and

(7) determine methods of marketing and advertisement to make the general public aware of the telephone helpline.

Subd. 2. [COMMITTEE.] The commissioner of human services, in consultation with the commissioner of public safety, may establish an advisory committee to develop the plan required by subdivision 1. The committee shall include individuals who have demonstrated experience in the area of child abuse, child protection, and in providing consultative services concerning abuse. The committee shall also include business and community representatives and family members who have sought assistance in child abuse situations.

Subd. 3. [PILOT PROJECT.] In conjunction with the planning process under subdivision 1, the commissioner of human services shall implement at least two pilot project telephone helplines. One of the pilots must be in the seven-county metropolitan area and one must be in greater Minnesota.

Subd. 4. [REPORT.] The commissioner of human services shall report to the legislature by January 1, 1996, concerning the details of the plan and the status of the pilot projects.

Subd. 5. [COORDINATOR.] The commissioner of human services may hire a person to coordinate and implement the requirements of this section.

Sec. 44. [CORRECTIONAL FACILITY AUTHORIZED.]

The commissioner of corrections may establish an adult correctional facility for geriatric and medical care at Ah Gwah Ching. The commissioner is authorized to enter into negotiations and contracts with the department of human services to establish the facility.

Sec. 45. [DEPARTMENT OF CORRECTIONS; STUDY.]

The department of corrections shall conduct a weighted workload study to be used as a basis for fund distributions across all three probation delivery systems, based on uniform workload standards, programming effectiveness, and level of risk of individual offenders, and to make ongoing outcome data available on cases. In overseeing and administering the study, the commissioner of corrections shall use a research team of experts with proven performance in the development of workload systems, data collection, outcome evaluation, and the delivery of community-based corrections services. The research team shall design and implement all components of the study, with assistance from corrections professionals and other advisors from communities of interest around the state.

The study must determine a statewide, uniform workload system and definitions of levels of risk; establish a standardized data collection system using the uniform definitions of workload and risk and a timeline for reporting data, which will begin as soon as these tasks are completed; and determine a new mechanism or formula for aid distribution based on the data, which must be operational by July 1, 1997.

The study must develop up to three methodology models based on defined, desired outcomes and develop and implement a process to refine the models, put them into practice, and provide for their ongoing evaluation against the outcomes.

The commissioner of corrections shall report the results of the study to the chairs of the senate crime prevention and house of representatives judiciary committees by January 15, 1996.

Sec. 46. [INSTRUCTION TO REVISOR.]

In each section of Minnesota Statutes referred to in column A, the revisor of statutes shall delete the reference in column B every time it occurs and insert a reference to section 611A.68.

<u>Column A</u>	<u>Column B</u>
<u>611A.51</u>	<u>611A.67</u>
<u>611A.52</u>	<u>611A.67</u>
<u>611A.66</u>	<u>611A.67</u>
<u>611A.68</u>	<u>611A.67</u>

Sec. 47. [EFFECTIVE DATE.]

Sections 33, 36, 40, 41, and 46 are effective the day following final enactment. The remaining sections are effective on July 1, 1995.

ARTICLE 3
JUVENILE PROVISIONS

Section 1. [120.1811] [RESIDENTIAL TREATMENT FACILITIES; EDUCATION.]

Subdivision 1. [EDUCATIONAL SCREENING.] Secure and nonsecure residential treatment facilities licensed by the department of human services or the department of corrections shall screen each juvenile who is held in a facility for at least 72 hours, excluding weekends or holidays, using an educational screening tool identified by the department of education, unless the facility determines that the juvenile has a current individual education plan and obtains a copy of the IEP. The department of education shall develop or identify an education screening tool for use in residential facilities. The tool must include a life skills development component.

Subd. 2. [RULEMAKING.] The state board of education may make or amend rules relating to education programs in residential treatment facilities, if necessary, to implement this section. Rules under this section shall be adopted jointly with the commissioners of corrections and human services.

Sec. 2. Minnesota Statutes 1994, section 242.31, subdivision 1, is amended to read:

Subdivision 1. Whenever a person who has been committed to the custody of the commissioner of corrections upon conviction of a crime following certification to ~~district court~~ under the provisions of section 260.125 is finally discharged by order of the commissioner, that discharge shall restore the person to all civil rights and, if so ordered by the commissioner of corrections, also shall have the effect of setting aside the conviction, nullifying it and purging the person of it. The commissioner shall file a copy of the order with the district court of the county in which the conviction occurred; upon receipt, the court shall order the conviction set aside. An order setting aside a conviction for a crime of violence as defined in section 624.712, subdivision 5, must provide that the person is not entitled to ship, transport, possess, or receive a firearm until ten years have elapsed since the order was entered and during that time the person was not convicted of any other crime of violence. A person whose conviction was set aside under this section and who thereafter has received a relief of disability under United States Code, title 18, section 925, shall not be subject to the restrictions of this subdivision.

Sec. 3. [260.042] [ORIENTATION AND EDUCATIONAL PROGRAM.]

The court shall make an orientation and educational program available for juveniles and their families in accordance with the program established, if any, by the supreme court.

Sec. 4. Minnesota Statutes 1994, section 260.115, subdivision 1, is amended to read:

Subdivision 1. [TRANSFERS REQUIRED.] Except where a juvenile court has certified an alleged violation to ~~district court~~ in accordance with the provisions of section 260.125, the child is alleged to have committed murder in the first degree after becoming 16 years of age, or a court has original jurisdiction of a child who has committed an adult court traffic offense, as defined in section 260.193, subdivision 1, clause (c), a court other than a juvenile court shall immediately transfer to the juvenile court of the county the case of a minor who appears before the court on a

charge of violating any state or local law or ordinance and who is under 18 years of age or who was under 18 years of age at the time of the commission of the alleged offense.

Sec. 5. Minnesota Statutes 1994, section 260.125, is amended to read:

260.125 [CERTIFICATION TO ~~DISTRICT COURT.~~]

Subdivision 1. When a child is alleged to have committed, after becoming 14 years of age, an offense that would be a felony if committed by an adult, the juvenile court may enter an order certifying the proceeding ~~to the district court for action under the criminal laws~~ under the laws and court procedures controlling adult criminal violations.

Subd. 2. [ORDER OF CERTIFICATION; REQUIREMENTS.] Except as provided in subdivision 3a or 3b, the juvenile court may order a certification ~~to district court~~ only if:

- (1) a petition has been filed in accordance with the provisions of section 260.131;
- (2) a motion for certification has been filed by the prosecuting authority;
- (3) notice has been given in accordance with the provisions of sections 260.135 and 260.141;
- (4) a hearing has been held in accordance with the provisions of section 260.155 within 30 days of the filing of the certification motion, unless good cause is shown by the prosecution or the child as to why the hearing should not be held within this period in which case the hearing shall be held within 90 days of the filing of the motion;
- (5) the court finds that there is probable cause, as defined by the rules of criminal procedure promulgated pursuant to section 480.059, to believe the child committed the offense alleged by delinquency petition; and
- (6) the court finds either:
 - (i) that the presumption of certification created by subdivision 2a applies and the child has not rebutted the presumption by clear and convincing evidence demonstrating that retaining the proceeding in the juvenile court serves public safety; or
 - (ii) that the presumption of certification does not apply and the prosecuting authority has demonstrated by clear and convincing evidence that retaining the proceeding in the juvenile court does not serve public safety. If the court finds that the prosecutor has not demonstrated by clear and convincing evidence that retaining the proceeding in juvenile court does not serve public safety, the court shall retain the proceeding in juvenile court.

Subd. 2a. [PRESUMPTION OF CERTIFICATION.] It is presumed that a proceeding involving an offense committed by a child will be certified ~~to district court~~ if:

- (1) the child was 16 or 17 years old at the time of the offense; and
- (2) the delinquency petition alleges that the child committed an offense that would result in a presumptive commitment to prison under the sentencing guidelines and applicable statutes, or that the child committed any felony offense while using, whether by brandishing, displaying, threatening with, or otherwise employing, a firearm.

If the court determines that probable cause exists to believe the child committed the alleged offense, the burden is on the child to rebut this presumption by demonstrating by clear and convincing evidence that retaining the proceeding in the juvenile court serves public safety. If the court finds that the child has not rebutted the presumption by clear and convincing evidence, the court shall certify the ~~child to district court~~ proceeding.

Subd. 2b. [PUBLIC SAFETY.] In determining whether the public safety is served by certifying ~~a child to district court~~ the matter, the court shall consider the following factors:

- (1) the seriousness of the alleged offense in terms of community protection, including the existence of any aggravating factors recognized by the sentencing guidelines, the use of a firearm, and the impact on any victim;

(2) the culpability of the child in committing the alleged offense, including the level of the child's participation in planning and carrying out the offense and the existence of any mitigating factors recognized by the sentencing guidelines;

(3) the child's prior record of delinquency;

(4) the child's programming history, including the child's past willingness to participate meaningfully in available programming;

(5) the adequacy of the punishment or programming available in the juvenile justice system; and

(6) the dispositional options available for the child.

In considering these factors, the court shall give greater weight to the seriousness of the alleged offense and the child's prior record of delinquency than to the other factors listed in this subdivision.

Subd. 3a. [PRIOR CERTIFICATION; EXCEPTION.] Notwithstanding the provisions of subdivisions 2, 2a, and 2b, the court shall order a certification in any felony case if the prosecutor shows that the child has been previously prosecuted on a felony charge by an order of certification issued pursuant to either a hearing held under subdivision 2 or pursuant to the waiver of the right to such a hearing, other than a prior certification in the same case.

This subdivision only applies if the child is convicted of the offense or offenses for which the child was prosecuted pursuant to the order of certification or of a lesser-included offense which is a felony.

This subdivision does not apply to juvenile offenders who are subject to criminal court jurisdiction under section 609.055.

Subd. 3b. [ADULT CHARGED WITH JUVENILE OFFENSE.] The juvenile court has jurisdiction to hold a certification hearing on motion of the prosecuting authority to certify the matter ~~to district court~~ if:

(1) an adult is alleged to have committed an offense before the adult's 18th birthday; and

(2) a petition is filed under section 260.131 before expiration of the time for filing under section 628.26.

The court may not certify the matter ~~to district court~~ under this subdivision if the adult demonstrates that the delay was purposefully caused by the state in order to gain an unfair advantage.

Subd. 4. [EFFECT OF ORDER.] When the juvenile court enters an order certifying an alleged violation ~~to district court~~, the prosecuting authority shall proceed with the case as if the jurisdiction of the juvenile court had never attached.

Subd. 5. [WRITTEN FINDINGS; OPTIONS.] The court shall decide whether to order certification ~~to district court~~ within 15 days after the certification hearing was completed, unless additional time is needed, in which case the court may extend the period up to another 15 days. If the juvenile court orders certification, and the presumption described in subdivision 2a does not apply, the order shall contain in writing, findings of fact and conclusions of law as to why public safety is not served by retaining the proceeding in the juvenile court. If the juvenile court, after a hearing conducted pursuant to subdivision 2, decides not to order certification ~~to district court~~, the decision shall contain, in writing, findings of fact and conclusions of law as to why certification is not ordered. If the juvenile court decides not to order certification in a case in which the presumption described in subdivision 2a applies, the court shall designate the proceeding an extended jurisdiction juvenile prosecution and include in its decision written findings of fact and conclusions of law as to why the retention of the proceeding in juvenile court serves public safety, with specific reference to the factors listed in subdivision 2b. If the court decides not to order certification in a case in which the presumption described in subdivision 2a does not apply, the court may designate the proceeding an extended jurisdiction juvenile prosecution, pursuant to the hearing process described in section 260.126, subdivision 2.

Subd. 6. [FIRST-DEGREE MURDER.] When a motion for certification has been filed in a case in which the petition alleges that the child committed murder in the first degree, the prosecuting authority shall present the case to the grand jury for consideration of indictment under chapter 628 within 14 days after the petition was filed.

Subd. 7. [INAPPLICABILITY TO CERTAIN OFFENDERS.] This section does not apply to a child excluded from the definition of delinquent child under section 260.015, subdivision 5, paragraph (b).

Sec. 6. Minnesota Statutes 1994, section 260.126, subdivision 5, is amended to read:

Subd. 5. [EXECUTION OF ADULT SENTENCE.] When it appears that a person convicted as an extended jurisdiction juvenile has violated the conditions of the stayed sentence, or is alleged to have committed a new offense, the court may, without notice, revoke the stay and probation and direct that the offender be taken into immediate custody. The court shall notify the offender in writing of the reasons alleged to exist for revocation of the stay of execution of the adult sentence. If the offender challenges the reasons, the court shall hold a summary hearing on the issue at which the offender is entitled to be heard and represented by counsel. After the hearing, if the court finds that reasons exist to revoke the stay of execution of sentence, the court shall treat the offender as an adult and order any of the adult sanctions authorized by section 609.14, subdivision 3. If the offender was convicted of an offense described in subdivision 1, clause (2), and the court finds that reasons exist to revoke the stay, the court must order execution of the previously imposed sentence unless the court makes written findings regarding the mitigating factors that justify continuing the stay. Upon revocation, the offender's extended jurisdiction status is terminated and juvenile court jurisdiction is terminated. The ongoing jurisdiction for any adult sanction, other than commitment to the commissioner of corrections, is with the adult court.

Sec. 7. Minnesota Statutes 1994, section 260.131, subdivision 4, is amended to read:

Subd. 4. [DELINQUENCY PETITION; EXTENDED JURISDICTION JUVENILE.] When a prosecutor files a delinquency petition alleging that a child committed a felony offense for which there is a presumptive commitment to prison according to the sentencing guidelines and applicable statutes or in which the child used a firearm, after reaching the age of 16 years, the prosecutor shall indicate in the petition whether the prosecutor designates the proceeding an extended jurisdiction juvenile prosecution. When a prosecutor files a delinquency petition alleging that a child aged 14 to 17 years committed a felony offense, the prosecutor may request that the court designate the proceeding an extended jurisdiction juvenile prosecution.

Sec. 8. Minnesota Statutes 1994, section 260.181, subdivision 4, is amended to read:

Subd. 4. [TERMINATION OF JURISDICTION.] (a) The court may dismiss the petition or otherwise terminate its jurisdiction on its own motion or on the motion or petition of any interested party at any time. Unless terminated by the court, and except as otherwise provided in this subdivision, the jurisdiction of the court shall continue until the individual becomes 19 years of age if the court determines it is in the best interest of the individual to do so. Court jurisdiction under section 260.015, subdivision 2a, clause (12), may not continue past the child's 17th birthday.

(b) The jurisdiction of the court over an extended jurisdiction juvenile, with respect to the offense for which the individual was convicted as an extended jurisdiction juvenile, extends until the offender becomes 21 years of age, unless the court terminates jurisdiction before that date.

(c) The juvenile court has jurisdiction to designate the proceeding an extended jurisdiction juvenile prosecution, to hold a certification hearing, or to conduct a trial, receive a plea, or impose a disposition under section 260.126, subdivision 4, if:

(1) an adult is alleged to have committed an offense before the adult's 18th birthday; and

(2) a petition is filed under section 260.131 before expiration of the time for filing under section 628.26 and before the adult's 21st birthday.

The juvenile court lacks jurisdiction under this paragraph if the adult demonstrates that the delay was purposefully caused by the state in order to gain an unfair advantage.

(d) The district court has original and exclusive jurisdiction over a proceeding:

(1) that involves an adult who is alleged to have committed an offense before the adult's 18th birthday; and

(2) in which a criminal complaint is filed before expiration of the time for filing under section 628.26 and after the adult's 21st birthday.

The juvenile court retains jurisdiction if the adult demonstrates that the delay in filing a criminal complaint was purposefully caused by the state in order to gain an unfair advantage.

(e) The juvenile court has jurisdiction over a person who has been adjudicated delinquent until the person's 21st birthday if the person fails to appear at any juvenile court hearing or fails to appear at or absconds from any placement under a juvenile court order. The juvenile court has jurisdiction over a convicted extended jurisdiction juvenile who fails to appear at any juvenile court hearing or fails to appear at or absconds from any placement under section 260.126, subdivision 4. The juvenile court lacks jurisdiction under this paragraph if the adult demonstrates that the delay was purposefully caused by the state in order to gain an unfair advantage.

Sec. 9. Minnesota Statutes 1994, section 260.185, is amended by adding a subdivision to read:

Subd. 1b. [COMMITMENT TO SECURE FACILITY; LENGTH OF STAY; TRANSFERS.] An adjudicated juvenile may not be placed in a licensed juvenile secure treatment facility unless the placement is approved by the juvenile court. However, the program administrator may determine the juvenile's length of stay in the secure portion of the facility. The administrator shall notify the court of any movement of juveniles from secure portions of facilities. However, the court may, in its discretion, order that the juveniles be moved back to secure portions of the facility.

Sec. 10. Minnesota Statutes 1994, section 260.185, is amended by adding a subdivision to read:

Subd. 1c. [PLACEMENT OF JUVENILES IN SECURE FACILITIES; REQUIREMENTS.] Before a postadjudication placement of a juvenile in a secure treatment facility either inside or outside the state, the court may:

(1) consider whether the juvenile has been adjudicated for a felony offense against the person or that in addition to the current adjudication, the juvenile has failed to appear in court on one or more occasions or has run away from home on one or more occasions;

(2) conduct a subjective assessment to determine whether the child is a danger to self or others or would abscond from a nonsecure facility or if the child's health or welfare would be endangered if not placed in a secure facility;

(3) conduct a culturally appropriate psychological evaluation which includes a functional assessment of anger and abuse issues; and

(4) conduct an educational and physical assessment of the juvenile.

In determining whether to order secure placement, the court shall consider the necessity of:

(1) protecting the public;

(2) protecting program residents and staff; and

(3) preventing juveniles with histories of absconding from leaving treatment programs.

Sec. 11. Minnesota Statutes 1994, section 260.185, subdivision 6, is amended to read:

Subd. 6. [OUT-OF-STATE PLACEMENTS.] (a) Before August 1, 1997, a court may not place a preadjudicated delinquent, an adjudicated delinquent, or a convicted extended jurisdiction juvenile in a residential or detention facility outside Minnesota unless the commissioner of corrections has certified that the facility:

(1) meets or exceeds the standards for Minnesota residential treatment programs set forth in

rules adopted by the commissioner of human services and the standards for juvenile residential facilities set forth in rules adopted by the commissioner of corrections or the standards for juvenile detention facilities set forth in rules adopted by the commissioner of corrections; and

(2) provides education, health, dental, and other necessary care equivalent to that which the child would receive if placed in a Minnesota facility licensed by the commissioner of corrections or commissioner of human services.

(b) On or after August 1, 1997, a court may not place a preadjudicated delinquent, an adjudicated delinquent, or a convicted extended jurisdiction juvenile in a residential or detention facility outside Minnesota unless the court determines that the specialized programmatic needs of the juvenile are not available in a facility within Minnesota and the out-of-state facility has been certified by the commissioner of corrections under paragraph (a), clauses (1) and (2). For purposes of this subdivision, "specialized programmatic needs" does not include concerns about security.

(c) The interagency licensing agreement between the commissioners of corrections and human services shall be used to determine which rule shall be used for certification purposes under this subdivision.

(e) (d) The commissioner of corrections may charge each facility evaluated a reasonable amount. Money received is annually appropriated to the commissioner of corrections to defray the costs of the certification program.

Sec. 12. Minnesota Statutes 1994, section 260.193, subdivision 4, is amended to read:

Subd. 4. [ORIGINAL JURISDICTION; JUVENILE COURT.] The juvenile court shall have original jurisdiction ~~if the child is alleged to have committed both major and adult court traffic offenses in the same behavioral incident over:~~

(1) all juveniles age 15 and under alleged to have committed any traffic offense; and

(2) 16- and 17-year-olds alleged to have committed any major traffic offense, except that the adult court has original jurisdiction over:

(i) petty traffic misdemeanors not a part of the same behavioral incident of a misdemeanor being handled in juvenile court; and

(ii) violations of sections 169.121 (drivers under the influence of alcohol or controlled substance) and 169.129 (aggravated driving while intoxicated), and any other misdemeanor or gross misdemeanor level traffic violations committed as part of the same behavioral incident of a violation of section 169.121 or 169.129.

Sec. 13. Minnesota Statutes 1994, section 260.215, subdivision 1, is amended to read:

Subdivision 1. [CERTAIN VIOLATIONS NOT CRIMES.] A violation of a state or local law or ordinance by a child before becoming 18 years of age is not a crime unless the juvenile court:

(1) certifies the matter ~~to the district court~~ in accordance with the provisions of section 260.125;

(2) transfers the matter to a court in accordance with the provisions of section 260.193; or

(3) convicts the child as an extended jurisdiction juvenile and subsequently executes the adult sentence under section 260.126, subdivision 5.

Sec. 14. Minnesota Statutes 1994, section 260.291, subdivision 1, is amended to read:

Subdivision 1. [PERSONS ENTITLED TO APPEAL; PROCEDURE.] (a) An appeal may be taken by the aggrieved person from a final order of the juvenile court affecting a substantial right of the aggrieved person, including but not limited to an order adjudging a child to be in need of protection or services, neglected and in foster care, delinquent, or a juvenile traffic offender. The appeal shall be taken within 30 days of the filing of the appealable order. The court administrator shall notify the person having legal custody of the minor of the appeal. Failure to notify the person having legal custody of the minor shall not affect the jurisdiction of the appellate court. The order of the juvenile court shall stand, pending the determination of the appeal, but the reviewing court may in its discretion and upon application stay the order.

(b) An appeal may be taken by an aggrieved person from an order of the juvenile court on the issue of certification of a ~~child to district court~~ matter for prosecution under the laws and court procedures controlling adult criminal violations. Certification appeals shall be expedited as provided by applicable rules.

Sec. 15. Minnesota Statutes 1994, section 609.055, subdivision 2, is amended to read:

Subd. 2. [ADULT PROSECUTION.] (a) Except as otherwise provided in paragraph (b), children of the age of 14 years or over but under 18 years may be prosecuted for a felony offense if the alleged violation is duly certified ~~to the district court~~ for prosecution under the laws and court procedures controlling adult criminal violations or may be designated an extended jurisdiction juvenile in accordance with the provisions of chapter 260. A child who is 16 years of age or older but under 18 years of age is capable of committing a crime and may be prosecuted for a felony if:

(1) the child has been previously certified ~~to the district court~~ on a felony charge pursuant to a hearing under section 260.125, subdivision 2, or pursuant to the waiver of the right to such a hearing, or prosecuted pursuant to this subdivision; and

(2) the child was convicted of the felony offense or offenses for which the child was prosecuted or of a lesser included felony offense.

(b) A child who is alleged to have committed murder in the first degree after becoming 16 years of age is capable of committing a crime and may be prosecuted for the felony. This paragraph does not apply to a child alleged to have committed attempted murder in the first degree after becoming 16 years of age.

Sec. 16. Minnesota Statutes 1994, section 611A.19, subdivision 1, is amended to read:

Subdivision 1. [TESTING ON REQUEST OF VICTIM.] (a) Upon the request of the victim, the prosecutor shall make a motion in camera and the sentencing court may shall issue an order requiring a person an adult convicted of a violent crime, as defined in section 609.152, or a juvenile adjudicated delinquent for violating section 609.342 (criminal sexual conduct in the first degree), 609.343 (criminal sexual conduct in the second degree), 609.344 (criminal sexual conduct in the third degree), or 609.345 (criminal sexual conduct in the fourth degree), or any other violent crime, as defined in section 609.152, to submit to testing to determine the presence of human immunodeficiency virus (HIV) antibody if:

(1) the prosecutor moves for the test order in camera crime involved sexual penetration, however slight, as defined in section 609.341, subdivision 12; or

(2) the victim requests the test; and

(3) evidence exists that the broken skin or mucous membrane of the victim was exposed to or had contact with the offender's semen or blood during commission of the crime in a manner which has been demonstrated epidemiologically to transmit the HIV virus evidence exists that the broken skin or mucous membrane of the victim was exposed to or had contact with the offender's semen or blood during the commission of the crime in a manner which has been demonstrated epidemiologically to transmit the human immunodeficiency virus (HIV).

(b) If When the court grants the prosecutor's motion orders an offender to submit to testing under paragraph (a), the court shall order that the test be performed by an appropriate health professional who is trained to provide the counseling described in section 144.763, and that no reference to the test, the motion requesting the test, the test order, or the test results may appear in the criminal record or be maintained in any record of the court or court services.

Sec. 17. Minnesota Statutes 1994, section 641.14, is amended to read:

641.14 [JAILS; SEPARATION OF PRISONERS.]

The sheriff of each county is responsible for the operation and condition of the jail. If construction of the jail permits, the sheriff shall maintain strict separation of prisoners to the extent that separation is consistent with prisoners' security, safety, health, and welfare. The sheriff shall not keep in the same room or section of the jail:

- (1) a minor under 18 years old and a prisoner who is 18 years old or older, unless:
- (i) the minor has been committed to the commissioner of corrections under section 609.105 or;
 - (ii) the minor has been referred for adult prosecution and the prosecuting authority has filed a notice of intent to prosecute the matter for which the minor is being held under section 260.125; or
 - (iii) the minor is 16 or 17 years old and has been indicted for murder in the first degree; and
- (2) a female prisoner and a male prisoner; and
- (3) a minor under 18 years old and an extended jurisdiction juvenile 18 years old or older who is alleged to have violated the conditions of the stay of execution.

Sec. 18. [AMENDMENTS TO RULES DIRECTED.]

The commissioners of corrections and human services shall jointly amend their licensing rules to:

- (1) allow residential facilities to admit 18- and 19-year-old extended jurisdiction juveniles;
- (2) require licensed facilities to develop policies and procedures for appropriate programming and housing separation of residents according to age; and
- (3) allow the commissioners the authority to approve the policies and procedures authorized by clause (2) for the facilities over which they have licensing authority.

Sec. 19. [COMMISSIONERS TO ADOPT RULES REGARDING SECURE TREATMENT FACILITIES.]

The commissioners of corrections and human services shall jointly adopt licensing rules requiring all facilities to develop operating policies and procedures for the continued use of secure treatment placement. These policies and procedures must include timelines for the review of individual cases to determine the continuing need for secure placement and criteria for movement of juveniles to less restrictive parts of the facilities.

Sec. 20. [EDUCATIONAL PROGRAM FOR JUVENILE COURT PROCESS.]

The supreme court is requested to establish, by January 1, 1997, an educational program explaining the juvenile court system for use in juvenile courts under Minnesota Statutes, section 260.042.

Sec. 21. [SECURE AND NONSECURE RESIDENTIAL TREATMENT FACILITIES.]

Subdivision 1. [RULES REQUIRED; COMMITTEE ESTABLISHED.] The commissioners of corrections and human services shall jointly adopt licensing and programming rules for the secure and nonsecure residential treatment facilities that they license and shall establish an advisory committee to develop these rules. The committee shall develop consistent general licensing requirements for juvenile residential care, enabling facilities to provide appropriate services to juveniles with single or multiple problems. The rules shall establish program standards with an independent auditing process by July 1997.

Subd. 2. [STANDARDS.] The standards to be developed in the rules must require:

- (1) standards for the management of the program including:
 - (i) a board of directors or advisory committee for each facility which represents the interests, concerns, and needs of the clients and community being served;
 - (ii) appropriate grievance and appeal procedures for clients and families; and
 - (iii) use of an ongoing internal program evaluation and quality assurance effort at each facility to monitor program effectiveness and guide the improvement of services provided, evaluate client and family satisfaction with each facilities' services, and collect demographic information on clients served and outcome measures relative to the success of services; and

- (2) standards for programming including:
- (i) specific identifiable criteria for admission and discharge;
 - (ii) written measurable goals for each client;
 - (iii) development of a no-eject policy by which youths are discharged based on successful completion of individual goals and not automatically discharged for behavioral transgressions;
 - (iv) individual plans for transitional services that involve youths, their families, and community resources to accomplish community integration and family reunification where appropriate;
 - (v) cultural sensitivity, including the provision of interpreters and English language skill development to meet the needs of the facilities' population;
 - (vi) use of staff who reflect the ethnicity of the clients served, wherever possible;
 - (vii) provision of staff training in cultural sensitivity and disability awareness;
 - (viii) capability to respond to persons with disabilities; and
 - (ix) uniform education programs that provide for year-round instruction; and
- (3) a program audit procedure which requires regular unbiased program audits and reviews to determine if the facilities continue to meet the standards established in statute and rule and the needs of the clients and community.

Subd. 3. [MEMBERSHIP.] The commissioners of corrections and human services or their designee shall serve as co-chairs of the rulemaking committee. The co-chairs shall invite individuals who have demonstrated experience in the juvenile justice field to serve on the committee; including, but not limited to, representatives or designees of the departments of corrections, human services, and education, the private sector, and other juvenile facility stakeholders. The commissioners shall ensure that family members of juveniles, representatives of communities of color, and members of advocacy groups serve on the rulemaking committee and shall schedule committee meetings at times and places that ensure representation by these individuals.

Subd. 4. [TIME LINES.] By December 1, 1996, the rulemaking committee shall submit draft rule parts which address the program standards, evaluation, and auditing standards and procedures to the legislative audit commission. The commission is requested to direct the legislative auditor to review the draft rule parts to determine whether the parts are consistent with sound policy.

By February 15, 1997, the legislative auditor is requested to report on its review to both the legislature and the rulemaking committee. By April 1, 1997, the rulemaking committee shall provide a report to the legislature on the status of the rulemaking process including steps it will take to address any concerns raised in the legislative auditor's review. By July 31, 1997, the licensing and programming rulemaking process shall be completed.

Subd. 5. [LICENSING.] The commissioners of corrections and human services may not license facilities that fail to meet programming standards after they are adopted.

Sec. 22. [STUDY OF SECURE TREATMENT FACILITIES.]

The commissioner of corrections, in consultation with the commissioner of human services, shall conduct a study on the use of secure treatment facilities for juveniles in the state and shall submit a written report to the governor and the legislature by January 1, 1997. The report must contain the commissioners' findings, along with demographic data and recommendations concerning the use of admission criteria.

Sec. 23. [COMMISSIONER OF CORRECTIONS; GRANTS TO COUNTIES FOR JUVENILE PROGRAMMING.]

The commissioner of corrections shall provide grants to counties to provide a comprehensive continuum of care to juveniles at high risk to become extended jurisdiction juveniles or who are extended jurisdiction juveniles under the county's jurisdiction.

Counties may apply to the commissioner for grants in a manner specified by the commissioner but must identify the following in writing:

- (1) the amount of money currently being spent by the county for juvenile programming;
- (2) what gaps currently exist in providing a comprehensive continuum of care to juveniles within the county;
- (3) what specific steps will be taken and what specific changes will be made to existing programming to reduce the juvenile reoffense rate; and
- (4) what new programming will be provided to fill the gaps identified in clause (2) and how it will lower the juvenile reoffense rate.

For purposes of this section, a comprehensive continuum of care may include:

- (1) secondary prevention programs or services that minimize the effect of characteristics which identify individuals as members of high-risk groups;
- (2) tertiary prevention programs or services that are provided after violence or antisocial conduct has occurred and which are designed to prevent its recurrence;
- (3) programs or services that are treatment focused and offer an opportunity for rehabilitation;
- (4) punishment of juveniles, as provided by applicable law, including long-term secure postadjudication placement; and
- (5) transition programs or services designed to reintegrate juveniles discharged from residential programs into the community.

Sec. 24. [PLAN FOR TRACKING JUVENILE REOFFENSE RATE; REPORT.]

The criminal and juvenile justice information policy group, in cooperation with the supreme court, the commissioner of corrections, and the superintendent of the bureau of criminal apprehension, shall develop a plan for obtaining and compiling the names of juvenile offenders and for tracking and reporting juvenile reoffense rates. This plan must examine the initial analysis and design work done by the supreme court under Laws 1994, chapter 576, section 67, subdivision 8, to determine a timetable for implementing the plan and whether additional technology will be necessary. By January 1, 1996, the criminal and juvenile justice information policy group shall report to the chairs of the senate crime prevention and house judiciary committees on the plan.

Sec. 25. [EFFECTIVE DATE.]

Sections 18 to 22 and 25 are effective the day following final enactment. The remaining sections are effective July 1, 1995.

ARTICLE 4

BUREAU OF CRIMINAL APPREHENSION

Section 1. [BUREAU OF CRIMINAL APPREHENSION ESTABLISHED AS EXECUTIVE AGENCY.]

All powers, duties, and responsibilities formerly held by the commissioner of public safety with respect to the bureau of criminal apprehension are transferred to the superintendent of the bureau of criminal apprehension. The bureau is established as an agency of the executive branch of state government pursuant to section 13. All the responsibilities of the criminal justice information system unit are transferred to the bureau.

Possession of the department's minicomputer system and equipment is transferred to the bureau of criminal apprehension. Computer applications supporting functions not transferred to the bureau of criminal apprehension are transferred to the applicable receiving agencies. For programs not transferred to the bureau of criminal apprehension, the commissioner of public safety shall make the necessary arrangements for the effective management of the department's information systems. The commissioner of public safety may lease time and services on the minicomputer

system transferred to the bureau, and shall compensate the superintendent of the bureau for the leased time and services from funds appropriated to the commissioner for driver and vehicle services.

Sec. 2. Minnesota Statutes 1994, section 3.732, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section and section 3.736 the terms defined in this section have the meanings given them.

(1) "State" includes each of the departments, boards, agencies, commissions, courts, and officers in the executive, legislative, and judicial branches of the state of Minnesota and includes but is not limited to the housing finance agency, the higher education coordinating board, the higher education facilities authority, the health technology advisory committee, the armory building commission, the zoological board, the iron range resources and rehabilitation board, the state agricultural society, the University of Minnesota, state universities, community colleges, state hospitals, and state penal institutions. It does not include a city, town, county, school district, or other local governmental body corporate and politic.

(2) "Employee of the state" means all present or former officers, members, directors, or employees of the state, members of the Minnesota national guard, members of a bomb disposal unit approved by the ~~commissioner of public safety~~ superintendent of the bureau of criminal apprehension and employed by a municipality defined in section 466.01 when engaged in the disposal or neutralization of bombs outside the jurisdiction of the municipality but within the state, or persons acting on behalf of the state in an official capacity, temporarily or permanently, with or without compensation. It does not include either an independent contractor or members of the Minnesota national guard while engaged in training or duty under United States Code, title 10, or title 32, section 316, 502, 503, 504, or 505, as amended through December 31, 1983. Notwithstanding sections 43A.02 and 611.263, for purposes of this section and section 3.736 only, "employee of the state" includes a district public defender or assistant district public defender in the second or fourth judicial district and a member of the health technology advisory committee.

(3) "Scope of office or employment" means that the employee was acting on behalf of the state in the performance of duties or tasks lawfully assigned by competent authority.

(4) "Judicial branch" has the meaning given in section 43A.02, subdivision 25.

Sec. 3. Minnesota Statutes 1994, section 15A.081, subdivision 1, is amended to read:

Subdivision 1. [SALARY RANGES.] The governor shall set the salary rate within the ranges listed below for positions specified in this subdivision, upon approval of the legislative commission on employee relations and the legislature as provided by section 3.855:

Salary Range

\$57,500-\$78,500

Commissioner of finance;

Commissioner of education;

Commissioner of transportation;

Commissioner of human services;

Commissioner of revenue;

Commissioner of public safety;

Executive director, state board of investment;

\$50,000-\$67,500

Commissioner of administration;

Commissioner of agriculture;

Commissioner of commerce;
 Commissioner of corrections;
 Commissioner of economic security;
 Commissioner of employee relations;
 Commissioner of health;
 Commissioner of labor and industry;
 Commissioner of natural resources;
 Commissioner of trade and economic development;
 Chief administrative law judge; office of administrative
 hearings;
 Commissioner, pollution control agency;
 Director, office of waste management;
 Commissioner, housing finance agency;
 Executive director, public employees retirement
 association;
 Executive director, teacher's retirement association;
 Executive director, state retirement system;
Superintendent, bureau of criminal apprehension

\$42,500-\$60,000

Commissioner of human rights;
 Commissioner, department of public service;
 Commissioner of veterans affairs;
 Commissioner, bureau of mediation services;
 Commissioner, public utilities commission;
 Member, transportation regulation board;
 Ombudsman for corrections;
 Ombudsman for mental health and retardation.

Sec. 4. Minnesota Statutes 1994, section 16B.14, is amended to read:

16B.14 [CERTAIN VEHICLES.]

Upon the written request of the ~~commissioner of public safety~~ superintendent of the bureau of criminal apprehension, motor vehicles for specific use by investigative and undercover agents of the ~~department of public safety~~ bureau of criminal apprehension must be purchased by the brand make and model. All other provisions of this chapter relating to competitive bidding apply to purchases covered by this section.

Sec. 5. Minnesota Statutes 1994, section 16B.46, is amended to read:

16B.46 [TELECOMMUNICATION; POWERS.]

The commissioner shall supervise and control all state telecommunication facilities including any transmission, emission, or reception of signs, signals, writing, images, and sounds or intelligence of any nature by wire, radio, optical, or other electromagnetic systems. Nothing in this section modifies, amends, or abridges any powers and duties presently vested in or imposed upon the commissioner of transportation or the commissioner of public safety or the superintendent of the bureau of criminal apprehension relating to telecommunications facilities or the commissioner of transportation relating only to radio air navigation facilities or other air navigation facilities.

Sec. 6. Minnesota Statutes 1994, section 16B.54, subdivision 2, is amended to read:

Subd. 2. [VEHICLES.] (a) [ACQUISITION FROM AGENCY; APPROPRIATION.] The commissioner may direct an agency to make a transfer of a passenger motor vehicle or truck currently assigned to it. The transfer must be made to the commissioner for use in the central motor pool. The commissioner shall reimburse an agency whose motor vehicles have been paid for with funds dedicated by the constitution for a special purpose and which are assigned to the central motor pool. The amount of reimbursement for a motor vehicle is its average wholesale price as determined from the midwest edition of the National Automobile Dealers Association official used car guide.

(b) [PURCHASE.] To the extent that funds are available for the purpose, the commissioner may purchase or otherwise acquire additional passenger motor vehicles and trucks necessary for the central motor pool. The title to all motor vehicles assigned to or purchased or acquired for the central motor pool is in the name of the department of administration.

(c) [TRANSFER AT AGENCY REQUEST.] On the request of an agency, the commissioner may transfer to the central motor pool any passenger motor vehicle or truck for the purpose of disposing of it. The department or agency transferring the vehicle or truck must be paid for it from the motor pool revolving account established by this section in an amount equal to two-thirds of the average wholesale price of the vehicle or truck as determined from the midwest edition of the National Automobile Dealers Association official used car guide.

(d) [VEHICLES; MARKING.] The commissioner shall provide for the uniform marking of all motor vehicles. Motor vehicle colors must be selected from the regular color chart provided by the manufacturer each year. The commissioner may further provide for the use of motor vehicles without marking by the governor, the lieutenant governor, the ~~division~~ bureau of criminal apprehension, division of liquor control, division of gambling enforcement, arson investigators of the division of fire marshal in the department of public safety, financial institutions division of the department of commerce, state lottery, criminal investigators of the department of revenue, state-owned community service facilities in the department of human services, the investigative staff of the department of economic security, and the office of the attorney general.

Sec. 7. Minnesota Statutes 1994, section 297C.09, is amended to read:

297C.09 [IMPORTATION BY INDIVIDUALS.]

A person, other than a person under the age of 21 years, entering Minnesota from another state may have in possession one liter of intoxicating liquor or 288 ounces of malt liquor and a person entering Minnesota from a foreign country may have in possession four liters of intoxicating liquor or ten quarts (320 ounces) of malt liquor without the required payment of the Minnesota excise tax. A collector of commemorative bottles, other than a person under the age of 21 years, entering Minnesota from another state may have in possession 12 or fewer commemorative bottles without the required payment of the Minnesota excise tax. A person entering Minnesota from another state who imports or has in possession intoxicating liquor or malt liquor in excess of the quantities provided for in this section is guilty of a misdemeanor. A person entering Minnesota from a foreign country who imports or has in possession untaxed intoxicating liquor or malt liquor in excess of the quantities provided for in this section is guilty of a misdemeanor. This section does not apply to the consignments of alcoholic beverages shipped into this state by holders of Minnesota import licenses or Minnesota manufacturers and wholesalers when licensed by the ~~commissioner of public safety~~ superintendent of the bureau of criminal apprehension or to common carriers with licenses to sell intoxicating liquor in more than one state. A peace officer, the ~~commissioner~~ superintendent of the bureau of criminal apprehension, or their authorized agents, may seize untaxed liquor.

Sec. 8. Minnesota Statutes 1994, section 297C.10, subdivision 1, is amended to read:

Subdivision 1. [ENFORCEMENT RESPONSIBILITY.] The ~~commissioners~~ commissioner of ~~public safety and revenue and the superintendent of the bureau of criminal apprehension~~ shall enforce and administer the provisions of this chapter.

Sec. 9. Minnesota Statutes 1994, section 299A.02, is amended to read:

299A.02 [~~COMMISSIONERS COMMISSIONER OF PUBLIC SAFETY AND REVENUE AND SUPERINTENDENT OF THE BUREAU OF CRIMINAL APPREHENSION; LIQUOR CONTROL FUNCTIONS.~~]

Subdivision 1. [~~DIRECTOR OF DIVISION OF LIQUOR CONTROL CONFLICT OF INTEREST.~~] No employee of the ~~department of public safety~~ bureau of criminal apprehension or the department of revenue having any responsibility for the administration or enforcement of ~~Laws 1985, chapter 305, articles 2 to 11~~ this section and chapters 297C and 340A shall have a direct or indirect interest, except through ownership or investment in pension or mutual funds, in the manufacture, transportation or sale of intoxicating liquor or any malt or vinous beverages, intoxicating, nonintoxicating, or commercial or industrial alcohol. The ~~commissioner of public safety~~ superintendent of the bureau of criminal apprehension or the commissioner of revenue may remove an employee in the unclassified civil service for any intentional violation of any provision in ~~Laws 1985, chapter 305, articles 2 to 11~~ this section and chapters 297C and 340A. Intentional violation of the preceding sections by a classified employee of one of the departments may be grounds for removal of that employee pursuant to section 43A.33.

Subd. 2. [GENERAL POWERS.] The ~~commissioner~~ superintendent of the bureau of criminal apprehension shall administer and enforce the provisions of ~~Laws 1985, chapter 305, articles 2 to 11~~ this section and chapters 297C and 340A except for those provisions thereof for which administration and enforcement are reserved to the commissioner of revenue.

Subd. 3. [REPORTS; RULES.] The commissioner shall have power to require periodic factual reports from all licensed importers, manufacturers, wholesalers and retailers of intoxicating liquors and to make all reasonable rules to effect the object of ~~Laws 1985, chapter 305, articles 2 to 11~~ this section and chapters 297C and 340A. The rules shall include provisions for assuring the purity of intoxicating liquors and the true statement of its contents and proper labeling thereof with regard to all forms of sale. No rule may require the use of new containers in aging whiskey. No rule may require cordials or liqueurs to contain in excess of 2-1/2 percent by weight of sugar or dextrose or both.

Subd. 4. [SUBPOENAS.] In all matters relating to official duties, the commissioner shall have the powers possessed by courts of law to issue subpoenas and cause them to be served and enforced. All public officials, and their respective deputies and employees, and all individuals, partnerships, firms, corporations, incorporated and unincorporated associations, and others who manufacture, transport, or sell intoxicating liquor, or are connected therewith in any manner, shall at all times attend and answer under oath the commissioner's lawful inquiries, produce and exhibit such books, accounts, documents and property as the commissioner may desire to inspect, and in all things aid the commissioner in the performance of the commissioner's duties.

Sec. 10. Minnesota Statutes 1994, section 299A.31, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT; MEMBERSHIP.] A chemical abuse and violence prevention council consisting of 19 members is established. The commissioners of ~~public safety~~, education, health, corrections, and human services, the director of the office of strategic and long-range planning, ~~the superintendent of the bureau of criminal apprehension~~, and the attorney general shall each appoint one member from among their employees. The speaker of the house of representatives and the subcommittee on committees of the senate shall each appoint a legislative member. The governor shall appoint an additional ten members who shall represent the demographic and geographic composition of the state and, to the extent possible, shall represent the following: public health; education including preschool, elementary, and higher education; social services; financial aid services; chemical dependency treatment; law enforcement; prosecution; defense; the judiciary; corrections; treatment research professionals; drug abuse prevention professionals; the business sector; religious leaders; representatives of racial and ethnic

minority communities; and other community representatives. The members shall designate one of the governor's appointees as chair of the council. Compensation and removal of members are governed by section 15.059.

Sec. 11. Minnesota Statutes 1994, section 299A.331, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] The advisory council on drug abuse resistance education consists of:

- (1) the attorney general who shall serve as chair;
- (2) the ~~commissioner of public safety~~ superintendent of the bureau of criminal apprehension;
- (3) the commissioner of education;
- (4) three representatives of law enforcement appointed by the ~~commissioner of public safety~~ governor;
- (5) three representatives of education appointed by the commissioner of education;
- (6) a representative of the DARE officers association appointed by the peace officer standards and training board from among recommendations of the association; and
- (7) seven citizens appointed by the attorney general.

Sec. 12. Minnesota Statutes 1994, section 299A.38, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section:

- (a) "~~Commissioner~~" means the commissioner of public safety.
- (~~b~~) "Peace officer" means a person who is licensed under section 626.84, subdivision 1, paragraph (c).
- (b) "Superintendent" means the superintendent of the bureau of criminal apprehension.
- (c) "Vest" means bullet-resistant soft body armor that is flexible, concealable, and custom fitted to the peace officer to provide ballistic and trauma protection.

Sec. 13. Minnesota Statutes 1994, section 299C.01, is amended to read:

299C.01 [~~CRIMINAL~~ BUREAU OF CRIMINAL APPREHENSION.]

Subdivision 1. [POWERS TRANSFERRED TO COMMISSIONER SUPERINTENDENT.] All the powers and duties ~~now formally~~ vested in or imposed upon the commissioner of public safety before the effective date of this article, relating to the bureau of criminal apprehension or the superintendent of the bureau of criminal apprehension as prescribed by chapter 626, or any other law, are hereby transferred to, vested in, and imposed upon the commissioner of public safety superintendent of the bureau of criminal apprehension. The bureau of criminal apprehension and the office of the superintendent of the bureau of criminal apprehension as heretofore constituted as a division of the department of public safety are abolished and the bureau is created as an independent agency in the executive branch of state government.

Subd. 2. [DIVISION OF DEPARTMENT OF PUBLIC SAFETY.] ~~A division in the department of public safety to be known as~~ The bureau of criminal apprehension is hereby created, under the supervision and control of the superintendent of criminal apprehension, who shall be appointed by the commissioner governor, with the advice and consent of the senate, and serve at the commissioner's pleasure in the unclassified service of the state civil service, to whom a term coterminous with the term of the governor under whom appointed. The position of deputy superintendent, or similar position, is not authorized. Except when contrary to this subdivision, the provisions of section 15.06 apply to the position of superintendent of the bureau of criminal apprehension. The superintendent shall be assigned the duties and responsibilities described in this section chapter.

Subd. 4. [DUTIES GENERALLY.] The ~~division of the~~ bureau of criminal apprehension shall perform such functions and duties as relate to statewide and nationwide crime information systems as the ~~commissioner~~ superintendent may direct.

Sec. 14. Minnesota Statutes 1994, section 299C.03, is amended to read:

299C.03 [SUPERINTENDENT; RULES.]

The superintendent, ~~with the approval of the commissioner of public safety,~~ from time to time, shall make such rules and adopt such measures as the superintendent deems necessary, within the provisions and limitations of sections 299C.03 to 299C.08, 299C.10, 299C.11, 299C.17, 299C.18, and 299C.21, to secure the efficient operation of the bureau. The bureau shall cooperate with the respective sheriffs, constables, marshals, police, and other peace officers of the state in the detection of crime and the apprehension of criminals throughout the state, and shall have the power to conduct such investigations as the superintendent, ~~with the approval of the commissioner of public safety,~~ may deem necessary to secure evidence which may be essential to the apprehension and conviction of alleged violators of the criminal laws of the state. The various members of the bureau shall have and may exercise throughout the state the same powers of arrest possessed by a sheriff, but they shall not be employed to render police service in connection with strikes and other industrial disputes.

Sec. 15. Minnesota Statutes 1994, section 299C.13, is amended to read:

299C.13 [INFORMATION FURNISHED TO PEACE OFFICERS.]

Upon receipt of information data as to any arrested person, the bureau shall immediately ascertain whether the person arrested has a criminal record or is a fugitive from justice, and shall at once inform the arresting officer of the facts ascertained. Upon application by any sheriff, chief of police, or other peace officer in the state, or by an officer of the United States or by an officer of another state, territory, or government duly authorized to receive the same and effecting reciprocal interchange of similar information with the ~~division~~ bureau, it shall be the duty of the bureau to furnish all information in its possession pertaining to the identification of any person. If the bureau has a sealed record on the arrested person, it shall notify the requesting peace officer of that fact and of the right to seek a court order to open the record for purposes of law enforcement.

Sec. 16. Minnesota Statutes 1994, section 299C.50, is amended to read:

299C.50 [TRANSFER OF FUNCTIONS.]

The ~~commissioner of public safety~~ superintendent of the bureau of criminal apprehension shall perform all duties in respect to the state's criminal justice information system ~~which were transferred from the commissioner of finance and the governor's commission on crime prevention and control by executive order of the governor; provided, that a transfer shall not occur if the state is informed by a federal agency that the transfer will result in the loss of federal moneys to which the state would otherwise be entitled pursuant to the Omnibus Crime Control and Safe Streets Act of 1968, Public Law Number 90 351, as amended by the Juvenile Justice and Delinquency Prevention Act of 1974, Public Law Number 93 415, and the Crime Control Act of 1976, Public Law Number 94 503.~~

Sec. 17. Minnesota Statutes 1994, section 299C.65, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP, DUTIES.] The criminal and juvenile information policy group consists of the chair of the sentencing guidelines commission, the commissioner of corrections, ~~the commissioner of public safety~~ the superintendent of the bureau of criminal apprehension, and the state court administrator.

The policy group shall study and make recommendations to the governor, the supreme court, and the legislature on:

(1) a framework for integrated criminal justice information systems, including the development and maintenance of a community data model for state, county, and local criminal justice information;

(2) the responsibilities of each entity within the criminal and juvenile justice systems concerning the collection, maintenance, dissemination, and sharing of criminal justice information with one another;

(3) actions necessary to ensure that information maintained in the criminal justice information systems is accurate and up-to-date;

(4) the development of an information system containing criminal justice information on gross misdemeanor-level and felony-level juvenile offenders that is part of the integrated criminal justice information system framework;

(5) the development of an information system containing criminal justice information on misdemeanor arrests, prosecutions, and convictions that is part of the integrated criminal justice information system framework;

(6) comprehensive training programs and requirements for all individuals in criminal justice agencies to ensure the quality and accuracy of information in those systems;

(7) continuing education requirements for individuals in criminal justice agencies who are responsible for the collection, maintenance, dissemination, and sharing of criminal justice data;

(8) a periodic audit process to ensure the quality and accuracy of information contained in the criminal justice information systems;

(9) the equipment, training, and funding needs of the state and local agencies that participate in the criminal justice information systems;

(10) the impact of integrated criminal justice information systems on individual privacy rights;

(11) the impact of proposed legislation on the criminal justice system, including any fiscal impact, need for training, changes in information systems, and changes in processes;

(12) the collection of data on race and ethnicity in criminal justice information systems;

(13) the development of a tracking system for domestic abuse orders for protection;

(14) processes for expungement, correction of inaccurate records, destruction of records, and other matters relating to the privacy interests of individuals; and

(15) the development of a database for extended jurisdiction juvenile records and whether the records should be public or private and how long they should be retained.

Sec. 18. Minnesota Statutes 1994, section 299C.65, subdivision 2, is amended to read:

Subd. 2. [REPORT, TASK FORCE.] The policy group shall file an annual report with the governor, supreme court, and legislature by December 1 of each even-numbered year.

The report must make recommendations concerning any legislative changes or appropriations that are needed to ensure that the criminal justice information systems operate accurately and efficiently. To assist them in developing their recommendations, the chair, the ~~commissioners~~ superintendent, and the administrator shall appoint a task force consisting of the members of the criminal and juvenile justice information policy group or their designees and the following additional members:

(1) the director of the office of strategic and long-range planning;

(2) two sheriffs recommended by the Minnesota sheriffs association;

(3) two police chiefs recommended by the Minnesota chiefs of police association;

(4) two county attorneys recommended by the Minnesota county attorneys association;

(5) two city attorneys recommended by the Minnesota league of cities;

(6) two public defenders appointed by the board of public defense;

(7) two district judges appointed by the conference of chief judges, one of whom is currently assigned to the juvenile court;

(8) two community corrections administrators recommended by the Minnesota association of counties, one of whom represents a community corrections act county;

(9) two probation officers;

(10) two public members, one of whom has been a victim of crime;

(11) two court administrators;

(12) two members of the house of representatives appointed by the speaker of the house; and

(13) two members of the senate appointed by the majority leader.

Sec. 19. Minnesota Statutes 1994, section 352B.01, subdivision 2, is amended to read:

Subd. 2. [MEMBER.] "Member" means:

(a) persons referred to and employed after June 30, 1943, under Laws 1929, chapter 355, as amended or supplemented, currently employed by the state, whose salaries or compensation is paid out of state funds;

(b) a conservation officer employed under section 97A.201, currently employed by the state, whose salary or compensation is paid out of state funds;

(c) a crime bureau officer who was employed by the crime bureau and was a member of the highway patrolmen's retirement fund on July 1, 1978, whether or not that person has the power of arrest by warrant after that date, or who is employed as police personnel, with powers of arrest by warrant under section 299C.04, and who is currently employed by the state, and whose salary or compensation is paid out of state funds;

(d) a person who is employed by the state in the department of public safety or a successor state agency in a data processing management position with salary or compensation paid from state funds, who was a crime bureau officer covered by the state patrol retirement plan on August 15, 1987, and who was initially hired in the data processing management position within the department during September 1987, or January 1988, with membership continuing for the duration of the person's employment in that position, whether or not the person has the power of arrest by warrant after August 15, 1987; and

(e) ~~public safety~~ employees of the bureau of criminal apprehension defined as peace officers in section 626.84, subdivision 1, paragraph (c), and employed with the division of gambling enforcement under section 299L.01.

Sec. 20. Minnesota Statutes 1994, section 360.0753, subdivision 6, is amended to read:

Subd. 6. [MANNER OF MAKING TEST; ADDITIONAL TESTS.] Only a physician, medical technician, physician's trained mobile intensive care paramedic, registered nurse, medical technologist, or laboratory assistant acting at the request of a peace officer may withdraw blood for the purpose of determining the presence of alcohol or controlled substance. This limitation does not apply to the taking of a breath or urine sample. The person tested has the right to have someone of the person's own choosing administer a chemical test or tests in addition to any administered at the direction of a peace officer; provided, that the additional test sample on behalf of the person is obtained at the place where the person is in custody, after the test administered at the direction of a peace officer, and at no expense to the state. The failure or inability to obtain an additional test or tests by a person shall not preclude the admission in evidence of the test taken at the direction of a peace officer unless the additional test was prevented or denied by the peace officer. The physician, medical technician, physician's trained mobile intensive care paramedic, medical technologist, laboratory assistant, or registered nurse drawing blood at the request of a peace officer for the purpose of determining alcohol concentration shall in no manner be liable in any civil or criminal action except for negligence in drawing the blood. The person administering a breath test shall be fully trained in the administration of breath tests pursuant to training given by

the commissioner of ~~public safety or the commissioner of~~ transportation or the superintendent of the bureau of criminal apprehension.

Sec. 21. Minnesota Statutes 1994, section 611A.20, subdivision 2, is amended to read:

Subd. 2. [CONTENTS OF NOTICE.] The ~~commissioners of public safety and~~ commissioner of corrections, in consultation with sexual assault victim advocates and health care professionals, shall develop the notice required by subdivision 1. The notice must inform the victim of:

- (1) the risk of contracting sexually transmitted diseases as a result of a sexual assault;
- (2) the symptoms of sexually transmitted diseases;
- (3) recommendations for periodic testing for the diseases, where appropriate;
- (4) locations where confidential testing is done and the extent of the confidentiality provided;
- (5) information necessary to make an informed decision whether to request a test of the offender under section 611A.19; and
- (6) other medically relevant information.

Sec. 22. Minnesota Statutes 1994, section 624.7151, is amended to read:

624.7151 [STANDARDIZED FORMS.]

~~By December 1, 1992, the commissioner of public safety~~ The superintendent of the bureau of criminal apprehension shall adopt statewide standards governing the form and contents, as required by sections 624.7131 to 624.714, of every application for a pistol transferee permit, pistol transferee permit, report of transfer of a pistol, application for a permit to carry a pistol, and permit to carry a pistol that is granted or renewed on or after January 1, 1993. The adoption of these standards is not subject to the rulemaking provisions of chapter 14.

Every application for a pistol transferee permit, pistol transferee permit, report of transfer of a pistol, application for a permit to carry a pistol, and permit to carry a pistol that is received, granted, or renewed by a police chief or county sheriff on or after January 1, 1993, must meet the statewide standards adopted by the ~~commissioner of public safety~~ superintendent. Notwithstanding the previous sentence, neither failure of the department of ~~public safety~~ to adopt standards nor failure of the police chief or county sheriff to meet them shall delay the timely processing of applications nor invalidate permits issued on other forms meeting the requirements of sections 624.7131 to 624.714.

Sec. 23. Minnesota Statutes 1994, section 626.5531, subdivision 2, is amended to read:

Subd. 2. [USE OF INFORMATION COLLECTED.] The head of a local law enforcement agency or state law enforcement department that employs peace officers licensed under section 626.843 must file a monthly report describing crimes reported under this section with the ~~department of public safety,~~ bureau of criminal apprehension. The ~~commissioner of public safety~~ superintendent of the bureau of criminal apprehension must summarize and analyze the information received and file an annual report with the department of human rights and the legislature. The ~~commissioner~~ superintendent may include information in the annual report concerning any additional criminal activity motivated by bias that is not covered by this section.

Sec. 24. Minnesota Statutes 1994, section 626.562, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT OF TELEPHONE LINE.] The commissioner of ~~public safety~~ human services shall contract for at least one statewide toll-free 24-hour telephone line for the purpose of providing consultative and training services for physicians, therapists, child protection workers, and other professionals involved in child protection. Services provided must include emergency and longer term consultation on individual child protection cases.

Sec. 25. Minnesota Statutes 1994, section 634.16, is amended to read:

634.16 [ADMISSION INTO EVIDENCE OF RESULTS OF INFRARED BREATH-TESTS.]

In any civil or criminal hearing or trial, the results of an infrared breath-test, when performed by a person who has been fully trained in the use of an infrared breath-testing instrument, as defined in section 169.01, subdivision 68, pursuant to training given or approved by the commissioner of public safety superintendent of the bureau of criminal apprehension or the commissioner's superintendent's acting agent, are admissible in evidence without antecedent expert testimony that an infrared breath-testing instrument provides a trustworthy and reliable measure of the alcohol in the breath.

Sec. 26. [WORKER PARTICIPATION.]

Subdivision 1. [RESTRUCTURING PROVISIONS.] The restructuring of agencies required by sections 1 to 26 shall be conducted under Minnesota Statutes, section 43A.045.

Subd. 2. [WORKER PARTICIPATION COMMITTEES.] (a) Before the restructuring of executive branch agencies under sections 1 to 26, 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 plans for implementing this article, including detailed plans for providing retraining for affected employees; and
- (4) guide the implementation of the reorganization.

Sec. 27. [INSTRUCTION TO REVISOR.]

(a) In Minnesota Statutes 1995 Supplement, the revisor of statutes shall change the terms "commissioner of public safety" (or "commissioner" when referring to the commissioner of public safety), "department of public safety" (or "department" when referring to the department of public safety), or similar terms to "superintendent of the bureau of criminal apprehension" (or "superintendent" when referring to the superintendent of the bureau of criminal apprehension), "bureau of criminal apprehension" (or "bureau" when referring to the bureau of criminal apprehension), or similar terms, as appropriate and consistent with sections 1 to 26, where they appear in Minnesota Statutes 1994, sections 123.75; 123.751; 169.123, subdivision 3; 176.192; 243.166; 270.062; 299A.38; 299C.065; 299C.17; 299C.23; 299C.46; 299C.48; 299C.49; 299C.52; 299C.53; 299C.54; 299C.55; 477A.0121; 611A.0311; 611A.07; 624.7131; 624.714; 624.7161; 626.553; 626.5532; and 634.15.

(b) The revisor of statutes shall make similar conforming corrections to Minnesota Rules.

Sec. 28. [EFFECTIVE DATE.]

Sections 1 to 26 are effective July 1, 1995."

Delete the title and insert:

"A bill for an act relating to the organization and operation of state government; appropriating money for state courts, public safety, public defense, corrections, and related purposes; providing for the transfer of certain money in the state treasury; providing penalties; amending Minnesota Statutes 1994, sections 2.722, subdivision 1, and by adding a subdivision; 3.732, subdivision 1; 15A.081, subdivision 1; 16A.285; 16B.14; 16B.46; 16B.54, subdivision 2; 176.192; 242.31, subdivision 1; 243.23, subdivision 3; 243.51, subdivisions 1 and 3; 243.88, by adding a

subdivision; 260.115, subdivision 1; 260.125; 260.126, subdivision 5; 260.131, subdivision 4; 260.181, subdivision 4; 260.185, subdivision 6, and by adding subdivisions; 260.193, subdivision 4; 260.215, subdivision 1; 260.291, subdivision 1; 297C.09; 297C.10, subdivision 1; 299A.02; 299A.31, subdivision 1; 299A.331, subdivision 1; 299A.38, subdivisions 1 and 2; 299A.44; 299A.51, subdivision 2; 299C.01; 299C.03; 299C.065, subdivision 1a; 299C.10, by adding a subdivision; 299C.13; 299C.50; 299C.62, subdivision 4; 299C.65, subdivisions 1 and 2; 352B.01, subdivision 2; 357.021, subdivision 2; 360.0753, subdivision 6; 481.01; 609.055, subdivision 2; 609.101, subdivisions 1, 2, and 3; 609.135, by adding a subdivision; 609.748, subdivision 3a; 611.17; 611.20, by adding subdivisions; 611.35, subdivision 1; 611A.19, subdivision 1; 611A.20, subdivision 2; 624.7151; 626.5531, subdivision 2; 626.562, subdivision 1; 626.841; 626.861, subdivisions 1 and 4; 634.16; 641.14; Laws 1993, chapter 255, sections 1, subdivisions 1 and 4; and 2; proposing coding for new law in Minnesota Statutes, chapters 120; 242; 260; 299A; 299C; 611A; 626."

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

MEMBERS EXCUSED

Mr. Novak was excused from the Session of today at 9:30 a.m. Messrs. Bertram, Murphy and Neville were excused from the Session of today from 8:00 to 8:30 a.m. Ms. Pappas was excused from the Session of today from 8:30 to 8:50 a.m. Ms. Ranum was excused from the Session of today from 8:40 to 8:45 a.m. Ms. Berglin was excused from the Session of today from 8:00 to 8:50 a.m. Mr. Riveness was excused from the Session of today from 8:00 to 8:45 a.m. Messrs. Stumpf and Larson were excused from the Session of today at 9:50 a.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 12:00 noon, Thursday, April 20, 1995. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

FORTY-THIRD DAY

St. Paul, Minnesota, Thursday, April 20, 1995

The Senate met at 12:00 noon and was called to order by the President.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 1:00 p.m. The motion prevailed. The hour of 1:00 p.m. having arrived, the President called the Senate to order.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 2:00 p.m. The motion prevailed. The hour of 2:00 p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by Senator Pat Piper.

The roll was called, and the following Senators answered to their names:

Anderson	Frederickson	Kroening	Neuville	Runbeck
Beckman	Hanson	Laidig	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berg	Janezich	Larson	Olson	Scheevel
Berglin	Johnson, D.E.	Lesewski	Ourada	Solon
Bertram	Johnson, D.J.	Lessard	Pappas	Spear
Betzold	Johnson, J.B.	Limmer	Pariseau	Stevens
Chandler	Johnston	Marty	Piper	Stumpf
Chmielewski	Kelly	Merriam	Pogemiller	Terwilliger
Cohen	Kiscaden	Metzen	Price	Vickerman
Day	Kleis	Moe, R.D.	Ranum	Wiener
Dille	Knutson	Mondale	Reichgott Junge	
Finn	Kramer	Morse	Riveness	
Flynn	Krentz	Murphy	Robertson	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received and referred to the committee indicated.

April 17, 1995

The Honorable Allan H. Spear
President of the Senate

Dear Sir:

The following appointments are hereby respectfully submitted to the Senate for confirmation as required by law:

BOARD ON JUDICIAL STANDARDS

Toby Berman, 5331 Evanswood Ln., Edina, Hennepin County, effective April 22, 1995, for a term expiring on the first Monday in January, 1997.

Harriette Burkhalter, 5 W. St. Albans Rd., Hopkins, Hennepin County, effective April 22, 1995, for a term expiring on the first Monday in January, 1999.

Peter H. Watson, 2428 W. 22nd St., Minneapolis, Hennepin County, effective April 22, 1995, for a term expiring on the first Monday in January, 1999.

(Referred to the Committee on Judiciary.)

Warmest regards,
Arne H. Carlson, Governor

April 18, 1995

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 335, 194, 1176, 574, 1060, 320, 204, 838, 856 and 239.

Warmest regards,
Arne H. Carlson, Governor

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1144: A bill for an act relating to the city of Minneapolis; authorizing the Minneapolis city council to delegate to the city engineer certain authority over traffic and parking; authorizing the council to delegate certain authority to contract for professional services.

Senate File No. 1144 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1995

CONCURRENCE AND REPASSAGE

Ms. Flynn moved that the Senate concur in the amendments by the House to S.F. No. 1144 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1144 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the re passage of the bill, as amended.

The roll was called, and there were yeas 50 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Kleis	Moe, R.D.	Riveness
Belanger	Finn	Kramer	Mondale	Runbeck
Berg	Flynn	Kroening	Morse	Sams
Berglin	Frederickson	Laidig	Murphy	Samuelson
Bertram	Hottinger	Lesewski	Neuville	Solon
Betzold	Johnson, D.E.	Lessard	Oliver	Spear
Chandler	Johnson, D.J.	Limmer	Ourada	Stevens
Chmielewski	Johnston	Marty	Pariseau	Terwilliger
Cohen	Kelly	Merriam	Piper	Vickerman
Day	Kiscaden	Metzen	Price	Wiener

So the bill, as amended, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 375: A bill for an act relating to energy; adding pumped hydropower to the list of preferred alternative energy sources; providing for incentive payments to pumped hydropower facilities; amending Minnesota Statutes 1994, sections 216C.051, subdivision 7; and 216C.41, subdivision 1.

Senate File No. 375 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1995

Mr. Lessard moved that the Senate do not concur in the amendments by the House to S.F. No. 375, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 965: A bill for an act relating to transportation; authorizing issuance of permits for 12-foot wide loads of baled straw; changing classification and endorsement requirements to operate a vehicle carrying liquid fertilizer; amending Minnesota Statutes 1994, sections 169.851, subdivision 1; 169.862; and 171.02, subdivision 2a.

Senate File No. 965 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 19, 1995

Mr. Moe, R.D., for Mr. Langseth, moved that the Senate do not concur in the amendments by the House to S.F. No. 965, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 787, 927, 1478 and 1626.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 19, 1995

FIRST READING OF HOUSE BILLS

The following bills were read the first time and referred to the committees indicated.

H.F. No. 787: A bill for an act relating to water; wetland protection and management; amending Minnesota Statutes 1994, sections 103F.612, subdivisions 2, 3, 5, 6, and 7; 103G.127; 103G.222; 103G.2241; 103G.2242, subdivisions 1, 6, 7, 9, and 12; 103G.237, subdivision 4; 103G.2372, subdivision 1; and 103G.2373; repealing Minnesota Statutes 1994, section 103G.2242, subdivision 13.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 483, now on General Orders.

H.F. No. 927: A bill for an act relating to domestic abuse; eliminating hearing requirements in certain cases; providing for notices; amending Minnesota Statutes 1994, section 518B.01, subdivisions 4, 5, and 7.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 864, now on General Orders.

H.F. No. 1478: A bill for an act relating to state government; requiring notice to the commissioner of agriculture and certain other actions before an agency adopts or repeals rules that affect farming operations; amending Minnesota Statutes 1994, sections 14.11, by adding a subdivision; 14.14, by adding a subdivision; and 116.07, subdivision 4.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1159, now on General Orders.

H.F. No. 1626: A bill for an act relating to state government; prohibiting investment of public funds in certain assets; amending Minnesota Statutes 1994, sections 11A.24, subdivision 1; 356A.06, by adding a subdivision; and 475.66, subdivision 3.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1572, now on General Orders.

REPORTS OF COMMITTEES

Mr. Spear from the Committee on Crime Prevention, to which was referred the following appointment as reported in the Journal for February 16, 1995:

DEPARTMENT OF CORRECTIONS COMMISSIONER

Frank W. Wood

Reports the same back with the recommendation that the appointment be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS

Mr. Laidig moved that the name of Mr. Frederickson be added as a co-author to S.F. No. 1671. The motion prevailed.

Mr. Dille moved that S.F. No. 839 be taken from the table. The motion prevailed.

S.F. No. 839: A bill for an act relating to agriculture; modifying pesticide posting requirements; changing certain pesticide dealer requirements; changing expiration of pesticide applicator certifications; requiring consideration of passive bioremediation in certain cases; changing classification and endorsement requirements to operate a vehicle carrying liquid fertilizer; amending Minnesota Statutes 1994, sections 18B.07, subdivision 3; 18B.31; 18B.36, subdivision 2; 18D.105, subdivision 3a; and 171.02, subdivision 2a.

CONCURRENCE AND REPASSAGE

Mr. Dille moved that the Senate concur in the amendments by the House to S.F. No. 839 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 839 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 49 and nays 3, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Kramer	Morse	Runbeck
Beckman	Finn	Kroening	Murphy	Sams
Belanger	Frederickson	Laidig	Neuville	Samuelson
Berg	Johnson, D.E.	Lesewski	Novak	Solon
Bertram	Johnson, D.J.	Lessard	Oliver	Spear
Betzold	Johnson, J.B.	Limmer	Ourada	Stevens
Chandler	Johnston	Marty	Pariseau	Terwilliger
Chmielewski	Kelly	Metzen	Piper	Vickerman
Cohen	Kiscaden	Moe, R.D.	Price	Wiener
Day	Kleis	Mondale	Riveness	

Mses. Berglin, Flynn and Mr. Merriam voted in the negative.

So the bill, as amended, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1670 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1670: A bill for an act relating to the organization and operation of state government; appropriating money for community development and certain agencies of state government, with certain conditions; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; requiring studies and reports; amending Minnesota Statutes 1994, sections 116J.873, subdivision 3, and by adding a subdivision; 116M.16, subdivision 2; 116M.18, subdivisions 4, 5, and by adding a subdivision; 116N.03, subdivision 2; 116N.08, subdivisions 5, 6, and by adding a subdivision; 124.85, by adding a subdivision; 175.171; 268A.01, subdivisions 4, 5, 6, 9, and 10; 268A.03; 268A.06, subdivision 1; 268A.07; 268A.08, subdivisions 1 and 2; 268A.13; 462A.201, subdivision 2; 462A.204, subdivision 1; 462A.206, subdivisions 2 and 5; and 462A.21, subdivisions 3b, 8b, 21, and by adding a subdivision; Laws 1994, chapter 643, section 19, subdivision 9; proposing coding for new law in Minnesota Statutes, chapters 177; 178; 268A; and 462A; repealing Minnesota Statutes 1994, sections 116J.874, subdivision 6; 268A.01, subdivisions 7, 11, and 12; and 268A.09.

Mr. Kroening moved to amend S.F. No. 1670 as follows:

Page 8, line 29, delete everything after the comma and insert "this appropriation shall be used so that an approximately equal number of housing units are financed in the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2, and in the nonmetropolitan area."

Page 8, delete lines 30 to 35

Page 9, line 5, after "be" insert "used"

Page 9, line 21, delete "In" and insert "At least 20 percent of this appropriation must be used in census tracts and the surrounding eight blocks of cities of the first class located in the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2"

Page 9, delete lines 22 to 31

Page 9, line 32, delete "unit of government"

Page 9, line 33, delete "four" and insert "three" and delete "five" and insert "four"

Page 9, line 35, delete "are at least 35 years old" and insert "were built before 1960"

Page 9, delete line 47

Page 9, line 48, delete everything before "and"

Page 9, line 49, delete "(5)" and insert "(4)" and delete "number" and insert "rate of owner-occupancy of"

Page 9, line 50, delete "of owner-occupied"

Page 9, line 52, delete everything after the first "percent"

Page 9, delete line 53

Page 9, line 54, delete "rental properties"

Page 9, line 55, before "The" insert "In cities of the first class located in the metropolitan area"

Page 9, line 58, delete "where the" and insert "that meets all four of the criteria"

Page 9, delete lines 59 to 61

Page 10, line 1, delete "federal decennial census"

Page 10, after line 6, insert:

"In distributing funds available from the 1994 Series E bond sale, the agency, in accordance with the terms of that sale, shall give priority to requests for use of the funds in cities which receive funding from this appropriation to the community rehabilitation program."

Page 10, delete lines 21 to 23 and insert:

"\$200,000 is for capacity building grants to nonprofit organizations under Minnesota Statutes, section 462A.21, subdivision 3b, to provide or to develop the capacity to provide some or all phases of full cycle home ownership services."

Pages 41 to 43, delete sections 64 to 66

Page 43, line 34, delete "four of the following five" and insert "three of the following four"

Page 43, line 35, delete "are at" and insert "were built before 1960"

Page 43, line 36, delete "least 35 years old"

Page 44, delete line 8

Page 44, line 9, delete "land;"

Page 44, line 10, delete "(5)" and insert "(4)"

Page 44, line 14, delete "where the median household" and insert "that meet all four criteria."

Page 44, delete lines 15 and 16

Page 44, line 25, delete "pre and post"

Page 44, line 26, delete everything before the comma and insert "the provision of full cycle home ownership services"

Page 44, after line 34, insert:

"For the purpose of this subdivision, "full cycle home ownership services" means supporting eligible home buyers and owners through all phases of purchasing and keeping a home, by providing prepurchase home buyer education, prepurchase counseling and credit repair, prepurchase property inspection and technical and financial assistance to buyers in rehabilitating the home, postpurchase and mortgage default counseling, postpurchase assistance with home maintenance, entry cost assistance, and access to flexible loan products."

Page 45, line 35, delete "shall" and insert "may"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Oliver moved to amend S.F. No. 1670 as follows:

Page 46, delete section 73

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

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

Ms. Lesewski moved to amend S.F. No. 1670 as follows:

Pages 25 to 28, delete section 45

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate for the balance of the day's proceedings. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Lesewski amendment.

The roll was called, and there were yeas 34 and nays 33, as follows:

Those who voted in the affirmative were:

Belanger	Janezich	Kramer	Neuville	Sams
Berg	Johnson, D.E.	Laidig	Oliver	Scheevel
Bertram	Johnson, D.J.	Langseth	Olson	Stevens
Day	Johnston	Larson	Ourada	Stumpf
Dille	Kiscaden	Lesewski	Pariseau	Terwilliger
Frederickson	Kleis	Limmer	Robertson	Vickerman
Hanson	Knutson	Morse	Runbeck	

Those who voted in the negative were:

Anderson	Finn	Lessard	Novak	Riveness
Beckman	Flynn	Marty	Pappas	Samuelson
Berglin	Hottinger	Merriam	Piper	Solon
Betzold	Johnson, J.B.	Metzen	Pogemiller	Spear
Chandler	Kelly	Moe, R.D.	Price	Wiener
Chmielewski	Krentz	Mondale	Ranum	
Cohen	Kroening	Murphy	Reichgott Junge	

The motion prevailed. So the amendment was adopted.

Mr. Hottinger moved to amend S.F. No. 1670 as follows:

Page 20, after line 18, insert:

"Sec. 35. Minnesota Statutes 1994, section 116J.873, is amended by adding a subdivision to read:

Subd. 6. [REPORT.] When an economic recovery grant is used by a local community or recognized Indian tribal government to pay money directly to a business corporation, within 30 days of having received its first payment of economic recovery grant money, the business corporation shall file with the ethical practices board a campaign contributions report. The report shall list contributions made by the chief executive officer, chief financial officer, and members of the board of directors of the corporation to candidates for state elective office who are required to report their campaign contribution receipts to the board under chapter 10A. The contributions that must be listed are those of more than \$100 made within the 24 months before the grant money was received. The report must be made in the form prescribed by the board. The penalties for failure to timely file the report are those prescribed by section 10A.20, subdivision 12."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Neuville questioned whether the amendment was germane.

The President ruled that the amendment was germane.

The question recurred on the adoption of the Hottinger amendment. The motion prevailed. So the amendment was adopted.

S.F. No. 1670 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 57 and nays 8, as follows:

Those who voted in the affirmative were:

Anderson	Finn	Knutson	Morse	Sams
Beckman	Flynn	Krentz	Murphy	Samuelson
Belanger	Frederickson	Kroening	Neuville	Scheevel
Berg	Hanson	Laidig	Novak	Solon
Berglin	Hottinger	Langseth	Olson	Spear
Bertram	Janezich	Larson	Ourada	Stumpf
Betzold	Johnson, D.E.	Lesewski	Pariseau	Terwilliger
Chandler	Johnson, D.J.	Lessard	Piper	Vickerman
Chmielewski	Johnson, J.B.	Marty	Pogemiller	Wiener
Cohen	Johnston	Metzen	Price	
Day	Kelly	Moe, R.D.	Ranum	
Dille	Kleis	Mondale	Riveness	

Those who voted in the negative were:

Kiscaden Kramer	Limmer Merriam	Oliver Robertson	Runbeck	Stevens
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So the bill, as amended, was passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 106 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 106: A bill for an act relating to the organization and operation of state government; appropriating money for environmental, natural resource, and agricultural purposes; modifying provisions relating to disposition of certain revenues from state trust lands, sales of software, agricultural and environmental loans, food handlers, ethanol and oxygenated fuels, the citizen's council on Voyageurs National Park, local recreation grants, zoo admission charges, watercraft surcharge, water information, well sealing grants, pollution control agency fees, sale of tax-forfeited lands, and payments in lieu of taxes; establishing the Passing on the Farm Center; establishing special critical habitat license plates; authorizing establishment of a shooting area in Sand Dunes State Forest; abolishing the harmful substance compensation board and account; extending performance reporting requirements; providing for easements across state trails in certain circumstances; amending Minnesota Statutes 1994, sections 15.91, subdivision 1; 16A.125; 16B.405, subdivision 2; 17.117, subdivisions 2, 4, 6, 7, 8, 9, 10, 11, 14, 16, and by adding subdivisions; 28A.03; 28A.08; 41A.09, by adding subdivisions; 41B.02, subdivision 20; 41B.043, subdivisions 1b, 2, and 3; 41B.045, subdivision 2; 41B.046, subdivision 1, and by adding a subdivision; 84.631; 84.943, subdivision 3; 84B.11, subdivision 1; 85.015, by adding a subdivision; 85.019; 85A.02, subdivision 17; 86.72, subdivision 1; 86B.415, subdivision 7; 92.46, subdivision 1; 93.22; 103A.43; 103F.725, subdivision 1a; 103H.151, by adding a subdivision; 103I.331, subdivision 4; 115A.03, subdivision 29; 115A.908, subdivision 3; 115B.20, subdivision 1; 115B.25, subdivision 1a; 115B.26, subdivision 2; 115B.41, subdivision 1; 115B.42; 115C.03, subdivision 9; 116.07, subdivision 4d, and by adding a subdivision; 116.12, subdivision 1; 116.96, subdivision 5; 116C.69, subdivision 3; 116P.11; 239.791, subdivision 8; 282.01, subdivisions 2 and 3; 282.011, subdivision 1; 282.02; 282.04, subdivision 1; 296.02, by adding a subdivision; 446A.07, subdivision 8; 446A.071, subdivision 2; 473.845, subdivision 2; 477A.11, subdivision 4; 477A.12; 477A.14; proposing coding for new law in Minnesota Statutes, chapters 17; 28A; 89; 116; 168; repealing Minnesota Statutes 1994, sections 28A.08, subdivision 2; 41A.09, subdivisions 2, 3, and 5; 115B.26, subdivision 1; 239.791, subdivisions 4, 5, 6, and 9; 282.018; 296.02, subdivision 7; 325E.0951, subdivision 5; 446A.071, subdivision 7; and Laws 1993, chapter 172, section 10.

Mr. Morse moved to amend S.F. No. 106 as follows:

Page 2, delete line 18 and insert:

"General	\$140,000	\$159,743,000	\$152,092,000	\$311,975,000"
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Page 2, delete line 20 and insert:

"Solid Waste	155,000	5,819,000	5,743,000	11,717,000"
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Page 2, delete line 24 and insert:

"Special Revenue		11,005,000	10,954,000	21,959,000"
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Page 2, after line 29, insert:

"Oil Overcharge		2,055,000	-0-	2,055,000"
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Page 2, after line 31, insert:

"Highway User Tax Distribution		50,000	-0-	50,000"
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Page 2, delete line 32 and insert:

"TOTAL	295,000	306,048,000	263,640,000	569,983,000"
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Page 2, delete lines 33 to 36 and insert:

	"APPROPRIATIONS Available for the Year Ending June 30		
	1995	1996	1997"

Page 2, delete lines 39 and 40 and insert:

"Subdivision 1.
Total Appropriation

	155,000	41,058,000	37,908,000"
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Page 3, delete line 3 and insert:

"Solid
Waste

155,000	5,679,000	5,643,000"
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Page 3, line 6, delete "1,243,000" and insert "1,113,000"

Page 3, line 12, delete "11,575,000" and insert "11,445,000"

Page 3, delete line 16

Page 7, delete lines 43 and 44 and insert:

"Subdivision 1. Total
Appropriation

140,000	158,707,000	154,450,000"
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Page 7, delete line 46 and insert:

"General

140,000	87,356,000	83,948,000"
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Page 13, delete line 41 and insert:

"26,688,000

20,465,000"

Page 13, delete line 43 and insert:

"General

15,373,000	9,840,000"
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Page 15, delete lines 59 and 60 and insert:

"Subdivision 1. Total
Appropriation

	24,421,000	23,975,000"
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Page 16, delete line 1 and insert:

"General

14,540,000	14,022,000"
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Page 18, delete line 22 and insert:

"6,005,000

5,830,000"

Page 81, line 6, delete "[89.021] [Subd. 45.]" and insert "[89.027]"

Page 81, line 7, before "The" insert paragraph coding

Page 114, line 27, delete "powers and duties" and insert "responsibilities"

Page 114, line 28, after the period, insert "Minnesota Statutes, section 15.039, subdivisions 6 and 7, do not apply to this transfer."

Page 115, line 21, after "Sections" insert "2, subdivision 7;" and after "52;" insert "73; 74;"

The motion prevailed. So the amendment was adopted.

Mr. Morse then moved to amend S.F. No. 106 as follows:

Page 14, line 30, after the comma, insert "the"

Page 14, line 31, delete "and"

Page 14, line 32, after "health" insert ", and local governmental units"

The motion prevailed. So the amendment was adopted.

Mr. Stumpf moved to amend S.F. No. 106 as follows:

Page 4, after line 50, insert:

"By February 1, 1996, the commissioner of the pollution control agency shall publish in the State Register and provide to the chairs of the senate environment and natural resources finance division and the house of representatives environment and natural resources finance committee the following information:

- (1) a list of all wastewater treatment facility upgrade and construction projects the commissioner has identified as necessary to meet existing and proposed water quality standards;
- (2) for each project listed under clause (1), estimates of the total project cost and the resulting increase in sewer service rates;
- (3) a list of existing and proposed state water quality standards that are not required under federal law; and
- (4) a list of existing and proposed state water quality standards that are more stringent than is necessary to comply with federal law."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 33 and nays 31, as follows:

Those who voted in the affirmative were:

Beckman	Hanson	Kramer	Neuville	Solon
Belanger	Hottinger	Kroening	Olson	Stevens
Berg	Janezich	Langseth	Ourada	Stumpf
Bertram	Johnson, D.E.	Lesewski	Pariseau	Terwilliger
Day	Johnson, D.J.	Lessard	Runbeck	Vickerman
Dille	Kiscaden	Limmer	Sams	
Finn	Kleis	Murphy	Scheevel	

Those who voted in the negative were:

Anderson	Johnson, J.B.	Merriam	Pappas	Samuelson
Berglin	Johnston	Metzen	Piper	Spear
Betzold	Knutson	Moe, R.D.	Pogemiller	Wiener
Chandler	Krentz	Mondale	Price	
Cohen	Laidig	Morse	Ranum	
Flynn	Larson	Novak	Riveness	
Frederickson	Marty	Oliver	Robertson	

The motion prevailed. So the amendment was adopted.

Mr. Stumpf then moved to amend S.F. No. 106 as follows:

Page 85, after line 33, insert:

"Sec. 68. Minnesota Statutes 1994, section 115.03, subdivision 5, is amended to read:

Subd. 5. [AGENCY AUTHORITY; NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM.] (a) Notwithstanding any other provisions prescribed in or pursuant to this chapter and, with respect to the pollution of waters of the state, in chapter 116, or otherwise, the agency shall have the authority to perform any and all acts minimally necessary including, but not limited to, the establishment and application of standards, procedures, rules, orders, variances, stipulation agreements, schedules of compliance, and permit conditions, consistent with and, therefore not less stringent than the provisions of the Federal Water Pollution Control Act, as amended, applicable to the participation by the state of Minnesota in the National Pollutant Discharge Elimination System (NPDES); provided that this provision shall not be construed as a limitation on any powers or duties otherwise residing with the agency pursuant to any provision of law.

(b) Beginning July 1, 1995, unless specifically required or approved by the legislature, the agency may not adopt or enforce a new water quality standard that is:

(1) more stringent than is necessary to comply with federal law; or

(2) not required under federal law."

Renumber the sections in sequence and correct the internal references

Amend the title as follows:

Page 1, line 16, after the semicolon, insert "prohibiting the adoption or enforcement of water quality standards that are not necessary to comply with federal law;"

Page 1, line 33, after the first semicolon, insert "115.03, subdivision 5;"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 33 and nays 31, as follows:

Those who voted in the affirmative were:

Beckman	Flynn	Kroening	Oliver	Samuelson
Belanger	Hanson	Langseth	Olson	Scheevel
Berg	Hottinger	Lesewski	Ourada	Stevens
Bertram	Janezich	Lessard	Pariseau	Stumpf
Day	Johnson, D.E.	Limmer	Robertson	Vickerman
Dille	Kleis	Murphy	Runbeck	
Finn	Kramer	Neuville	Sams	

Those who voted in the negative were:

Anderson	Johnson, J.B.	Larson	Novak	Spear
Berglin	Johnston	Marty	Pappas	Terwilliger
Betzold	Kelly	Merriam	Piper	Wiener
Chandler	Kiscaden	Metzen	Pogemiller	
Cohen	Knutson	Moe, R.D.	Price	
Frederickson	Krentz	Mondale	Ranum	
Johnson, D.J.	Laidig	Morse	Riveness	

The motion prevailed. So the amendment was adopted.

Mr. Berg moved to amend S.F. No. 106 as follows:

Page 3, line 15, delete "3,176,000" and insert "3,074,000" and delete "3,190,000" and insert "2,986,000"

Correct the subdivision and section totals and the summaries by fund accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 43 and nays 21, as follows:

Those who voted in the affirmative were:

Belanger	Janezich	Kroening	Oliver	Samuelson
Berg	Johnson, D.E.	Langseth	Olson	Scheevel
Berglin	Johnson, D.J.	Lesewski	Ourada	Stevens
Bertram	Johnson, J.B.	Lessard	Pappas	Stumpf
Day	Kelly	Limmer	Pariseau	Terwilliger
Dille	Kiscaden	Metzen	Ranum	Vickerman
Flynn	Kleis	Mondale	Robertson	Wiener
Hanson	Knutson	Murphy	Runbeck	
Hottinger	Kramer	Neuville	Sams	

Those who voted in the negative were:

Anderson	Finn	Larson	Novak	Spear
Beckman	Frederickson	Marty	Piper	
Betzold	Johnston	Merriam	Pogemiller	
Chandler	Krentz	Moe, R.D.	Price	
Cohen	Laidig	Morse	Riveness	

The motion prevailed. So the amendment was adopted.

Mr. Berg then moved to amend S.F. No. 106 as follows:

Page 93, delete lines 23 to 29 and insert:

"Subd. 4i. [LIMIT ON ANNUAL INCREASE OF CERTAIN FEES.] The agency may not increase a permittee's wastewater discharge permit fee established under subdivision 4d, paragraph (a), by more than 15 percent per year per unit of volume discharged."

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

Mr. Dille moved to amend S.F. No. 106 as follows:

Page 17, after line 48, insert:

"The unexpended balance appropriated for farm safety projects and programs at the discretion of the commissioner in Laws 1993, chapter 172, section 7, subdivision 2, does not cancel and is reappropriated to the commissioner for the biennium ending June 30, 1997, to carry out farm safety projects and programs. These funds can be used in either year of the biennium."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 32 and nays 32, as follows:

Those who voted in the affirmative were:

Anderson	Johnson, D.E.	Langseth	Olson	Scheevel
Berg	Johnston	Larson	Ourada	Stevens
Bertram	Kelly	Lesewski	Pappas	Terwilliger
Day	Kiscaden	Limmer	Pariseau	Vickerman
Dille	Kleis	Murphy	Robertson	
Frederickson	Knutson	Neuville	Runbeck	
Hanson	Kroening	Oliver	Sams	

Those who voted in the negative were:

Beckman	Flynn	Laidig	Morse	Samuelson
Belanger	Hottinger	Lessard	Novak	Spear
Berglin	Janezich	Marty	Piper	Stumpf
Betzold	Johnson, D.J.	Merriam	Pogemiller	Wiener
Chandler	Johnson, J.B.	Metzen	Price	
Cohen	Kramer	Moe, R.D.	Ranum	
Finn	Krentz	Mondale	Riveness	

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

Mr. Lessard moved to amend S.F. No. 106, as amended by the Morse amendment, adopted by the Senate April 20, 1995, as follows:

Page 9, line 7, delete "7,543,000" and insert "8,465,000"
 Page 9, line 41, delete "28,646,000" and insert "30,132,000"
 Page 10, line 28, delete "18,285,000" and insert "23,197,000"
 Page 11, line 21, delete "902,000" and insert "1,177,000"
 Page 11, line 22, delete "930,000" and insert "1,021,000"
 Page 11, line 23, delete "7,374,000" and insert "8,888,000"
 Page 12, line 2, delete "2,611,000" and insert "2,859,000"
 Page 12, line 3, delete "23,482,000" and insert "30,700,000"
 Page 12, line 4, delete "1,904,000" and insert "2,034,000"
 Page 13, line 21, delete "2,890,000" and insert "3,185,000"
 Page 13, line 22, delete "8,762,000" and insert "11,039,000"
 Page 13, line 23, delete "2,788,000" and insert "3,083,000"
 Page 13, line 43, delete "9,840,000" and insert "11,746,000"
 Page 13, line 44, delete "7,367,000" and insert "7,857,000"
 Page 14, delete lines 13 to 48

Correct the subdivision and section totals and the summaries by fund accordingly

Mr. Lessard moved to amend the Lessard amendment to S.F. No. 106 as follows:

Page 1, line 17, after "delete" insert ""15,373,000" and insert "15,746,000" and delete"

The motion prevailed. So the amendment to the amendment was adopted.

Ms. Robertson requested division of the first Lessard amendment as follows:

First portion:

Page 9, line 7, delete "7,543,000" and insert "8,465,000"
 Page 9, line 41, delete "28,646,000" and insert "30,132,000"
 Page 10, line 28, delete "18,285,000" and insert "23,197,000"
 Page 11, line 21, delete "902,000" and insert "1,177,000"
 Page 11, line 22, delete "930,000" and insert "1,021,000"
 Page 11, line 23, delete "7,374,000" and insert "8,888,000"
 Page 12, line 2, delete "2,611,000" and insert "2,859,000"
 Page 12, line 3, delete "23,482,000" and insert "30,700,000"
 Page 12, line 4, delete "1,904,000" and insert "2,034,000"
 Page 13, line 21, delete "2,890,000" and insert "3,185,000"

Page 13, line 22, delete "8,762,000" and insert "11,039,000"

Page 13, line 23, delete "2,788,000" and insert "3,083,000"

Page 13, line 43, delete "15,373,000" and insert "15,746,000" and delete "9,840,000" and insert "11,746,000"

Page 13, line 44, delete "7,367,000" and insert "7,857,000"

Correct the subdivision and section totals and the summaries by fund accordingly

Second portion:

Page 14, delete lines 13 to 48

Correct the subdivision and section totals and the summaries by fund accordingly

The question was taken on the adoption of the first portion of the Lessard amendment, as amended.

The roll was called, and there were yeas 35 and nays 29, as follows:

Those who voted in the affirmative were:

Beckman	Janezich	Kroening	Murphy	Sams
Belanger	Johnson, D.E.	Langseth	Neuville	Samuelson
Berg	Johnson, D.J.	Larson	Olson	Scheevel
Bertram	Kiscaden	Lesewski	Ourada	Stevens
Day	Kleis	Lessard	Pariseau	Stumpf
Dille	Knutson	Limmer	Robertson	Terwilliger
Hanson	Kramer	Metzen	Runbeck	Vickerman

Those who voted in the negative were:

Anderson	Flynn	Krentz	Morse	Price
Berglin	Frederickson	Laidig	Novak	Ranum
Betzold	Hottinger	Marty	Oliver	Riveness
Chandler	Johnson, J.B.	Merriam	Pappas	Spear
Cohen	Johnston	Moe, R.D.	Piper	Wiener
Finn	Kelly	Mondale	Pogemiller	

The motion prevailed. So the first portion of the Lessard amendment, as amended, was adopted.

Mr. Morse moved that S.F. No. 106 be laid on the table. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Mr. Moe, R.D. moved that the Senate revert to the Orders of Business of Messages From the House, First Reading of House Bills, Reports of Committees and Second Reading of Senate Bills. The motion prevailed.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 830: A bill for an act relating to state lands; allowing the sale of certain state forest lands; requiring the commissioner of natural resources to convey certain land to the city of Akeley for public purposes; proposing coding for new law in Minnesota Statutes, chapter 89.

Senate File No. 830 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 20, 1995

Mr. Finn moved that the Senate do not concur in the amendments by the House to S.F. No. 830, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 877 and 217.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 20, 1995

FIRST READING OF HOUSE BILLS

The following bills were read the first time and referred to the committees indicated.

H.F. No. 877: A bill for an act relating to insurance; private passenger vehicle insurance; providing for a premium reduction for vehicles having anti-theft alarms or devices; defining terms; proposing coding for new law in Minnesota Statutes, chapter 65B.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 949, now on General Orders.

H.F. No. 217: A bill for an act relating to insurance; life; regulating living benefits settlements; adopting the NAIC viatical settlements model act; prescribing powers and duties; amending Minnesota Statutes 1994, section 13.71, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 60A.

Referred to the Committee on Finance.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted, with the exception of the report on S.F. No. 1089 and reports pertaining to appointments. The motion prevailed.

Mr. Lessard from the Committee on Environment and Natural Resources, to which was re-referred

S.F. No. 1089: A bill for an act relating to traffic regulations; exempting highways, freeways, and expressways from noise limits; requiring noise abatement study and measures for freeways and expressways contingent on available funding; requiring annual noise abatement report; providing for disposition of proceeds of fines collected for violation of work zone speed limits; amending Minnesota Statutes 1994, sections 116.07, subdivision 2a; 160.02, by adding a subdivision; 161.125, subdivision 1; and 169.14, subdivision 5d.

Reports the same back with the recommendation that the bill be amended as follows:

Page 1, lines 18 to 24, delete the new language and reinstate the stricken language

Page 1, line 26, after the comma, insert "provided that all reasonably available noise mitigation measures, as approved by the commissioners of the department of transportation and pollution control agency, are employed to abate noise,"

Page 2, line 34, delete "of" and insert ", 1997,"

Page 2, line 35, delete "each year"

And when so amended the bill do pass and be re-referred to the Committee on Finance.

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

Mr. Merriam from the Committee on Finance, to which was re-referred

S.F. No. 1110: A bill for an act relating to human services; appropriating money for the department of human services and health, for the veterans nursing homes board, for the health-related boards, for the council on disability, for the ombudsman for mental health and mental retardation, and for the ombudsman for families; modifying day training and habilitation services; creating the consumer support program; modifying child care programs; defining and including essential persons in determining AFDC eligibility; modifying the Minnesota Supplemental Aid program by making it consistent with the federal SSI program; modifying group residential housing; limiting the admission of certain high-functioning persons to nursing facilities; modifying hospital inflation and requiring inflation adjustments to reflect prior overpayments; modifying medical assistance disproportionate share payments; establishing hospital peer groups; establishing long-term hospital rates; modifying treatment of certain trusts; modifying treatment of assets and income for institutionalized persons; reducing the pharmacy dispensing fee; establishing pharmacy copayments in medical assistance and general assistance medical care; establishing a service allowance for certain persons denied admission to a nursing facility; increasing reimbursement rates for certain home care services provided in Anoka county; modifying certain intergovernmental transfers; clarifying the county nursing home payment adjustment; requiring a discount in general assistance medical care prepaid contracts; eliminating payment for gender reassignment services under general assistance medical care; providing a two percent rate increase for certain providers; authorizing certain demonstration projects; modifying certain parental fees; modifying medical assistance eligibility criteria for certain disabled children; modifying requirements for personal care assistants and personal care assistant organizations; modifying coverage for personal care services and reducing maximum hours of service; expanding certain services under medical assistance managed care for disabled children; authorizing certain studies; authorizing exceptions to the nursing home moratorium and modifying reimbursements for legislatively-approved exceptions; modifying requirements for hospital-attached nursing facility status; modifying nursing facility reimbursement and inflationary adjustments; establishing a contractual alternative payment system for nursing facilities; modifying reimbursement for intermediate care facilities for persons with mental retardation or related conditions; establishing transition mental health services; modifying chemical dependency treatment programs; providing Faribault and Cambridge regional human services center downsizing agreements; decreasing certain license and permit fees; modifying the licensing and inspecting of hotel, restaurant, and other food and lodging establishments; amending Minnesota Statutes 1994, sections 144.0721, by adding subdivisions; 144.122; 144.226, subdivision 1; 144A.071, subdivision 4a; 144A.33, subdivision 3; 144A.43, subdivision 3; 144A.47; 147.01, subdivision 6; 157.03; 198.003, subdivisions 3 and 4; 245.4882, subdivision 5; 245.4886, by adding a subdivision; 246.18, subdivision 4, and by adding a subdivision; 246.23, subdivision 2; 252.27, subdivision 2a; 252.292, subdivision 4; 252.46, subdivision 6, and by adding a subdivision; 254A.17, subdivision 3; 254B.05, subdivision 4; 256.025, subdivisions 1 and 2; 256.026; 256.73, subdivision 3a; 256.736, subdivision 3; 256.74, subdivision 1; 256.9365; 256.9657, subdivision 3; 256.9685, subdivision 1b, and by adding subdivisions; 256.969, subdivisions 1, 9, 24, and by adding subdivisions; 256B.055, subdivision 12; 256B.056, by adding a subdivision; 256B.0575; 256B.0625, subdivisions 8, 8a, 13, 19a, and by adding subdivisions; 256B.0627, subdivisions 1, 2, 4, and 5; 256B.0641, subdivision 1; 256B.0911, subdivisions 4 and 7; 256B.0913, by adding subdivisions; 256B.0915, subdivision 2, and by adding a subdivision; 256B.092, subdivision 4; 256B.15, subdivisions 1a, 2, and by adding a subdivision; 256B.19, subdivisions 1c and 1d; 256B.431, subdivisions 2b, 2j, 17, 23, and by adding subdivisions; 256B.49, subdivision 1, and by adding subdivisions; 256B.501, subdivisions 3, 3c, and by adding a subdivision; 256B.69, subdivisions 4, 5, 6, 9, and by adding subdivisions; 256D.03, subdivisions 3b, 4, and by adding a subdivision; 256D.051, subdivision 6; 256D.36, subdivision 1; 256D.385; 256D.405, subdivision 3; 256D.425, subdivision 1, and by adding a subdivision; 256D.435, subdivisions 1, 3, 4, 5, 6, and by adding a subdivision; 256D.44, subdivisions 1, 2, 3, 4, 5, and 6; 256D.45, subdivision 1;

256H.03, subdivision 4; 256H.05, subdivision 6; 256I.04, subdivision 3; 256I.05, subdivision 1a; 357.021, subdivisions 2 and 2a; 393.07, subdivision 10; 501B.89, subdivision 1, and by adding a subdivision; and Laws 1990, chapter 610, article 1, section 12, 8; Laws 1993, First Special Session chapter 1, article 8, section 51, subdivisions 5 and 6; proposing coding for new law in Minnesota Statutes, chapters 144D; 157; 256; and 256B; repealing Minnesota Statutes 1994, sections 38.161; 38.162; 144.0723, subdivision 5; 157.01; 157.02; 157.031; 157.04; 157.045; 157.05; 157.08; 157.12; 157.13; 157.14; 252.47; 256.851; 256B.501, subdivisions 3d, 3e, and 3f; 256D.35, 14 and 19; 256D.36, subdivision 1a; 256D.37; 256D.425, subdivision 3; 256D.435, subdivisions 2, 7, 8, 9, and 10; 256D.44, subdivision 7; 256I.04, subdivision 1b; and Minnesota Rules, part 9500.1452, subpart 2, item B.

Reports the same back with the recommendation that the bill be amended as follows:

Page 3, delete lines 13 to 35 and insert:

"SUMMARY BY FUND

APPROPRIATIONS	1996	1997	BIENNIAL TOTAL
General	\$2,410,165,000	\$2,598,027,000	\$5,008,192,000
Local Government			
Trust Fund	50,499,000	-0-	50,499,000
State Government			
Special Revenue	24,052,000	24,562,000	48,614,000
Metropolitan Landfill			
Contingency Action Fund	193,000	193,000	386,000
Trunk Highway	1,513,000	1,513,000	3,026,000
Special Revenue	8,000	8,000	16,000
TOTAL	2,486,430,000	2,624,303,000	5,110,733,000

APPROPRIATIONS
Available for the Year
Ending June 30
1996 1997

Sec. 2. COMMISSIONER OF
HUMAN SERVICES

Subdivision 1. Total
Appropriation 2,402,619,000 2,539,160,000

Summary by Fund

General 2,352,120,000 2,539,160,000
Local Government
Trust Fund 50,499,000 -0- "

Page 3, line 42, delete "social services,"

Page 4, lines 18 and 19, delete "special revenue fund account" and insert "department of human services communication systems account"

Page 4, lines 41 and 45, delete "state" and insert "department of human services"

Page 4, delete lines 65 and 66 and insert:

"114,652,000 120,946,000

Summary by Fund

General 64,153,000 120,946,000
Local Government
Trust 50,499,000 -0-

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Semi-Independent Living Services (SILS) Grants

4,818,000	4,819,000
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(b) Chemical Dependency Consolidated Treatment

41,230,000	45,080,000
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(c) Deaf and Hard of Hearing Services Grants

501,000	501,000
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(d) Community Social Services Grants

51,676,000	53,102,000
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Summary by Fund

General	1,177,000	53,102,000
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Local Government Trust

50,499,000	-0-
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The increased appropriation available in fiscal year 1996 and thereafter must be used to increase each county's aid proportionately over the aid received in calendar year 1994.

(e) Consumer Support

125,000	1,832,000
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(f) Developmental Disabilities Family Support Grants

1,599,000	1,074,000
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(g) Aging Ombudsman

166,000	166,000
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(h) Aging Grants

4,128,000	4,128,000
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(i) American Indian Chemical Dependency Grants and Chemical Dependency Special Grants

2,265,000	2,265,000
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(j) Chemical Dependency Consolidated Treatment - Nonentitled

2,100,000	2,100,000
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(k) Administration and Other Grants

6,044,000	5,879,000"
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Page 7, line 19, delete "20,369,000" and insert "20,177,000" and delete "18,470,000" and insert "18,278,000"

Page 7, delete lines 20 to 23 and insert:

"The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Children's Trust Fund Grants	372,000	372,000
(b) Families With Children Services Grants	1,010,000	1,010,000
(c) Family Service Collaborative Grants	2,500,000	-0-
(d) Family Preservation, Family Support, and Child Protection Grants	8,573,000	8,573,000
(e) Subsidized Adoption Grants	5,587,000	6,188,000
(f) Other Families with Children Services Grants	2,135,000	2,135,000"

Page 7, after line 59, insert:

"The amounts that may be spent from this appropriation for each purpose are as follows:

(a) STRIDE Grants	8,939,000	8,211,000
(b) AFDC Grants	143,679,000	149,089,000
(c) General Assistance Grants	43,757,000	45,216,000
(d) Work Readiness Grants	5,334,000	4,388,000
(e) Minnesota Supplemental Aid	22,493,000	25,757,000
(f) Minnesota Family Investment Plan (MFIP) Grants	21,307,000	15,150,000
(g) Child-Care Fund Entitlement Grants	17,208,000	19,780,000
(h) Child Support Enforcement Grants	9,785,000	9,785,000
(i) Child Care Fund - Nonentitled	15,526,000	18,926,000
(j) Administration and Other Grants	31,556,000	31,193,000"

Page 10, delete line 9 and insert:

"1,671,491,000 1,791,407,000

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Group Residential Housing Grants

48,284,000 54,990,000

(b) MA Long-Term Care Facilities

541,674,000 555,935,000

(c) MA Long-Term Care Waivers
and Home Care

203,964,000 219,164,000

(d) MA Managed Care and
Fee-for-Service

586,802,000 655,585,000

(e) General Assistance Medical Care

219,702,000 230,738,000

(f) Alternative Care

37,321,000 41,133,000

(g) Medicaid Management
Information System

10,657,000 10,657,000

(h) Administration and Other Grants

23,015,000 23,205,000"

Page 10, line 58, delete "5.4" and insert "5.13"

Page 11, lines 3 and 4, delete "physicians prescribing" and insert "medical professionals authorized to prescribe pharmaceuticals"

Page 11, lines 29 and 30, delete "services that are provided on an outpatient basis" and insert "outpatient hospital services"

Page 12, line 57, delete "254,932,000" and insert "255,292,000" and delete "259,069,000" and insert "258,899,000"

Page 12, after line 57, insert:

"The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Mental Health Grants - Children

7,441,000 11,686,000

(b) Mental Health Grants - Adults

38,567,000 40,318,000

(c) Residential Treatment
Center Facilities

194,921,000 192,265,000

(d) Developmental Disability
and Mentally Ill (DD and MI)
State-Operated Community Services (SOCS)

13,075,000	13,342,000
(e) Administration and Other Grants	
1,288,000	1,288,000"

Page 13, after line 21, insert:

"[PLAN FOR ADOLESCENT TREATMENT EXPANSION.] The commissioner shall report to the legislature by January 15, 1996, with a cost-neutral plan to add up to 20 beds to each of the two existing adolescent treatment facilities at the regional treatment centers in order to reduce or eliminate out-of-state placement of adolescents who have serious emotional disturbance and exhibit violent behavior. Cost neutrality shall be determined by comparing the costs of program expansion with the projected costs of out-of-state placements."

Page 14, after line 55, insert:

"Subd. 8. Budget for 1998-1999

The commissioner of human services shall prepare and submit to the legislature a plan to limit the increase in general fund appropriations to the department of human services from the 1996-1997 biennium to the 1998-1999 biennium to no more than \$500,000,000. The plan must include the commissioner's recommendations for changes in services to be provided and any necessary changes in program content, coverage, and reimbursement rates, including any recommendations the commissioner may have for changes in copayment requirements or annual or lifetime payment limitations. The commissioner shall give particular attention to services that are not required as a condition of federal participation and to services that are not provided by neighboring states, including Illinois, Indiana, and Michigan, as well as those that border Minnesota. The commissioner shall submit preliminary recommendations to the legislature by September 1, 1995, and the final plan by January 15, 1996."

Page 21, delete lines 18 to 23

Page 22, line 14, delete the new language and insert a comma

Page 24, after line 5, insert:

"Sec. 4. Minnesota Statutes 1994, section 256.736, subdivision 13, is amended to read:

Subd. 13. [STATE SHARE.] The state must pay 75 percent of the nonfederal share of costs incurred by counties under subdivision 11.

Beginning July 1, 1991, the state will reimburse counties, up to the limit of state appropriations, according to the payment schedule in section 256.025, for the county share of county agency expenditures made under subdivision 11 from January 1, 1991, ~~on~~ to June 30, 1995. Payment to counties under this subdivision is subject to the provisions of section 256.017.

Beginning July 1, 1995, the state must pay 100 percent of the nonfederal share incurred by counties under subdivision 11, up to the limit of state appropriations. If the state appropriation is not sufficient to fund the cost of case management services for all caretakers identified in subdivision 2a, the commissioner must define a statewide subgroup of caretakers which includes all caretakers in subdivision 2a, clause (1), and as many caretakers as possible from subdivision 2a, clauses (2) and (3).

Sec. 5. [256.986] [ASSISTANCE TRANSACTION CARD FEE.]

Subdivision 1. [REPLACEMENT CARD.] The commissioner of human services may charge a cardholder, defined as a person in whose name an assistance transaction card is issued, a \$2 fee to replace an assistance transaction card. The fees shall be appropriated to the commissioner and used for electronic benefit purposes.

Subd. 2. [TRANSACTION FEE.] Contingent upon the results of a state study to determine the cost-effectiveness of a transaction fee, the commissioner may charge a transaction fee of up to \$1 for each automated teller machine transaction in excess of four per month, up to a cap of \$10 in transaction fees per cardholder, per month. A transaction fee subsequently set by the federal government may supersede a fee established under this subdivision. The fees shall be appropriated to the commissioner and used for electronic benefit purposes."

Page 39, line 7, delete "and 252.47" and insert "252.47; and 256E.06, subdivisions 12 and 13"

Pages 41 and 42, delete sections 3 and 4

Page 50, line 28, delete the first "supplemental"

Page 50, line 30, delete everything after the period

Page 50, delete lines 31 and 32

Page 50, line 33, delete everything before "who" and insert "Persons who are not receiving supplemental security income benefits under Title XVI of the Social Security Act or disability insurance benefits under Title II of the Social Security Act due to exhausting time limited benefits, are not eligible to receive benefits under the MSA program. Persons who are not receiving social security or other maintenance benefits, for failure to meet or comply with the social security or other maintenance program requirements, are not eligible to receive benefits under the MSA program. Persons"

Page 50, line 34, delete "SSI" and insert "supplemental security income"

Page 54, line 14, delete "INSTITUTIONALIZATION" and insert "PLACEMENT IN A GROUP RESIDENTIAL HOUSING FACILITY"

Page 55, line 3, after "assistance" insert "home- and community-based services"

Page 55, line 4, delete "require" and insert "meet the plan requirements for"

Page 55, line 5, after "facility" insert "under section 256I.04, subdivision 1a,"

Page 57, after line 35, insert:

"Sec. 20. Minnesota Statutes 1994, section 256D.48, subdivision 1, is amended to read:

Subdivision 1. [NEED FOR PROTECTIVE PAYEE.] The county agency shall determine whether a recipient needs a protective payee when a physical or mental condition renders the recipient unable to manage funds and when payments to the recipient would be contrary to the recipient's welfare. Protective payments must be issued when there is evidence of: (1) repeated inability to plan the use of income to meet necessary expenditures; (2) repeated observation that the recipient is not properly fed or clothed; (3) repeated failure to meet obligations for rent, utilities, food, and other essentials; (4) evictions or a repeated incurrence of debts; or (5) lost or stolen checks; or (6) use of emergency Minnesota supplemental aid more than twice in a calendar year. The determination of representative payment by the Social Security Administration for the recipient is sufficient reason for protective payment of Minnesota supplemental aid payments."

Page 62, after line 27, insert:

"Section 1. Minnesota Statutes 1994, section 62A.045, is amended to read:

62A.045 [PAYMENTS ON BEHALF OF WELFARE RECIPIENTS.]

(a) ~~No policy of accident and sickness insurance regulated under this chapter, vendor of risk management services regulated under section 60A.23, nonprofit health service plan corporation regulated under chapter 62C, health maintenance organization regulated under chapter 62D, or self-insured plan regulated under chapter 62E health plan issued or renewed to provide coverage to a Minnesota resident shall contain any provision denying or reducing benefits because services are rendered to a person who is eligible for or receiving medical benefits pursuant to title XIX of the Social Security Act (Medicaid) in this or any other state; chapter 256; 256B; or 256D or services pursuant to section 252.27; 256.9351 to 256.9361; 260.251, subdivision 1a; or 393.07, subdivision 1 or 2. No insurer health carrier providing benefits under policies plans covered by this section shall use eligibility for medical programs named in this section as an underwriting guideline or reason for nonacceptance of the risk.~~

(b) If payment for covered expenses has been made under state medical programs for health care items or services provided to an individual, and a third party has a legal liability to make payments, the rights of payment and appeal of an adverse coverage decision for the individual, or in the case of a child their responsible relative or caretaker, will be subrogated to the state and/or its authorized agent.

(c) Notwithstanding any law to the contrary, when a person covered under by a policy of accident and sickness insurance, risk management plan, nonprofit health service plan, health maintenance organization, or self-insured health plan receives medical benefits according to any statute listed in this section, payment for covered services or notice of denial for services billed by the provider must be issued directly to the provider. If a person was receiving medical benefits through the department of human services at the time a service was provided, the provider must indicate this benefit coverage on any claim forms submitted by the provider to the insurer health carrier for those services. If the commissioner of human services notifies the insurer health carrier that the commissioner has made payments to the provider, payment for benefits or notices of denials issued by the insurer health carrier must be issued directly to the commissioner. Submission by the department to the insurer health carrier of the claim on a department of human services claim form is proper notice and shall be considered proof of payment of the claim to the provider and supersedes any contract requirements of the insurer health carrier relating to the form of submission. Liability to the insured for coverage is satisfied to the extent that payments for those benefits are made by the insurer health carrier to the provider or the commissioner as required by this section.

(d) When a state agency has acquired the rights of an individual eligible for medical programs named in this section and has health benefits coverage through a health carrier, the health carrier shall not impose requirements that are different from requirements applicable to an agent or assignee of any other individual covered.

(e) For the purpose of this section, health plan includes coverage offered by integrated service networks or community integrated service networks; any plan governed under the federal Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, sections 1001 to 1461; and coverage offered under the exclusions listed in section 62A.011, subdivision 3, clauses (2), (6), (9), (10), and (12).

Sec. 2. Minnesota Statutes 1994, section 62A.046, is amended to read:

62A.046 [COORDINATION OF BENEFITS.]

~~(1) Subdivision 1. [LIMITATION ON DENIAL OF COVERAGE; PAYMENT.] No group contract providing coverage for hospital and medical treatment or expenses issued or renewed after August 1, 1984, which is responsible for secondary coverage for services provided, may deny coverage or payment of the amount it owes as a secondary payor solely on the basis of the failure of another group contract, which is responsible for primary coverage, to pay for those services.~~

(2) Subd. 2. [DEPENDENT COVERAGE.] A group contract which provides coverage of a claimant as a dependent of a parent who has legal responsibility for the dependent's medical care pursuant to a court order under section 518.171 must make payments directly to the provider of care, the custodial parent, or the department of human services pursuant to section 62A.045. In such cases, liability to the insured is satisfied to the extent of benefit payments made to the provider under this section.

(3) Subd. 3. [APPLICATION.] This section applies to an insurer, a vendor of risk management services regulated under section 60A.23, a nonprofit health service plan corporation regulated under chapter 62C and a health maintenance organization regulated under chapter 62D. Nothing in this section shall require a secondary payor to pay the obligations of the primary payor nor shall it prevent the secondary payor from recovering from the primary payor the amount of any obligation of the primary payor that the secondary payor elects to pay.

(4) Subd. 4. [DEDUCTIBLE PROVISION.] Payments made by an enrollee or by the commissioner on behalf of an enrollee in the children's health plan under sections 256.9351 to 256.9361, or a person receiving benefits under chapter 256B or 256D, for services that are covered by the policy or plan of health insurance shall, for purposes of the deductible, be treated as if made by the insured.

(5) Subd. 5. [PAYMENT RECOVERY.] The commissioner of human services shall recover payments made by the children's health plan from the responsible insurer, for services provided by the children's health plan and covered by the policy or plan of health insurance.

(6) Subd. 6. [COORDINATION OF BENEFITS.] Insurers, vendors of risk management services, nonprofit health service plan corporations, fraternal, and health maintenance organizations may coordinate benefits to prohibit greater than 100 percent coverage when an insured, subscriber, or enrollee is covered by both an individual and a group contract providing coverage for hospital and medical treatment or expenses. Benefits coordinated under this paragraph must provide for 100 percent coverage of an insured, subscriber, or enrollee. To the extent appropriate, all coordination of benefits provisions currently applicable by law or rule to insurers, vendors of risk management services, nonprofit health service plan corporations, fraternal, and health maintenance organizations, shall apply to coordination of benefits between individual and group contracts, except that the group contract shall always be the primary plan. This paragraph does not apply to specified accident, hospital indemnity, specified disease, or other limited benefit insurance policies.

Sec. 3. Minnesota Statutes 1994, section 62A.048, is amended to read:

62A.048 [DEPENDENT COVERAGE.]

(a) ~~A policy of accident and sickness insurance health plan that covers an employee who is a Minnesota resident must, if it provides dependent coverage, allow dependent children who do not reside with the covered employee participant to be covered on the same basis as if they reside with the covered employee participant. Neither the amount of support provided by the employee to the dependent child nor the residency of the child may be used as an excluding or limiting factor for coverage or payment for health care. Enrollment of a child cannot be denied on the basis that the child was born out of wedlock, the child is not claimed as a dependent on a parent's federal income tax return, or the child does not reside with the parent or in the health carrier's service area. Every health plan must provide coverage in accordance with section 518.171 to dependents covered by a qualified court or administrative order meeting the requirements of section 518.171.~~

(b) For the purpose of this section, health plan includes coverage offered by integrated service networks or community integrated service networks; coverage designed solely to provide dental or vision care; and any plan governed under the federal Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, sections 1001 to 1461.

Sec. 4. Minnesota Statutes 1994, section 62A.27, is amended to read:

62A.27 [COVERAGE FOR ADOPTED CHILDREN.]

~~An individual or group policy or plan of health and accident insurance regulated under this~~

~~chapter or chapter 64B, subscriber contract regulated under chapter 62C, or health maintenance contract regulated under chapter 62D;~~ (a) A health plan that provides coverage to a Minnesota resident must cover adopted children of the insured, subscriber, participant, or enrollee on the same basis as other dependents. Consequently, the ~~policy or plan~~ shall not contain any provision concerning preexisting condition limitations, insurability, eligibility, or health underwriting approval concerning adopted children placed for adoption with the participant.

(b) The coverage required by this section is effective from the date of placement for ~~the purpose of adoption and continues unless the placement is disrupted prior to legal adoption and the child is removed from placement~~. For purposes of this section, placement for adoption means the assumption and retention by a person of a legal obligation for total or partial support of a child in anticipation of adoption of the child. The child's placement with a person terminates upon the termination of the legal obligation for total or partial support.

(c) For the purpose of this section, health plan includes coverage offered by integrated service networks or community integrated service networks; coverage that is designed solely to provide dental or vision care; and any plan under the federal Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, sections 1001 to 1461."

Page 68, line 20, delete "transfer" and insert "transfers"

Page 85, line 10, after "(b)" insert "A copayment shall not be required for family planning services or supplies or emergency services;

(c) A provider may not deny a prescription to a recipient because the recipient is unable to pay the copayment;

(d)"

Page 85, line 13, delete "(c)" and insert "(e)"

Page 85, line 15, delete "(d)" and insert "(f)"

Page 85, after line 28, insert:

"Sec. 25. Minnesota Statutes 1994, section 256B.0625, is amended by adding a subdivision to read:

Subd. 39. [PAYMENTS FOR MENTAL HEALTH SERVICES.] Payments for mental health services covered under the medical assistance program that are provided by masters-prepared mental health professionals shall be 80 percent of the rate paid to doctoral-prepared professionals. Payments for mental health services covered under the medical assistance program that are provided by masters-prepared mental health professionals employed by community mental health centers shall be 100 percent of the rate paid to doctoral-prepared professionals."

Page 93, line 21, delete "from the estate" and insert "in order to avoid"

Page 93, line 22, delete everything before the period

Page 98, line 25, delete "1995" and insert "1996"

Page 108, line 21, delete "general" and insert "gender"

Page 109, line 29, delete "two" and insert "1.5" and delete "January" and insert "July" and delete "1996" and insert "1995"

Page 113, line 28, delete "14, 43, and 44" and insert "18, 48, and 49"

Page 114, line 1, delete "5" and insert "9" and delete "20" and insert "24"

Page 114, line 2, delete "32" and insert "37" and delete "34" and insert "39"

Page 114, line 36, delete the new language

Page 115, line 1, delete the new language

Page 117, line 1, after the period, insert "Eligibility under this section must be determined annually."

Page 117, line 9, delete "team"

Page 117, line 14, before "emotional" insert "persistent"

Page 127, line 19, after the stricken "(d)" insert "(c)" and reinstate the stricken "[RETROACTIVE AUTHORIZATION.]"

Page 127, line 30, delete "(c)" and insert "(d)"

Page 128, line 25, delete "(d)" and insert "(e)"

Page 133, line 17, delete "(e)" and insert "(f)"

Page 133, line 33, delete "(f)" and insert "(g)"

Page 134, line 8, delete "(g)" and insert "(h)"

Page 134, line 19, delete "(h)" and insert "(i)"

Page 135, lines 19, 21, 25, 28, and 31, delete "in-patient" and insert "inpatient"

Page 136, lines 27 to 30, delete the new language

Page 141, delete lines 16 to 36 and insert:

"Subd. 3. Section 3 (256B.0625, subdivision 19a); that portion of section 4 (256B.0627, subdivision 1), paragraph (c), deleting references to "responsible party" and all of the deletions in paragraph (d); changes to section 6 (256B.0627, subdivision 4) paragraphs (a) and (b), clause (1), and the deletions in paragraph (b), clause (4), of references to foster care; and that portion of section 7 (256B.0627, subdivision 5) deleting paragraph (e), clause (2), item (i), subitem (C), and renumbering subitems (D) to (F); all the deletions in clause (2), item (iii), except the deletion of the reference to "personal care provider"; the deletion of clause (2), items (v) to (viii); and the deletion of paragraph (i), clauses (2) and (3), are effective July 1, 1996.

Subd. 4. Section 4 (256B.0627, subdivision 1), paragraph (c), except the deletion of references to "responsible party"; section 5 (256B.0627, subdivision 2); that portion of section 6 (256B.0627, subdivision 4) amending paragraph (b), clauses (2) and (3); and section 7 (256B.0627, subdivision 5) amending paragraph (a), clause (2); amending paragraph (d); amending the first paragraph of paragraph (e), clause (2), subitem (i); the deletion of the reference to personal care provider and the addition of the reference to county public health nurse in paragraph (e), clause (2), item (iii); and amendments to paragraph (h), are effective January 1, 1996."

Page 148, line 19, before the period, insert ", contingent on approval by the interagency committee on long-term care planning"

Page 149, after line 15, insert:

"(2) the hospital and nursing facility are physically attached or connected by a tunnel or skyway on or after January 1, 1995; and"

Page 149, line 16, delete "(2)" and insert "(3)"

Page 149, line 19, delete "(3)" and insert "(4)"

Page 149, line 20, delete "(3)" and insert "(4)"

Page 149, line 23, delete "; and"

Page 149, lines 24 to 26, delete the new language

Page 152, line 17, delete "residents" and insert "license"

Page 156, line 22, delete "October 1" and insert "November 15"

Page 158, line 10, delete "1" and insert "4"

Page 161, line 23, delete "completion" and insert "competition"

Page 169, line 28, delete ", (d),"

Page 178, delete section 9

Page 178, delete section 11

Page 179, line 18, delete "14" and insert "12"

Page 182, line 19, delete from "Those" through page 182, line 21, to "homes."

Page 184, line 5, delete "12 to 14" and insert "10 to 12"

Page 198, line 22, delete "Notwithstanding any law to the contrary,"

Page 198, line 23, after "identified" insert "under clause (5)"

Renumber the sections in sequence

Amend the title as follows:

Page 2, line 14, after "sections" insert "62A.045; 62A.046; 62A.048; 62A.27;"

Page 2, line 25, delete "subdivision 3" and insert "subdivisions 3 and 13"

Page 2, line 49, after "1;" insert "256D.48, subdivision 1;"

Page 2, line 51, delete "357.021, subdivisions 2 and 2a;"

Page 2, line 53, delete "Laws 1990, chapter 610,"

Page 2, line 54, delete everything before "Laws"

Page 2, line 56, delete "subdivisions 5 and 6" and insert "subdivision 5"

Page 2, line 65, after "7;" insert "256E.06, subdivisions 12 and 13;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Ms. Flynn from the Committee on Judiciary, to which were referred the following appointments as reported in the Journal for March 30, 1995:

HARMFUL SUBSTANCE COMPENSATION BOARD

Bob Deem
Debra L. McBride

Reports the same back with the recommendation that the appointments be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Ms. Flynn from the Committee on Judiciary, to which were referred the following appointments as reported in the Journal for January 12, 1995:

BOARD ON JUDICIAL STANDARDS

Robert W. Johnson
Verna Kelly

Reports the same back with the recommendation that the appointments be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Ms. Flynn from the Committee on Judiciary, to which was referred the following appointment as reported in the Journal for March 22, 1995:

**DEPARTMENT OF HUMAN RIGHTS
COMMISSIONER**

David L. Beaulieu

Reports the same back with the recommendation that the appointment be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

Mr. Spear from the Committee on Crime Prevention, to which was referred the following appointment as reported in the Journal for February 21, 1995:

**DEPARTMENT OF PUBLIC SAFETY
COMMISSIONER**

Michael S. Jordan

Reports the same back with the recommendation that the appointment not be confirmed.

Mr. Moe, R.D. moved that the foregoing committee report be laid on the table. The motion prevailed.

SECOND READING OF SENATE BILLS

S.F. No. 1110 was read the second time.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Mr. Moe, R.D. from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 281: Ms. Flynn, Mr. Mondale and Mrs. Pariseau.

S.F. No. 257: Messrs. Morse, Laidig and Sams.

S.F. No. 188: Messrs. Samuelson, Stumpf and Laidig.

S.F. No. 224: Mr. Samuelson, Ms. Lesewski and Mr. Langseth.

S.F. No. 16: Mr. Betzold, Ms. Kiscaden and Mr. Finn.

S.F. No. 308: Mr. Marty, Ms. Ranum and Mr. Knutson.

S.F. No. 1520: Messrs. Lessard, Chandler and Mrs. Pariseau.

S.F. No. 381: Messrs. Betzold, Metzen and Kleis.

S.F. No. 155: Messrs. Stumpf, Morse and Frederickson.

S.F. No. 375: Messrs. Lessard, Novak and Frederickson.

S.F. No. 965: Messrs. Langseth, Vickerman and Dille.

Mr. Moe, R.D. moved that the foregoing appointments be approved. The motion prevailed.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Ms. Olson, Mrs. Pariseau, Mr. Neuville, Ms. Runbeck and Mr. Kleis introduced--

S.F. No. 1673: A bill for an act relating to human services; establishing medical savings accounts for medical assistance recipients.

Referred to the Committee on Health Care.

Mr. Morse introduced--

S.F. No. 1674: A bill for an act relating to the environment; modifying matching money for environmental learning centers; amending Laws 1994, chapter 643, section 23, subdivision 28.

Referred to the Committee on Environment and Natural Resources.

Mrs. Pariseau, Meses. Olson, Johnston, Pappas and Mr. Langseth introduced--

S.F. No. 1675: A bill for an act relating to highways; designating Mendota bridge as Purple Heart bridge; amending Minnesota Statutes 1994, section 161.14, by adding a subdivision.

Referred to the Committee on Transportation and Public Transit.

MEMBERS EXCUSED

Mr. Beckman was excused from the Session of today from 2:00 to 2:15 p.m. Meses. Krentz, Hanson, Olson, Pappas, Ranum, Robertson, Messrs. Janezich, Knutson, Langseth, Larson and Pogemiller were excused from the Session of today from 2:00 to 2:50 p.m. Ms. Reichgott Junge was excused from the Session of today at 3:15 p.m. Mr. Solon was excused from the Session of today at 5:00 p.m. Ms. Berglin was excused from the Session of today at 6:10 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 8:00 a.m., Friday, April 21, 1995. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

FORTY-FOURTH DAY

St. Paul, Minnesota, Friday, April 21, 1995

The Senate met at 8:00 a.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Moe, R.D. imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

The roll was called, and the following Senators answered to their names:

Anderson	Frederickson	Kroening	Neuville	Runbeck
Beckman	Hanson	Laidig	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berg	Janezich	Larson	Olson	Scheevel
Berglin	Johnson, D.E.	Lesewski	Ourada	Spear
Bertram	Johnson, D.J.	Lessard	Pappas	Stevens
Betzold	Johnson, J.B.	Limmer	Pariseau	Stumpf
Chandler	Johnston	Marty	Piper	Terwilliger
Chmielewski	Kelly	Merriam	Pogemiller	Vickerman
Cohen	Kiscaden	Metzen	Price	Wiener
Day	Kleis	Moe, R.D.	Ranum	
Dille	Knutson	Mondale	Reichgott Junge	
Finn	Kramer	Morse	Riveness	
Flynn	Krentz	Murphy	Robertson	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

April 19, 1995

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 77, 34, 264, 1042, 521, 1055, 1255, 348, 446 and 172.

Warmest regards,
Arne H. Carlson, Governor

April 20, 1995

The Honorable Irv Anderson
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 1995 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:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1995	Date Filed 1995
	957	Res. No. 2	2:15 p.m. April 19	April 19
	568	40	2:14 p.m. April 19	April 19
	782	41	12:05 p.m. April 18	April 18
	150	42	12:07 p.m. April 18	April 18
	226	44	2:15 p.m. April 19	April 19
	715	45	12:06 p.m. April 18	April 18
	216	46	12:07 p.m. April 18	April 18
	1065	47	12:08 p.m. April 18	April 18
335		48	12:09 p.m. April 18	April 18
77		49	2:10 p.m. April 19	April 19
194		50	12:10 p.m. April 18	April 18
1176		51	12:11 p.m. April 18	April 18
34		52	2:12 p.m. April 19	April 19
574		53	12:14 p.m. April 18	April 18
1060		54	12:18 p.m. April 18	April 18
320		55	12:20 p.m. April 18	April 18
264		56	2:14 p.m. April 19	April 19
204		57	12:25 p.m. April 18	April 18
1042		58	2:14 p.m. April 19	April 19
838		59	12:27 p.m. April 18	April 18
856		60	12:27 p.m. April 18	April 18
521		61	2:12 p.m. April 19	April 19
239		62	12:30 p.m. April 18	April 18
1055		63	2:16 p.m. April 19	April 19
	1091	64	2:21 p.m. April 19	April 19
	1307	65	2:22 p.m. April 19	April 19
	1363	66	2:24 p.m. April 19	April 19
	670	67	2:25 p.m. April 19	April 19
	612	69	2:28 p.m. April 19	April 19
1255		70	2:15 p.m. April 19	April 19
348		71	2:16 p.m. April 19	April 19
446		73	2:18 p.m. April 19	April 19
172		74	2:20 p.m. April 19	April 19

Sincerely,
Joan Anderson Growe
Secretary of State

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 893.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 20, 1995

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 628.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 20, 1995

FIRST READING OF HOUSE BILLS

The following bill was read the first time and referred to the committee indicated.

H.F. No. 628: A bill for an act relating to the family; creating a presumption of refusal or neglect of parental duties in certain termination of parental rights cases; amending Minnesota Statutes 1994, section 260.221, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 733, now on General Orders.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1626 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS

H.F. No.	S.F. No.
1626	1572

CONSENT CALENDAR

H.F. No.	S.F. No.
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CALENDAR

H.F. No.	S.F. No.
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and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 1478 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS

H.F. No.	S.F. No.
1478	1159

CONSENT CALENDAR

H.F. No.	S.F. No.
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CALENDAR

H.F. No.	S.F. No.
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Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 1478 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1478 and insert the language after the enacting clause of S.F. No. 1159; further, delete the title of H.F. No. 1478 and insert the title of S.F. No. 1159.

And when so amended H.F. No. 1478 will be identical to S.F. No. 1159, and further recommends that H.F. No. 1478 be given its second reading and substituted for S.F. No. 1159, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 787 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
787	483				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 787 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 787 and insert the language after the enacting clause of S.F. No. 483, the second engrossment; further, delete the title of H.F. No. 787 and insert the title of S.F. No. 483, the second engrossment.

And when so amended H.F. No. 787 will be identical to S.F. No. 483, and further recommends that H.F. No. 787 be given its second reading and substituted for S.F. No. 483, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 927 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
927	864				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 927 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 927 and insert the language after the enacting clause of S.F. No. 864, the first engrossment; further, delete the title of H.F. No. 927 and insert the title of S.F. No. 864, the first engrossment.

And when so amended H.F. No. 927 will be identical to S.F. No. 864, and further recommends that H.F. No. 927 be given its second reading and substituted for S.F. No. 864, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Messrs. Pogemiller and Stumpf from the Committee on Education, to which was referred

S.F. No. 944: A bill for an act relating to education; clarifying certain provisions; amending Minnesota Statutes 1994, sections 124.226, subdivision 9; and 124.2726, subdivision 1; Laws 1993, chapter 224, article 8, section 21, subdivision 1.

Report the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL AND UNIFORM REVENUE

Section 1. Minnesota Statutes 1994, section 6.62, subdivision 1, is amended to read:

Subdivision 1. [LEVY OF TAX.] Counties, cities and towns are authorized, if necessary, to levy an amount sufficient to pay the expense of a postaudit by the state auditor.

~~A school district is authorized to levy an amount sufficient to pay for the expense of a postaudit by the state auditor if the audit is performed at the discretion of the state auditor pursuant to section 6.51 or if the audit has been requested through a petition by eligible voters pursuant to section 6.54. A school district is not authorized to levy these amounts if the postaudit by the state auditor is requested by the school board pursuant to section 6.55.~~

Sec. 2. Minnesota Statutes 1994, 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~~ may provide transportation within the nonresident district. The nonresident district may provide transportation within the pupil's resident district pursuant to section 123.39, subdivision 6. For fiscal year 1996, 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 81, 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 for fiscal year 1996, 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. 3. Minnesota Statutes 1994, 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. The guidelines and determination of fees or other charges for administration or other costs are subject to sections 123.76 to 123.79;

(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. 4. Minnesota Statutes 1994, section 120.74, subdivision 1, is amended to read:

Subdivision 1. A school board is not authorized to charge fees in the following areas:

(a) Textbooks, workbooks, art materials, laboratory supplies, towels;

(b) Supplies necessary for participation in any instructional course except as authorized in sections 120.73 and 120.75;

(c) Field trips which are required as a part of a basic education program or course;

(d) Graduation caps, gowns, any specific form of dress necessary for any educational program, and diplomas;

(e) Instructional costs for necessary school personnel employed in any course or educational program required for graduation;

- (f) Library books required to be utilized for any educational course or program;
- (g) Admission fees, dues, or fees for any activity the pupil is required to attend;
- (h) Any admission or examination cost for any required educational course or program;
- (i) Locker rentals;
- ~~(j) Transportation of pupils (1) for which state transportation aid is authorized pursuant to section 124.223 or (2) for which a levy is authorized under section 124.226, subdivision 5.~~

Sec. 5. Minnesota Statutes 1994, section 121.15, subdivision 6, is amended to read:

Subd. 6. [REVIEW AND COMMENT.] ~~No referendum for bonds or solicitation of bids~~ A school district must not initiate an installment contract for purchase, hold a referendum for bonds, nor solicit bids for new construction, expansion, or remodeling of an educational facility that requires an expenditure in excess of \$400,000 per school site shall be initiated prior to review and comment by the commissioner. A school board shall not separate portions of a single project into components to avoid the requirements of this subdivision.

Sec. 6. Minnesota Statutes 1994, 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 section 124.914, subdivision 1.

(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 ~~37.4~~ 44.2 percent for fiscal year ~~1994~~ 1996 and thereafter 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) ~~37.4~~ 44.2 percent for fiscal year ~~1994~~ 1996 and thereafter 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;

~~(iii)~~ (ii) 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;

~~(iv)~~ (iii) 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)~~ (iv) 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. 7. Minnesota Statutes 1994, section 121.904, subdivision 4c, is amended to read:

Subd. 4c. [~~PROPERTY TAX SHIFT REDUCTION CHANGE IN LEVY RECOGNITION PERCENT.~~] (a) Money appropriated under section 16A.152, subdivision 2, must be used to reduce the levy recognition percent specified in subdivision 4a, clauses (b)(2) and (b)(3), for taxes payable in the succeeding calendar year.

(b) The levy recognition percent shall equal the result of the following computation: the current levy recognition percent, times the ratio of

(1) the statewide total amount of levy recognized in June of the year in which the taxes are payable pursuant to subdivision 4a, clause (b), excluding those levies that are shifted for revenue recognition but are not included in the computation of the adjustment to aids under section 124.155, subdivision 1, reduced by the difference between the amount of money appropriated under section 16A.152, subdivision 2, and the amount required for the adjustment payment under clause (d), to

(2) the statewide total amount of the levy recognized in June of the year in which the taxes are payable pursuant to subdivision 4a, clause (b), excluding those levies that are shifted for revenue recognition but are not included in the computation of the adjustment to aids under section 124.155, subdivision 1.

The result shall be rounded up to the nearest one-tenth of a percent. However, in no case shall the levy recognition percent be reduced below zero or increased above the current levy recognition percent.

(c) The commissioner of finance must certify to the commissioner of education the levy recognition percent computed under this subdivision by January 5 of each year. The commissioner of education must notify school districts of a change in the levy recognition percent by January 15.

(d) For fiscal years 1994 and 1995, When the levy recognition percent is increased or decreased as provided in this subdivision, a special aid adjustment shall be made to each school district with an operating referendum levy:

(i) When the levy recognition percent is increased from the prior fiscal year, the commissioner of education shall calculate the difference between (1) the amount of the levy under section 124A.03, that is recognized as revenue for the current fiscal year according to subdivision 4a; and (2) the amount of the levy, under section 124A.03, that would have been recognized as revenue for the current fiscal year had the percentage according to subdivision 4a, not been increased. The commissioner shall reduce other aids due the district by the amount of the difference. This aid reduction shall be in addition to the aid reduction required because of the increase pursuant to this subdivision of the levy recognition percent.

(ii) When the levy recognition percent is reduced as provided in this subdivision from the prior fiscal year, a special adjustment payment shall be made to each school district with an operating referendum levy that received an aid reduction under Laws 1991, chapter 265, article 1, section 31, or Laws 1992, chapter 499, article 1, section 22 when the levy recognition percent was last increased. The special adjustment payment shall be in addition to the additional payments required because of the reduction pursuant to this subdivision of the levy recognition percent. The amount of the special adjustment payment shall be computed by the commissioner of education such that any remaining portion of the aid reduction these districts received that has not been repaid is repaid on a proportionate basis as the levy recognition percent is reduced from 50 percent to 31 percent. The special adjustment payment must be included in the state aid payments to school districts according to the schedule specified in section 124.195, subdivision 3. An additional adjustment shall be made on June 30, 1995, for the final payment otherwise due July 1, 1995, under Minnesota Statutes 1992, section 136C.36.

(e) The commissioner of finance shall transfer from the general fund to the education aids appropriations specified by the commissioner of education, the amounts needed to finance the additional payments required because of the reduction pursuant to this subdivision of the levy recognition percent. Payments to a school district of additional state aids resulting from a reduction in the levy recognition percent must be included in the cash metering of payments made according to section 124.195 after January 15, and must be paid in a manner consistent with the percent specified in that section.

Sec. 8. Minnesota Statutes 1994, section 121.912, subdivision 1, is amended to read:

Subdivision 1. [LIMITATIONS.] Except as provided in this subdivision, sections 121.9121, 123.36, 124.243, 475.61, and 475.65, a school district may not permanently transfer money from (1) an operating fund to a nonoperating fund; (2) a nonoperating fund to another nonoperating fund; or (3) a nonoperating fund to an operating fund. Permanent transfers may be made from any fund to any other fund to correct for prior fiscal years' errors discovered after the books have been closed for that year. Permanent transfers may be made from the general fund to any other operating funds according to section 123.7045 or if the resources of the other fund are not adequate to finance approved expenditures from that other fund. Permanent transfers may also be made from the general fund to eliminate deficits in another fund when that other fund is being discontinued. When a district discontinues operation of a district-owned bus fleet or a substantial portion of a fleet, ~~permanent transfers must be made, on June 30 of the fiscal year that the operation is discontinued, from the fund balance account entitled "pupil transportation fund reserved for bus purchases" to the capital expenditure fund. The sum of the levies authorized pursuant to sections 124.243, 124.244, and 124.83 shall be reduced by an amount equal to the amount transferred. Any school district may transfer any amount from the undesignated fund balance account in its transportation fund to any other operating fund or to the reserved fund balance account for bus purchases in its transportation fund~~ the balance shall cancel to the district's general fund.

Sec. 9. Minnesota Statutes 1994, section 121.912, subdivision 1b, is amended to read:

Subd. 1b. [TRA AND FICA TRANSFER.] (a) Notwithstanding subdivision 1, a district ~~shall~~ may transfer money from the general fund to the community service fund for the employer contributions for teacher retirement and FICA for employees who are members of a teacher retirement association and who are paid from the community service fund.

(b) A district shall not transfer money under paragraph (a) for employees who are paid with money other than normal operating funds, as defined in section 354.05, subdivision 27.

Sec. 10. Minnesota Statutes 1994, 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 or has conducted a successful referendum on the question of combination under section 122.243, subdivision 2, or consolidation under section 122.23, subdivision 13, 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 for up to one year prior to the effective date of combination or consolidation and~~ 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. 11. Minnesota Statutes 1994, section 122.21, subdivision 4, is amended to read:

Subd. 4. Within six months of the time when the petition was filed, the county board shall issue its order either granting or denying the petition, unless all or part of the land area described in the petition is included in a plat for consolidation or combination which has been approved by the

~~state board commissioner~~ of education in which event, no order may be issued while consolidation or combination proceedings are pending. No order shall be issued which results in attaching to a district any territory not adjoining that district, as defined in subdivision 1(a). No order shall be issued which reduces the size of any district to less than four sections unless the district is not operating a school within the district. The order may be made effective at a deferred date not later than July 1 next following its issuance. If the petition be granted, the auditor shall transmit a certified copy to the commissioner. Failure to issue an order within six months of the filing of the petition or termination of proceedings upon an approved consolidation plat, whichever is later, is a denial of the petition.

Sec. 12. Minnesota Statutes 1994, section 122.532, subdivision 3a, is amended to read:

Subd. 3a. [INTERIM CONTRACTUAL AGREEMENTS.] (a) Until a successor contract is executed between the new school board and the exclusive representative of the teachers of the new district, the school boards of both districts and the exclusive representatives of the teachers of both districts may agree:

(1) to comply with the contract of either district with respect to all of the teachers assigned to the new district; or

(2) that each of the contracts shall apply to the teachers previously subject to the respective contract.

(b) In the absence of an agreement according to paragraph (a), the following shall apply:

(1) if the effective date is July 1 of an even-numbered year, each of the contracts shall apply to the teachers previously subject to the respective contract and shall be binding on the new school board; or

(2) if the effective date is July 1 of an odd-numbered year, the contract of the district that previously employed the largest proportion of teachers assigned to the new district applies to all of the teachers assigned to the new district and shall be binding on the new school board. The application of this section shall not result in a reduction in a teacher's salary or benefits until a successor contract is executed between the new school board and the exclusive representative.

Sec. 13. Minnesota Statutes 1994, section 123.3514, subdivision 3, is amended to read:

Subd. 3. [DEFINITIONS.] For purposes of this section, an "eligible institution" means a Minnesota public post-secondary institution, a private, nonprofit two-year trade and technical school granting associate degrees, an opportunities industrialization center accredited by the north central association of colleges and schools, or a private, residential, two-year or four-year, liberal arts, degree-granting college or university located in Minnesota. "Course" means a course or program. "Pupil" means a student receiving instruction under section 120.101.

Sec. 14. Minnesota Statutes 1994, section 123.3514, subdivision 4, is amended to read:

Subd. 4. [AUTHORIZATION; NOTIFICATION.] Notwithstanding any other law to the contrary, an 11th or 12th grade pupil enrolled in a ~~public~~ school or an American Indian-controlled tribal contract or grant school eligible for aid under section 124.86, except a foreign exchange pupil enrolled in a district under a cultural exchange program, may apply to an eligible institution, as defined in subdivision 3, to enroll in nonsectarian courses offered by that post-secondary institution. If an institution accepts a secondary pupil for enrollment under this section, the institution shall send written notice to the pupil, the pupil's school or school district, and the commissioner of education within ten days of acceptance. The notice shall indicate the course and hours of enrollment of that pupil. If the pupil enrolls in a course for post-secondary credit, the institution shall notify the pupil about payment in the customary manner used by the institution.

Sec. 15. Minnesota Statutes 1994, section 123.3514, subdivision 4a, is amended to read:

Subd. 4a. [COUNSELING.] To the extent possible, the school or school district shall provide counseling services to pupils and their parents or guardian before the pupils enroll in courses under this section to ensure that the pupils and their parents or guardian are fully aware of the risks and possible consequences of enrolling in post-secondary courses. The school or school district

shall provide information on the program including who may enroll, what institutions and courses are eligible for participation, the decision-making process for granting academic credits, financial arrangements for tuition, books and materials, eligibility criteria for transportation aid, available support services, the need to arrange an appropriate schedule, consequences of failing or not completing a course in which the pupil enrolls, the effect of enrolling in this program on the pupil's ability to complete the required high school graduation requirements, and the academic and social responsibilities that must be assumed by the pupils and their parents or guardian. The person providing counseling shall encourage pupils and their parents or guardian to also use available counseling services at the post-secondary institutions before the quarter or semester of enrollment to ensure that anticipated plans are appropriate.

Prior to enrolling in a course, the pupil and the pupil's parents or guardian must sign a form that must be provided by the school or school district and may be obtained from a post-secondary institution stating that they have received the information specified in this subdivision and that they understand the responsibilities that must be assumed in enrolling in this program. The department of education shall, upon request, provide technical assistance to a school or school district in developing appropriate forms and counseling guidelines.

Sec. 16. Minnesota Statutes 1994, section 123.3514, subdivision 4e, is amended to read:

Subd. 4e. [COURSES ACCORDING TO AGREEMENTS.] An eligible pupil, according to subdivision 4, may enroll in a nonsectarian course taught by a secondary teacher or a post-secondary faculty member and offered at a secondary school, or another location, according to an agreement between a public school board and the governing body of an eligible public post-secondary system or an eligible private post-secondary institution, as defined in subdivision 3. All provisions of this section shall apply to a pupil, public school board, school district, and the governing body of a post-secondary institution, except as otherwise provided.

Sec. 17. Minnesota Statutes 1994, section 123.3514, subdivision 6c, is amended to read:

Subd. 6c. [FINANCIAL ARRANGEMENTS FOR COURSES PROVIDED ACCORDING TO AGREEMENTS.] (a) The agreement between a public 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 public 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. 18. Minnesota Statutes 1994, 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 or the pupil's home and the post-secondary institution that the pupil attends. The 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 or the pupil's home 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. 19. Minnesota Statutes 1994, section 123.39, subdivision 1, is amended to read:

Subdivision 1. The board may provide for the transportation of pupils to and from school and for any other purpose ~~for which aid is authorized under section 124.223 or for which levies are authorized under sections 124.226, 124.2716, 124.91, 124.912, 124.914, 124.916, 124.918, and 136C.414.~~ The board may also provide for the transportation of pupils to schools in other districts for grades and departments not maintained in the district, including high school, at the expense of the district, when funds are available therefor and if agreeable to the district to which it is proposed to transport the pupils, for the whole or a part of the school year, as it may deem advisable, and subject to its rules. In any school district, the board ~~shall~~ may arrange for the attendance of all pupils ~~living two miles or more from the school~~, except pupils whose transportation privileges have been revoked under section 123.805, subdivision 1, clause (6), or 123.7991, paragraph (b), through suitable provision for transportation or through the boarding and rooming of the pupils who may be more economically and conveniently provided for by that means. The board shall provide transportation to and from the home of a child with a disability not yet enrolled in kindergarten when special instruction and services under sections 120.17 and 120.1701 are provided in a location other than in the child's home. When transportation is provided, scheduling of routes, establishment of the location of bus stops, manner and method of transportation, control and discipline of school children and any other matter relating thereto shall be within the sole discretion, control, and management of the school board. The district may provide for the transportation of pupils or expend a reasonable amount for room and board of pupils whose attendance at school can more economically and conveniently be provided for by that means or who attend school in a building rented or leased by a district within the confines of an adjacent district.

Sec. 20. Minnesota Statutes 1994, section 123.39, subdivision 6, is amended to read:

Subd. 6. For the purposes of this subdivision, a "nonresident pupil" is a pupil who resides in one district, defined as the "resident district" and attends school in another district, defined as the "nonresident district."

A nonresident district may transport a nonresident pupil within its borders. ~~A nonresident district may not transport a nonresident pupil on a school district owned or contractor operated school bus within the pupil's resident district without the approval of the resident district under section 120.062.~~

~~The parent or guardian of a nonresident pupil attending a nonresident district under section 120.062 may submit a written request to the resident district asking that the resident district allow the nonresident district to provide transportation for the pupil within the pupil's resident district. The resident district must approve or disapprove the request, in writing, within 30 days. The parent or guardian may appeal the refusal of the resident district to the commissioner of education. The commissioner must act on the appeal within 30 days. When a district decides to transport a nonresident pupil within the pupil's resident district, the nonresident district shall notify the pupil's resident district in writing that the nonresident district shall be providing transportation for the pupil within the pupil's resident district.~~

Sec. 21. Minnesota Statutes 1994, section 123.70, subdivision 8, is amended to read:

Subd. 8. The administrator or other person having general control and supervision of the elementary or secondary school shall file a report with the commissioner of education on all persons enrolled in the school, except that the superintendent of each school district shall file a report with the commissioner of education for all persons within the district receiving instruction in a home school in compliance with sections 120.101 and 120.102. The parent of persons receiving instruction in a home school shall submit the statements as required by subdivisions 1, 2, 3, and 4 to the superintendent of the school district in which the person resides by October 1 of each school year. The school report shall be prepared on forms developed jointly by the commissioner of health and the commissioner of education and be distributed to the local school districts by the commissioner of health and shall state the number of persons attending the school, the number of persons who have not been immunized according to subdivision 1 or 2, and the number of persons who received an exemption under subdivision 3, clause (c) or (d). The school report shall be filed with the commissioner of education within 60 days of the commencement of

each new school term. Upon request, a district shall be given a 60-day extension for filing the school report. The commissioner of education shall forward the report, or a copy thereof, to the commissioner of health who shall provide summary reports to boards of health as defined in section 145A.02, subdivision 2. The administrator or other person having general control and supervision of the child care facility shall file a report with the commissioner of human services on all persons enrolled in the child care facility. The child care facility report must be prepared on forms developed jointly by the commissioner of health and the commissioner of human services and be distributed to child care facilities by the commissioner of health and must state the number of persons enrolled in the facility, the number of persons with no immunizations, the number of persons who received an exemption under subdivision 3, clause (c) or (d), and the number of persons with partial or full immunization histories. The child care facility report shall be filed with the commissioner of human services by November 1 of each year. The commissioner of human services shall forward the report, or a copy thereof, to the commissioner of health who shall provide summary reports to boards of health as defined in section 145A.02, subdivision 2. The report required by this subdivision is not required of a family child care or group family child care facility, for prekindergarten children enrolled in any elementary or secondary school provided services according to section 120.17, subdivision 2, nor for child care facilities in which at least 75 percent of children in the facility participate on a one-time only or occasional basis to a maximum of 45 hours per child, per month.

Sec. 22. Minnesota Statutes 1994, section 123.76, is amended to read:

123.76 [POLICY.]

~~In districts where the state provides aids for transportation~~ It is in the public interest to provide equality of treatment in transporting school children of the state who are required to attend elementary and secondary schools pursuant to chapter 120, so that the health, welfare and safety of such children, while using the public highways of the state, shall be protected.

School children attending any schools, complying with section 120.101, are therefore entitled to the same rights and privileges relating to transportation.

Sec. 23. Minnesota Statutes 1994, section 123.78, subdivision 1, is amended to read:

Subdivision 1. [GENERAL PROVISIONS.] A district ~~eligible to receive state aid for transportation under chapter 124~~ shall provide equal transportation within the district for all school children to any school when transportation is deemed necessary by the school board because of distance or traffic condition in like manner and form as provided in sections 123.39 and 124.223, when applicable.

Sec. 24. Minnesota Statutes 1994, section 123.78, subdivision 2, is amended to read:

Subd. 2. When transportation is provided, the scheduling of routes, manner and method of transportation, control and discipline of school children and any other matter relating thereto shall be within the sole discretion, control and management of the school board. A nonpublic school and the school district in which it is located shall jointly determine the attendance boundaries. If there is a dispute, either party may appeal to the commissioner.

Sec. 25. Minnesota Statutes 1994, section 123.78, subdivision 3, is amended to read:

Subd. 3. [RULES.] The state board of education may amend rules relating to equal transportation. The department, together with the council under section 123.935, subdivision 7, shall determine uniform guidelines that districts shall use in reimbursing nonpublic schools or parents for transportation services.

Sec. 26. Minnesota Statutes 1994, section 123.79, subdivision 1, is amended to read:

Subdivision 1. Such state aids as ~~may become~~ are made available or appropriated shall be ~~governed by section 124.225, be paid to the school district entitled thereto~~ for the equal benefit of all school children, and be disbursed in such manner as determined by the board.

Sec. 27. Minnesota Statutes 1994, section 123.79, is amended by adding a subdivision to read:

Subd. 3. [REIMBURSEMENT FOR TRANSPORTATION.] (a) For 1996-97 and later school years, the state shall pay each district for transportation services for nonpublic school pupils according to sections 123.39, 123.76 to 123.78, 124.223, and 124.226, an amount equal to the sum of the amounts computed in paragraphs (b) and (c). This revenue does not limit the obligation to transport pupils under sections 123.76 to 123.79.

(b) For regular and excess transportation according to section 124.225, subdivision 1, paragraph (c), clauses (1) and (3), an amount equal to the product of:

(1) the district's actual expenditure per pupil transported in the regular and excess transportation categories during the second preceding school year; times

(2) the number of nonpublic school pupils residing in the district who receive regular or excess transportation service or reimbursement for the current school year; times

(3) the ratio of the formula allowance pursuant to section 124A.22, subdivision 2, for the current school year to the formula allowance pursuant to section 124A.22, subdivision 2, for the second preceding school year.

(c) For nonregular transportation according to section 124.225, subdivision 1, paragraph (c), clause (2), and late activity transportation according to section 124.226, subdivision 9, an amount equal to the product of:

(1) the district's actual expenditure for nonregular and late activity transportation for nonpublic school pupils during the second preceding school year; times

(2) the ratio of the formula allowance pursuant to section 124A.22, subdivision 2, for the current school year to the formula allowance pursuant to section 124A.22, subdivision 2, for the second preceding school year.

Sec. 28. Minnesota Statutes 1994, section 124.06, is amended to read:

124.06 [INSUFFICIENT FUNDS TO PAY ORDERS.]

(a) In the event that a district or a cooperative unit defined in section 123.35, subdivision 19b, has insufficient funds to pay its usual lawful current obligations, subject to section 471.69, the board may enter into agreements with banks or any person to take its orders ~~at any rate of interest not to exceed six percent per annum~~. Any order drawn after having been presented to the treasurer for payment and not paid for want of funds shall be endorsed by the treasurer by putting on the back thereof the words "not paid for want of funds," giving the date of endorsement and signed by the treasurer. A record of such presentment, nonpayment and endorsement shall be made by the treasurer. ~~Every such order shall bear interest at the rate of not to exceed six percent per annum from the date of such presentment~~. The treasurer shall serve a written notice upon the payee or the payee's assignee, personally, or by mail, when the treasurer is prepared to pay such orders; such notice may be directed to the payee or the payee's assignee at the address given in writing by such payee or assignee to such treasurer, at any time prior to the service of such notice. No order shall draw any interest if such address is not given when the same is unknown to the treasurer, and no order shall draw any interest after the service of such notice.

(b) A district may enter, subject to section 471.69, into a line of credit agreement with a financial institution. The amount of credit available must not exceed 95 percent of average expenditure per month of operating expenditures in the previous fiscal year. Any amount advanced must be repaid no later than 45 days after the day of advancement.

Sec. 29. Minnesota Statutes 1994, 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) school district cooperation aid authorized in section 124.2727;
- (12) assurance of mastery aid according to section 124.311;
- (13) homestead and agricultural credit aid, disparity credit and aid, and changes to credits for prior year adjustments according to section 273.1398, subdivisions 2, 3, 4, and 7;
- (14) attached machinery aid authorized in section 273.138, subdivision 3; ~~and~~
- (15) alternative delivery aid authorized in section 124.322;
- (16) special education equalization aid authorized in section 124.321;
- (17) special education excess cost aid authorized in section 124.323;
- (18) learning readiness aid authorized in section 124.2615;
- (19) cooperation-combination aid authorized in section 124.2725; and
- (20) district cooperation revenue aid authorized in section 124.2727.

(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. 30. Minnesota Statutes 1994, 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~~ 825 with a minimum of 0.28, 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.~~

(e) 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 875 825.

~~(d)~~ (c) 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)~~ (d) A kindergarten pupil who is not included in paragraph ~~(d)~~ (c) is counted as ~~.515~~ of a pupil unit for fiscal year 1994 and .53 of a pupil unit for fiscal year 1995 and .55 of a pupil unit for fiscal year 1996 and thereafter.

~~(f)~~ (e) A pupil who is in any of grades 1 to 6 is counted as ~~1.03~~ pupil units for fiscal year 1994 and 1.06 pupil units for fiscal year 1995 and 1.1 of a pupil unit for fiscal year 1996 and thereafter.

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

~~(h)~~ (g) A pupil who is in the post-secondary enrollment options program is counted as 1.3 pupil units.

Sec. 31. Minnesota Statutes 1994, section 124.17, is amended by adding a subdivision to read:

Subd. 1h. [FUND BALANCE PUPIL UNITS.] Fund balance pupil units must be computed separately for kindergarten pupils, elementary pupils in grades 1 to 6, and secondary pupils in grades 7 to 12. Total fund balance pupil units means the sum of kindergarten, elementary, and secondary fund balance pupil units. Fund balance pupil units for each category means the number of resident pupil units in average daily membership, including shared time pupil units, 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.

Sec. 32. Minnesota Statutes 1994, section 124.17, subdivision 2f, is amended to read:

Subd. 2f. [PSEO PUPILS.] The average daily membership for a student pupil participating in the post-secondary enrollment options program equals the lesser of

~~(1)~~ (a) 1.00, or

~~(2)~~ (b) the greater of

~~(i)~~ (1) .12, or

~~(ii)~~ (2) the ratio of (i) the sum of the number of instructional hours the student pupil 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, during quarters, trimesters, or semesters during which the pupil participates in PSEO, and hours enrolled in the secondary school during the remainder of the school year, to (ii) the actual number of instructional days in the school year times the length of day in the school.

Sec. 33. Minnesota Statutes 1994, section 124.195, is amended by adding a subdivision to read:

Subd. 3c. [CASH FLOW WAIVER.] For any district exceeding its expenditure limitations under section 121.917, and if requested by the district, the commissioner of education, in consultation with the commissioner of finance, and a school district may negotiate a cash flow payment schedule under subdivision 3 corresponding to the district's cash flow needs so as to minimize the district's short-term borrowing needs.

Sec. 34. Minnesota Statutes 1994, 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. Districts operating a program under section 121.585 for grades 1 to 12 for all students in the district shall receive 85 percent of the estimated entitlement plus an additional amount of general education aid equal to five percent of the estimated entitlement. For all districts, the final adjustment payment according to subdivision 6, shall be 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. 35. Minnesota Statutes 1994, section 124.195, subdivision 11, is amended to read:

Subd. 11. [NONPUBLIC AIDS.] The state shall pay aid according to sections 123.931 to 123.947, and 123.79 for pupils attending nonpublic schools as follows:

(1) an advance payment by November 30 equal to 85 percent of the estimated entitlement for the current fiscal year; and

(2) a final payment by October 31 of the following fiscal year, adjusted for actual data.

If a payment advance to meet cash flow needs is requested by a district and approved by the commissioner, the state shall pay basic transportation aid according to section ~~124.225~~ 123.79 attributable to pupils attending nonpublic schools by October 31.

Sec. 36. Minnesota Statutes 1994, section 124.214, subdivision 2, is amended to read:

Subd. 2. [ABATEMENTS.] Whenever by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the net tax capacity of any school district for any taxable year is changed after the taxes for that year have been spread by the county auditor and the local tax rate as determined by the county auditor based upon the original net tax capacity is applied upon the changed net tax capacities, the county auditor shall, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the school district during the preceding year. Each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 124.912, subdivision 9. The amount of the abatement adjustment shall be the product of:

(1) the net revenue loss as certified by the county auditor, times

(2) the ratio of:

(a) the sum of the amounts of the district's certified levy in the preceding year according to the following:

(i) section 124A.23 if the district ~~receives~~ received general education aid according to that section for the second preceding year, or section ~~124B.20~~, if the education district of which the district is a member receives general education aid according to that section;

(ii) section 124.226, subdivisions 1 and 4, if the district receives transportation aid according to section 124.225;

(iii) section 124.243, if the district receives capital expenditure facilities aid according to that section;

(iv) section 124.244, if the district receives capital expenditure equipment aid according to that section;

(v) section 124.83, if the district ~~receives~~ received health and safety aid according to that section for the second preceding year;

(vi) sections 124.2713, 124.2714, and 124.2715, if the district ~~receives~~ received aid for community education programs according to any of those sections for the second preceding year;

(vii) section 124.2711, subdivision 2a, if the district ~~receives~~ received early childhood family education aid according to section 124.2711 for the second preceding year;

(viii) section 124.321, subdivision 3, if the district ~~receives~~ received special education levy equalization aid according to that section for the second preceding year;

(ix) section 124A.03, subdivision 1g, if the district ~~receives~~ received referendum equalization aid according to that section for the second preceding year; and

(x) section 124A.22, subdivision 4a, if the district receives training and experience aid according to that section;

(b) to the total amount of the district's certified levy in the preceding October, plus or minus auditor's adjustments.

Sec. 37. Minnesota Statutes 1994, section 124.214, subdivision 3, is amended to read:

Subd. 3. [EXCESS TAX INCREMENT.] If a return of excess tax increment is made to a school district pursuant to section 469.176, subdivision 2, or upon decertification of a tax increment district, the school district's aid and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.

(a) An amount must be subtracted from the school district's aid for the current fiscal year equal to the product of:

(1) the amount of the payment of excess tax increment to the school district, times

(2) the ratio of:

(A) the sum of the amounts of the school district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:

(i) section 124A.23, if the district ~~receives~~ received general education aid according to that section, ~~or section 124B.20, if the education district of which the district is a member receives general education aid according to that section~~ for the second preceding year;

(ii) section 124.226, subdivisions 1 and 4, if the school district receives transportation aid according to section 124.225;

(iii) section 124.243, if the district receives capital expenditure facilities aid according to that section;

(iv) section 124.244, if the district receives capital expenditure equipment aid according to that section;

(v) section 124.83, if the district ~~receives~~ received health and safety aid according to that section for the second preceding year;

(vi) sections 124.2713, 124.2714, and 124.2715, if the district ~~receives~~ received aid for community education programs according to any of those sections for the second preceding year;

(vii) section 124.2711, subdivision 2a, if the district ~~receives~~ received early childhood family education aid according to section 124.2711 for the second preceding year;

(viii) section 124.321, subdivision 3, if the district ~~receives~~ received special education levy equalization aid according to that section for the second preceding year;

(ix) section 124A.03, subdivision 1g, if the district ~~receives~~ received referendum equalization aid according to that section for the second preceding year; and

(x) section 124A.22, subdivision 4a, if the district receives training and experience aid according to that section;

(B) to the total amount of the school district's certified levy for the fiscal year, plus or minus auditor's adjustments.

(b) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:

- (1) the amount of the distribution of excess increment, and
- (2) the amount subtracted from aid pursuant to clause (a).

If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district shall use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.

This subdivision applies only to the total amount of excess increments received by a school district for a calendar year that exceeds \$25,000.

Sec. 38. Minnesota Statutes 1994, section 124.223, is amended to read:

124.223 [TRANSPORTATION AID AUTHORIZATION.]

Subdivision 1. [TO AND FROM SCHOOL; BETWEEN SCHOOLS.] (a) ~~State transportation aid is authorized for School districts may provide transportation or board of resident elementary pupils who reside one mile or more from the public schools which they could attend; transportation or board of resident secondary pupils who reside two miles or more from the public schools which they could attend; transportation to and from schools the resident pupils attend according to a program approved by the commissioner of education, or between the schools the resident pupils attend for instructional classes, or to and from service learning programs; transportation of resident elementary pupils who reside one mile or more from a nonpublic school actually attended; transportation of resident secondary pupils who reside two miles or more from a nonpublic school actually attended; but with respect to transportation of pupils to nonpublic schools actually attended, only to the extent permitted by sections 123.76 to 123.79; transportation of resident pupils to and from language immersion programs; transportation of a pupil who is a custodial parent and that pupil's child between the pupil's home and the child care provider and between the provider and the school, if the home and provider are within the attendance area of the school. State transportation aid is not authorized for Late transportation home from school for pupils involved in after school activities. State transportation aid is not authorized for summer program transportation except as provided in subdivision 8.~~

(b) For the purposes of this subdivision, a district may designate a licensed day care facility, respite care facility, the residence of a relative, or the residence of a person chosen by the pupil's parent or guardian as the home of a pupil for part or all of the day, if requested by the pupil's parent or guardian and if that facility or residence is within the attendance area of the school the pupil attends.

(c) ~~State transportation aid is authorized for School districts may provide transportation to and from school of an elementary pupil who moves during the school year within an area designated by the district as a mobility zone, but only for the remainder of the school year. The attendance areas of schools in a mobility zone must be contiguous. To be in a mobility zone, a school must meet both of the following requirements:~~

(1) more than 50 percent of the pupils enrolled in the school are eligible for free or reduced school lunch; and

(2) the pupil withdrawal rate for the last year is more than 12 percent.

(d) A pupil withdrawal rate is determined by dividing:

(1) the sum of the number of pupils who withdraw from the school, during the school year, and the number of pupils enrolled in the school as a result of transportation provided under this paragraph, by

(2) the number of pupils enrolled in the school.

(e) The district may establish eligibility requirements for individual pupils to receive transportation in the mobility zone.

Subd. 2. [OUTSIDE DISTRICT.] ~~State transportation aid is authorized for School districts may~~

provide transportation to and from or board and lodging in another district, of resident pupils of a district without a secondary school. The pupils may attend a classified secondary school in another district and shall may receive board and lodging in or transportation to and from a district having a classified secondary school at the expense of the district of the pupil's residence.

Subd. 3. [SECONDARY VOCATIONAL CENTERS.] ~~State transportation aid is authorized for~~ School districts may provide transportation to and from a 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.

Subd. 4. [PUPILS WITH DISABILITIES.] ~~State transportation aid is authorized for~~ School districts may provide transportation or board and lodging of a pupil with a disability when that pupil cannot be transported on a regular school bus, the conveying of pupils with a disability between home or a respite care facility and school and within the school plant, necessary transportation of pupils with a disability from home or from school to other buildings, including centers such as developmental achievement centers, hospitals and treatment centers where special instruction or services required by sections 120.17 and 120.1701 are provided, within or outside the district where services are provided, and necessary transportation for resident pupils with a disability required by sections 120.17, subdivision 4a, and 120.1701. Transportation of pupils with a disability between home or a respite care facility and school shall not be subject to any distance requirement for children ~~not yet enrolled in kindergarten or to the requirement in subdivision 1 that elementary pupils reside at least one mile from school and secondary pupils reside at least two miles from school in order for the transportation to qualify for aid.~~

Subd. 5. [BOARD AND LODGING; NONRESIDENTS WITH DISABILITIES.] ~~State transportation aid is authorized for~~ School districts may provide, when necessary, board and lodging for nonresident pupils with a disability in a district maintaining special classes.

Subd. 6. [SHARED TIME.] ~~State transportation aid is authorized for~~ School districts may provide transportation from one educational facility to another within the district for resident pupils enrolled on a shared time basis in educational programs, and necessary transportation required by sections 120.17, subdivision 9, and 120.1701 for resident pupils with a disability who are provided special instruction and services on a shared time basis.

Subd. 7. [FARIBAULT STATE ACADEMIES.] ~~State transportation aid is authorized for~~ School districts may provide transportation for ~~residents~~ resident pupils with disabilities to and from the Minnesota state academy for the deaf or the Minnesota state academy for the blind board and lodging facilities when the pupil is boarded and lodged for educational purposes.

Subd. 8. [SUMMER INSTRUCTIONAL PROGRAMS.] ~~State transportation aid is authorized for~~ School districts may provide services described in subdivisions 1 to 7, 9, and 10 when provided for pupils with a disability in conjunction with a summer program that meets the requirements of section 124A.27, subdivision 9. ~~State transportation aid is authorized for~~ School districts may provide services described in subdivision 1 when provided during the summer in conjunction with a learning year program established under section 121.585.

Subd. 9. [COOPERATIVE ACADEMIC AND VOCATIONAL.] ~~State transportation aid is authorized for~~ School districts may provide transportation to, from or between educational facilities located in any of two or more school districts jointly offering academic classes or secondary vocational classes not provided at a secondary vocational center for resident pupils of any of these districts.

Subd. 10. [NONPUBLIC SUPPORT SERVICES.] ~~State transportation aid is authorized for~~ School districts may provide necessary transportation within district boundaries between a nonpublic school and a public school or a neutral site for nonpublic school pupils who are provided pupil support services pursuant to section 123.935.

Subd. 11. [RULES.] The state board of education may amend rules relating to transportation aid and data.

Sec. 39. Minnesota Statutes 1994, 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 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, clause (5), which must be used a majority of the time for the purposes in sections 124.223 and 124.226, subdivisions 5, 8, and 9, and 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; transportation to and from service learning programs; 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 sections 120.17 and 120.1701 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'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'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 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 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. 40. Minnesota Statutes 1994, 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 ~~\$447~~ \$477 for the ~~1991-1992~~ 1993-1994 base year ~~and \$463 for the 1992-1993 base year.~~

(b) Multiply the result in paragraph (a) by the district's density index raised to the ~~35/100~~ 1/2 power.

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

Sec. 41. Minnesota Statutes 1994, section 124.225, subdivision 7b, is amended to read:

Subd. 7b. [INFLATION FACTORS.] (a) The adjusted predicted base cost determined for a district under subdivision 7a for the base year must be increased by ~~2.35~~ zero percent to determine the district's regular transportation allowance for the ~~1993-1994~~ 1995-1996 school year ~~and by 3.425 percent to determine the district's regular transportation allowance for the 1994-1995 school year, but.~~

(b) ~~Notwithstanding paragraph (a),~~ the regular transportation allowance for a district for the 1995-1996 school year cannot be less than the district's minimum regular transportation allowance according to Minnesota Statutes 1990, section 124.225, subdivision 1, paragraph (t).

Sec. 42. Minnesota Statutes 1994, 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 by the district in the regular, desegregation, and handicapped categories in the current school year.

(b) ~~For the 1992-1993 and later school years~~ 1995-1996 school year, 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 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~~ 1.0 for the ~~1993-1994~~ 1995-1996 school year ~~and 1.03425 for the 1994-1995 school year.~~

Sec. 43. Minnesota Statutes 1994, section 124.225, subdivision 7f, is amended to read:

Subd. 7f. [RESERVED REVENUE FOR TRANSPORTATION SAFETY.] A district shall reserve an amount equal to the greater of \$1,000 or ~~one percent of the sum of the district's regular transportation revenue according to subdivision 7d, paragraph (a), and nonregular transportation revenue according to subdivision 7d, paragraph (b),~~ \$3 times the number of pupil units served in the district for that school year to provide student transportation safety programs under section 123.799. This revenue may only be used if the district complies with the reporting requirements of section 123.7991, 123.805, 169.452, 169.4582, or 171.321, subdivision 5.

Sec. 44. Minnesota Statutes 1994, section 124.225, subdivision 8a, is amended to read:

Subd. 8a. [TRANSPORTATION AID.] (a) A district's transportation aid equals the product of:

(1) the difference between the transportation revenue and the sum of:

(i) the maximum basic transportation levy for that school year under section ~~275.125~~ 124.226, subdivision ~~§ 1~~, plus

(ii) the maximum nonregular transportation levy for that school year under section 124.226, subdivision 4, plus

(iii) the contracted services aid reduction under subdivision 8k,

(2) times the ratio of the sum of the actual amounts levied under section 124.226, subdivisions 1 and 4, to the sum of the permitted maximum levies under section 124.226, subdivisions 1 and 4.

(b) If the total appropriation for transportation aid for any fiscal year is insufficient to pay all districts the full amount of aid earned, the department of education shall reduce each district's aid

in proportion to the number of resident pupils in average daily membership in the district to the state total average daily membership, and shall reduce the transportation levy of off-formula districts in the same proportion.

Sec. 45. Minnesota Statutes 1994, section 124.225, subdivision 8l, is amended to read:

Subd. 8l. [ALTERNATIVE ATTENDANCE PROGRAMS.] A district that enrolls nonresident pupils in programs under sections 120.062, 120.075, 120.0751, 120.0752, 124C.45 to 124C.48, and 126.22, shall may provide authorized transportation to the pupil within the attendance area for the school that the pupil attends. ~~The state shall pay transportation aid attributable to the pupil to the nonresident district according to this section.~~ The resident district need not provide or pay for transportation between the pupil's residence and the district's border.

Sec. 46. Minnesota Statutes 1994, section 124.225, subdivision 9, is amended to read:

Subd. 9. [DISTRICT REPORTS.] Each district shall report data to the department as required by the department to ~~implement the transportation aid formula account for transportation expenditures. If a district's final transportation aid payment is adjusted after the final aid payment has been made to all districts, the adjustment shall be made by increasing or decreasing the district's aid for the next fiscal year.~~

Sec. 47. Minnesota Statutes 1994, 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. 48. Minnesota Statutes 1994, section 124.226, subdivision 4, is amended to read:

Subd. 4. [NONREGULAR TRANSPORTATION.] A school district may also make a levy for unreimbursed nonregular transportation costs pursuant to this subdivision.

(a) For the 1995-1996 school year, the amount of the levy shall be the result of the following computation:

(a) (1) multiply

(1) (i) the amount of the district's nonregular transportation revenue under section 124.225, subdivision 7d, that is more than the product of ~~\$60~~ \$65 times the district's average daily membership, by

(2) (ii) 50 percent;

(b) (2) subtract the result in clause (a) (1) from the district's total nonregular transportation revenue;

(c) (3) multiply the result in clause (b) (2) by the lesser of one or the ratio of

(i) 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 average daily membership in the district for the school year to which the levy is attributable, to

(ii) \$8,000.

Sec. 49. Minnesota Statutes 1994, section 124.226, subdivision 9, is amended to read:

Subd. 9. [LATE ACTIVITY BUSES.] (a) For taxes payable in 1996, 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 sum of the district's regular transportation revenue and the district's nonregular transportation revenue for that school year according to section 124.225, subdivision 7d.

(b) A district that levies under this section must provide late transportation 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) Notwithstanding section 121.904, 50 percent of the levy certified for taxes payable in 1994, and for each year thereafter the entire amount of this levy, shall be recognized as revenue for the fiscal year in which the levy is certified.

Sec. 50. Minnesota Statutes 1994, 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 previous formula 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 \$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 \$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) (c) 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) (d) 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) (e) 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) (f) 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. 51. Minnesota Statutes 1994, section 124.244, subdivision 1, is amended to read:

Subdivision 1. [REVENUE AMOUNT.] (a) ~~For fiscal year 1995, the capital expenditure equipment revenue for each district equals \$66 times its actual pupil units for the school year.~~

(b) For fiscal years 1996 and later, the capital expenditure equipment revenue for each district equals \$69 times its actual pupil units for the school year.

~~(c) Of a district's capital expenditure equipment revenue, \$3 times its actual pupil units for the school year shall be reserved and used according to subdivision 4, paragraph (b).~~

Sec. 52. Minnesota Statutes 1994, section 124.2445, is amended to read:

124.2445 [PURCHASE OF CERTAIN EQUIPMENT.]

The board of a school district may issue certificates of indebtedness or capital notes subject to the school district debt limits to purchase vehicles other than school buses, computers, telephone systems, cable equipment, photocopy and office equipment, technological equipment for instruction, and other capital equipment having an expected useful life at least as long as the terms of the certificates or notes. The certificates or notes must be payable in not more than five years and must be issued on the terms and in the manner determined by the board. The certificates or notes may be issued by resolution and without the requirement for an election. A tax levy must be made for the payment of the principal and interest on the certificates or notes, in accordance with section 475.61, as in the case of bonds. That tax levy for each year must not exceed the amount of the district's total operating capital expenditure equipment levy under section 124.244 revenue for the year the initial debt service levies are certified. The district's capital expenditure levy under section 124.244 general education levy for each year must be reduced by the amount of the tax levies for debt service certified for each year for payment of the principal and interest on the certificates or notes as required by section 475.61.

Sec. 53. Minnesota Statutes 1994, 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 commissioner according to section 122.243 and it levied under subdivision 3 for taxes payable in 1995.

Sec. 54. Minnesota Statutes 1994, section 124.2725, subdivision 3, is amended to read:

Subd. 3. [COOPERATION AND COMBINATION LEVY.] To obtain cooperation and combination revenue, a district may levy an amount equal to the cooperation and combination revenue multiplied by the lesser of one or the following ratio:

(1) the quotient derived by dividing the adjusted net tax capacity for the district in the year preceding the year the levy is certified by the actual pupil units in the district for the year to which the levy is attributable, to

(2) the ~~percentage~~, amount specified in subdivision 4, ~~of the equalizing factor~~ for the school year to which the levy is attributable.

Sec. 55. Minnesota Statutes 1994, 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 amount~~ in subdivision 3, clause (2), shall be:

(1) ~~50 percent~~ \$4,707.50 for the first year of combination; and

(2) ~~25 percent~~ \$2,353.75 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~~ \$9,415 for the first year of combination;

(2) ~~75 percent~~ \$7,061.25 for the second year of combination;

(3) ~~50 percent~~ \$4,707.50 for the third year of combination; and

(4) ~~25 percent~~ \$2,353.75 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~~ \$9,415 for the first year of cooperation;
- (2) ~~75 percent~~ \$7,061.25 for the first year of combination;
- (3) ~~50 percent~~ \$4,707.50 for the second year of combination; and
- (4) ~~25 percent~~ \$2,353.75 for the third year of combination.

(d) For districts that combine after two years of cooperation, the percentage in subdivision 3, clause (2), shall be:

- (1) ~~100 percent~~ \$9,415 for the first year of cooperation;
- (2) ~~75 percent~~ \$7,061.25 for the second year of cooperation;
- (3) ~~50 percent~~ \$4,707.50 for the first year of combination; and
- (4) ~~25 percent~~ \$2,353.75 for the second year of combination.

Sec. 56. Minnesota Statutes 1994, section 124.2725, subdivision 15, is amended to read:

Subd. 15. [RETIRESMENT AND SEVERANCE LEVY.] A cooperating or combined district that levied under subdivision 3 for taxes payable in 1995 may levy for severance pay or early retirement incentives for licensed and nonlicensed employees who retire early as a result of the cooperation or combination.

Sec. 57. Minnesota Statutes 1994, section 124.2726, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY AND USE.] A school district that has been reorganized after June 30, 1994, under section 122.23 and has not received revenue under section 124.2725 is eligible for consolidation transition revenue. Revenue is equal to the sum of aid under subdivision 2 and levy under subdivision 3. Consolidation transition revenue may only be used according to this section. Revenue must initially be used for the payment of district costs for the early retirement incentives granted by the district under section 122.23, subdivision 20. Any revenue under subdivision 2 remaining after the payment of district costs for the early retirement incentives must be used to reduce operating debt as defined in section 121.915. Any additional aid remaining after the reduction of operating debt must be deposited in the district's general fund. Revenue must be used for the following purposes and may be distributed among these purposes at the discretion of the district:

- (1) to offer early retirement incentives as provided by section 122.23, subdivision 20;
- (2) to reduce operating debt as defined in section 121.915;
- (3) to enhance learning opportunities for students in the reorganized district; and
- (4) for other costs incurred in the reorganization.

Revenue received and utilized under clause (3) or (4) may be expended for operating, facilities, and/or equipment. Revenue received under this section shall not be included in the determination of the reduction under section 124A.26, subdivision 1.

Sec. 58. Minnesota Statutes 1994, section 124.2726, subdivision 2, is amended to read:

Subd. 2. [AID.] (a) Consolidation transition aid is equal to \$200 times the number of actual pupil units in the newly created district in the year of consolidation and \$100 times the number of actual pupil units in the first year following the year of consolidation. The number of pupil units used to calculate aid in either year shall not exceed 1,000 for districts consolidating July 1, 1994, and 1,500 for districts consolidating July 1, 1995, and thereafter.

(b) If the total appropriation for consolidation transition aid for any fiscal year, plus any amount transferred under section 124.14, subdivision 7, is insufficient to pay all districts the full amount of aid earned, the department of education shall first pay the districts in the first year following the year of consolidation the full amount of aid earned and distribute any remaining funds to the newly created districts in the first year of consolidation.

Sec. 59. Minnesota Statutes 1994, section 124.2726, subdivision 4, is amended to read:

Subd. 4. [NEW DISTRICTS.] If a district consolidates with another district that has received ~~consolidation transition aid under 124.2725 or 124.2726~~ within six years of the effective date of the new consolidation, only the pupil units in the district or districts not previously reorganized shall be counted for aid purposes under subdivision 2. If two or more districts consolidate and both all districts received aid under subdivision 2 within six years of the effective date of the new consolidation, only one quarter of the pupil units in the newly created district shall be used to determine aid under subdivision 2.

Sec. 60. Minnesota Statutes 1994, section 124.2727, subdivision 6d, is amended to read:

Subd. 6d. [REVENUE USES.] (a) 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.

(b) A district that was a member of an intermediate school district organized pursuant to chapter 136D on July 1, 1994, and that has fewer than 25,000 actual pupil units must place its district cooperation revenue in a reserved account and must allocate a portion of the reserved revenue for instructional services from entities formed for cooperative services for special education programs and secondary vocational programs. The allocated amount is equal to the levy made according to section 124.2727, subdivision 6, for taxes payable in 1994 divided by the actual pupil units in the intermediate school district for fiscal year 1995 times the number of actual pupil units in the school district in 1995. The district must use 5/11 of the revenue for special education and 6/11 of the revenue for secondary vocational education. The district must demonstrate that the revenue is being used to provide the full range of special education and secondary vocational programs and services available to each child served by the intermediate. The secondary vocational programs and service must meet the requirements established in an articulation agreement developed between the state board of education and the higher education board.

(c) A district that was not a member of an intermediate district organized under chapter 136D on July 1, 1994, must spend at least \$9 per pupil unit of its district cooperation revenue on secondary vocational programs.

Sec. 61. Minnesota Statutes 1994, section 124.2728, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] A school district that reorganizes under section 122.23 or sections 122.241 to 122.248 effective on ~~or after~~ July 1, 1994, is eligible for special consolidation aid under this section. A district may receive aid under this section for only three years.

Sec. 62. Minnesota Statutes 1994, 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 elementary or secondary 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 elementary or secondary 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;

(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. 63. Minnesota Statutes 1994, 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 ~~50 percent of the equalizing factor~~ \$4,707.50.

Sec. 64. Minnesota Statutes 1994, section 124.84, subdivision 3, is amended to read:

Subd. 3. [LEVY AUTHORITY.] The district may levy up to \$300,000 under this section, as approved by the commissioner. The approved amount may be levied over ~~five~~ eight or fewer years.

Sec. 65. Minnesota Statutes 1994, 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 or personal property under an installment contract or may lease real or personal 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.

(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.~~

~~(g)~~ For the purposes of this subdivision, any references in subdivision 1 to building or land shall be deemed to include personal property.

Sec. 66. Minnesota Statutes 1994, section 124.912, subdivision 1, is amended to read:

Subdivision 1. [STATUTORY OBLIGATIONS.] ~~(a)~~ A school district may levy the amounts necessary to pay the district's obligations under section 6.62; the amount authorized for liabilities of dissolved districts pursuant to section 122.45; the amounts necessary to pay the district's obligations under section 268.06, subdivision 25; the amounts necessary to pay for job placement services offered to employees who may become eligible for benefits pursuant to section 268.08; the amounts necessary to pay the district's obligations under section 127.05; the amounts authorized by section 122.531; the amounts necessary to pay the district's obligations under section 122.533; and for severance pay required by sections 120.08, subdivision 3, and 122.535, subdivision 6.

~~(b) An education district that negotiates a collective bargaining agreement for teachers under section 122.937 may certify to the department of education the amount necessary to pay all of the member districts' obligations and the education district's obligations under section 268.06, subdivision 25.~~

~~The department of education must allocate the levy amount proportionately among the member districts based on adjusted net tax capacity. The member districts must levy the amount allocated.~~

~~(c) Each year, a member district of an education district that levies under this subdivision must transfer the amount of revenue certified under paragraph (b) to the education district board according to this subdivision. By June 20 and November 30 of each year, an amount must be transferred equal to:~~

~~(1) 50 percent times~~

~~(2) the amount certified in paragraph (b) minus homestead and agricultural credit aid allocated for that levy according to section 273.1398, subdivision 6.~~

Sec. 67. Minnesota Statutes 1994, section 124.916, subdivision 2, is amended to read:

Subd. 2. [RETIRED EMPLOYEE HEALTH BENEFITS.] For taxes payable in ~~1994~~ 1996 and 1995 1997 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. 68. Minnesota Statutes 1994, section 124.918, subdivision 1, is amended to read:

Subdivision 1. [CERTIFY LEVY LIMITS.] By September ~~4~~ 8, the commissioner shall notify the school districts of their levy limits. The commissioner shall certify to the county auditors the levy limits for all school districts headquartered in the respective counties together with adjustments for errors in levies not penalized pursuant to section 124.918, subdivision 3, as well as adjustments to final pupil unit counts. A school district may require the commissioner to review the certification and to present evidence in support of modification of the certification.

The county auditor shall reduce levies for any excess of levies over levy limitations pursuant to section 275.16. Such reduction in excess levies may, at the discretion of the school district, be spread over two calendar years.

Sec. 69. Minnesota Statutes 1994, section 124.918, subdivision 2, is amended to read:

Subd. 2. [NOTICE TO COMMISSIONER; FORMS.] By September ~~15~~ 30 of each year each district shall notify the commissioner of education of the proposed levies in compliance with the levy limitations of this chapter and chapters 124A, 124B, 136C, and 136D. By January 15 of each year each district shall notify the commissioner of education of the final levies certified. The commissioner of education shall prescribe the form of these notifications and may request any additional information necessary to compute certified levy amounts.

Sec. 70. Minnesota Statutes 1994, 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 elementary or secondary 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. 71. Minnesota Statutes 1994, section 124.95, subdivision 4, is amended to read:

Subd. 4. [EQUALIZED DEBT SERVICE LEVY.] To obtain debt service equalization revenue, a district must levy an amount not to exceed the district's debt service equalization 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 school year ending in the year prior to the year the levy is certified; to

(2) ~~50 percent of the equalizing factor as defined in section 124A.02, subdivision 8, for the year to which the levy is attributable~~ \$4,707.50.

Sec. 72. Minnesota Statutes 1994, section 124.95, subdivision 6, is amended to read:

Subd. 6. [DEBT SERVICE EQUALIZATION AID PAYMENT SCHEDULE.] Debt service equalization aid must be paid as follows: ~~one-third 30 percent before September 15, one-third 30 percent before December 15, and one-third 25 percent before March 15 of each year, and a final payment of 15 percent by July 15 of the subsequent fiscal year.~~

Sec. 73. Minnesota Statutes 1994, section 124.961, is amended to read:

124.961 [DEBT SERVICE APPROPRIATION.]

(a) ~~\$17,000,000 in fiscal year 1994, \$26,000,000 in fiscal year 1995, and \$31,600,000 \$30,054,000 in fiscal year 1996, \$27,370,000 in fiscal year 1997, 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 1997 appropriation includes \$3,000,000 for 1993 and \$14,000,000 for 1994~~ \$27,370,000 for 1997.

(b) 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. 74. Minnesota Statutes 1994, section 124A.03, subdivision 1c, is amended to read:

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

(1) the district's referendum allowance for fiscal year 1994; or

(2) 25 percent of the formula allowance for fiscal year 1995 ~~and later.~~

Sec. 75. Minnesota Statutes 1994, section 124A.03, subdivision 1g, is amended to read:

Subd. 1g. [REFERENDUM EQUALIZATION LEVY.] (a) For fiscal year 1996, 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 100 percent of the equalizing factor as defined in section 124A.02, subdivision 8.

(b) For fiscal year 1997 and thereafter, a district's referendum equalization levy for a referendum levied against the referendum market value of all taxable property as defined in section 124A.02, subdivision 3b, equals the district's referendum equalization revenue times the lesser of one or the ratio of the district's referendum market value per actual pupil unit to \$476,000.

(c) For fiscal year 1997 and thereafter, a district's referendum equalization levy for a referendum levied against the net tax capacity of all taxable property 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 \$9,937.

Sec. 76. Minnesota Statutes 1994, section 124A.03, subdivision 1h, is amended to read:

Subd. 1h. [REFERENDUM EQUALIZATION AID.] (a) A district's referendum equalization aid equals the difference between its referendum equalization revenue and levy.

(b) ~~For fiscal year 1993, a district's referendum equalization aid is equal to one-third of the amount calculated in clause (a).~~

(c) ~~For fiscal year 1994, a district's referendum equalization aid is equal to two-thirds of the amount calculated in clause (a).~~

(4) If a district's actual levy for referendum equalization revenue is less than its maximum levy limit, aid shall be proportionately reduced.

Sec. 77. Minnesota Statutes 1994, section 124A.03, subdivision 2, is amended to read:

Subd. 2. [REFERENDUM REVENUE.] (a) The revenue authorized by section 124A.22, subdivision 1, or the revenue for targeted needs pupils or community and family support activities may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum shall be conducted during the one or two calendar year years before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under paragraph (g), the referendum must be held on the first Tuesday after the first Monday in November. The ballot shall state the maximum amount of the increased revenue per actual pupil unit, the estimated referendum tax rate as a percentage of market value in the first year it is to be levied, and that the revenue shall be used to finance school operations. The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot shall designate the specific number of years, not to exceed ten, for which the referendum authorization shall apply. The notice required under section 275.60 may be modified to read, in cases of renewing existing levies:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU MAY BE VOTING FOR A PROPERTY TAX INCREASE."

The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the revenue proposed by (petition to) the board of, School District No. ..., be approved?"

If approved, an amount equal to the approved revenue per actual pupil unit times the actual pupil units for the school year beginning in the year after the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The school board shall prepare and deliver by first class mail at least 15 days but no more than 30 days prior to the day of the referendum to each taxpayer a notice of the referendum and the proposed revenue increase. The school board need not mail more than one notice to any taxpayer. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice for a referendum may state that an existing referendum levy is expiring and project the anticipated amount of increase over the existing referendum levy, if any, in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes." However, in cases of renewing existing levies, the notice may include the following statement: "Passage of this referendum may result in an increase in your property taxes."

(c) A referendum on the question of revoking or reducing the increased revenue amount authorized pursuant to paragraph (a) may be called by the school board and shall be called by the

school board upon the written petition of qualified voters of the district. A referendum to revoke or reduce the levy amount must be based upon the dollar amount, local tax rate, or amount per actual pupil unit, that was stated to be the basis for the initial authorization. Revenue approved by the voters of the district pursuant to paragraph (a) must be received at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce referendum revenue for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) shall be effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the school district on the day the petition is filed with the school board. A referendum invoked by petition shall be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) At least 15 days prior to the day of the referendum, the district shall submit a copy of the notice required under paragraph (b) to the commissioner of education. Within 15 days after the results of the referendum have been certified by the school board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district shall notify the commissioner of education of the results of the referendum.

(g) Except for a referendum held under subdivision 2b, any referendum under this section held on a day other than the first Tuesday after the first Monday in November must be conducted by mail in accordance with section 204B.46. Notwithstanding paragraph (b) to the contrary, in the case of a referendum conducted by mail under this paragraph, the notice required by paragraph (b) shall be prepared and delivered by first class mail at least 20 days before the referendum.

Sec. 78. Minnesota Statutes 1994, section 124A.22, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION REVENUE.] (a) For fiscal year 1996, the general education revenue for each district equals the sum of the district's basic revenue, compensatory education revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, and supplemental revenue.

(b) For fiscal year 1997 and thereafter, the general education revenue for each district equals the sum of the district's basic revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, transition revenue, and supplemental revenue.

Sec. 79. Minnesota Statutes 1994, 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 ~~fiscal years 1993 and 1994 is \$3,050. The formula allowance for fiscal year years 1995 and subsequent fiscal years and 1996 is \$3,150. The formula allowance for fiscal year 1997 and subsequent fiscal years is \$3,446.~~

Sec. 80. Minnesota Statutes 1994, section 124A.22, subdivision 3, is amended to read:

Subd. 3. [FISCAL YEAR 1996 COMPENSATORY EDUCATION REVENUE.] ~~(a) For fiscal year 1992, the compensatory education revenue for each district equals the formula allowance times the AFDC pupil units counted according to section 124.17, subdivision 1b.~~

~~(b) For fiscal year 1993 and thereafter, For fiscal year 1996, the maximum compensatory education revenue for each district equals the formula allowance times the AFDC pupil units computed according to section 124.17, subdivision 1d.~~

~~(c) For fiscal year 1993 and thereafter, the previous formula compensatory education revenue for each district equals the formula allowance times the AFDC pupil units computed according to section 124.17, subdivision 1b.~~

~~(d) For fiscal year 1993, the compensatory education revenue for each district equals the~~

~~district's previous formula compensatory revenue plus one fourth of the difference between the district's maximum compensatory education revenue and the district's previous formula compensatory education revenue.~~

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

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

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

Sec. 81. Minnesota Statutes 1994, section 124A.22, subdivision 4, is amended to read:

Subd. 4. [TRAINING AND EXPERIENCE REVENUE.] (a) ~~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) The maximum For fiscal year 1996, the 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 \$660 times the actual pupil units for the school year.~~

~~(c) 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.~~

~~(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.~~

~~(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. 82. Minnesota Statutes 1994, section 124A.22, subdivision 4a, is amended to read:

Subd. 4a. [FISCAL YEAR 1996 TRAINING AND EXPERIENCE LEVY.] A district's training and experience levy for fiscal year 1996 equals its training and experience 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.

Sec. 83. Minnesota Statutes 1994, section 124A.22, subdivision 4b, is amended to read:

Subd. 4b. [FISCAL YEAR 1996 TRAINING AND EXPERIENCE AID.] A district's training and experience aid for fiscal year 1996 equals its training and experience revenue minus its training and experience levy times the ratio of the actual amount levied to the permitted levy.

Sec. 84. Minnesota Statutes 1994, 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, \$3,150~~ 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 1.5 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. 85. Minnesota Statutes 1994, section 124A.22, subdivision 6a, is amended to read:

Subd. 6a. [ELEMENTARY SPARSITY REVENUE.] A district's elementary sparsity revenue equals the sum of the following amounts for each qualifying elementary school in the district:

- (1) ~~the formula allowance for the year, \$3,150~~ multiplied by
- (2) the elementary average daily membership of the school, multiplied by
- (3) the quotient obtained by dividing 140 minus the elementary average daily membership by 140 plus the average daily membership.

Sec. 86. Minnesota Statutes 1994, section 124A.22, subdivision 8a, is amended to read:

Subd. 8a. [SUPPLEMENTAL LEVY.] To obtain supplemental revenue, a district may levy an amount not more than the product of its supplemental revenue for the school year times the lesser of one or the ratio of its general education levy to its general education revenue, excluding ~~training and experience~~ transition revenue and supplemental revenue, for the same year.

Sec. 87. Minnesota Statutes 1994, section 124A.22, subdivision 9, is amended to read:

Subd. 9. [SUPPLEMENTAL REVENUE REDUCTION.] 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 1996, 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~~ \$100.

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

Sec. 88. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 10. [TOTAL OPERATING CAPITAL REVENUE.] (a) For fiscal year 1997 and thereafter, total operating capital revenue for a district equals the amount determined under paragraph (b), (c), (d), (e), or (f), plus \$128 times the actual pupil units for the school year. The revenue must be placed in a reserved account in the general fund and may only be used according to subdivision 11.

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

(c) 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.

(d) 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.

(e) 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.

(f) 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.

(g) 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. 89. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 11. [USES OF TOTAL OPERATING CAPITAL REVENUE.] Total operating capital 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, 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;

(16) by school board resolution, to 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;

(17) to pay capital expenditure equipment-related assessments of any entity formed under a cooperative agreement between two or more districts;

(18) to purchase or lease computers and related materials, copying machines, telecommunications equipment, and other noninstructional equipment;

(19) to purchase or lease assistive technology or equipment for instructional programs;

(20) to purchase textbooks;

(21) to purchase new and replacement library books;

(22) to purchase vehicles; and

(23) to purchase or lease telecommunications equipment, computers, and related equipment for integrated information management systems for:

(i) managing and reporting learner outcome information for all students under a results-oriented graduation rule;

(ii) managing student assessment, services, and achievement information required for students with individual education plans; and

(iii) other classroom information management needs.

Sec. 90. Minnesota Statutes 1994, section 124A.22, 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. 91. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 13. [TRANSPORTATION SPARSITY DEFINITIONS.] The definitions in this subdivision apply to subdivisions 13a and 13b.

(a) "Sparsity index" for a school district means the greater of .2 or the ratio of the square mile area of the school district to the actual pupil units of the school district.

(b) "Density index" for a school district means the ratio of the square mile area of the school district to the actual pupil units of the school district. However, the density index for a school district cannot be greater than .2 or less than .005.

(c) "Fiscal year 1996 base allowance" for a school district means the result of the following computation:

(1) sum the following amounts:

(i) the fiscal year 1996 regular transportation revenue for the school district according to section 124.225, subdivision 7d, paragraph (a), excluding the revenue attributable nonpublic school pupils and to pupils with disabilities receiving special transportation services; plus

(ii) the fiscal year 1996 nonregular transportation revenue for the school district according to section 124.225, subdivision 7d, paragraph (b), excluding the revenue for desegregation transportation according to section 124.225, subdivision 1, paragraph (c), clause (4), and the revenue attributable nonpublic school pupils and to pupils with disabilities receiving special transportation services or board and lodging; plus

(iii) the fiscal year 1996 excess transportation levy for the school district according to section 124.226, subdivision 5, excluding the levy attributable to nonpublic school pupils; plus

(iv) the fiscal year 1996 late activity bus levy for the school district according to section 124.226, subdivision 9, excluding the levy attributable to nonpublic school pupils; plus

(v) an amount equal to one-third of the fiscal year 1996 bus depreciation for the school district according to section 124.225, subdivision 1, paragraph (b), clauses (2), (3), and (4).

(2) divide the result in paragraph (c), clause (1), by the school districts 1995-96 actual pupil units.

Sec. 92. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 13a. [TRANSPORTATION SPARSITY REVENUE ALLOWANCE.] (a) A district's transportation sparsity allowance equals the greater of zero or the result of the following computation:

(i) Multiply the formula allowance according to section 124A.22, subdivision 2, by .146.

(ii) Multiply the result in clause (i) by the district's sparsity index raised to the 26/100 power.

(iii) Multiply the result in clause (ii) by the district's density index raised to the 13/100 power.

(iv) Multiply the formula allowance according to section 124A.22, subdivision 2, by .047.

(v) Subtract the result in clause (iv) from the result in clause (iii).

(b) Transportation sparsity revenue is equal to the transportation sparsity allowance times the actual pupil units.

Sec. 93. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 13b. [TRANSITION ALLOWANCE.] (a) A district's transportation transition allowance for fiscal year 1997 equals the result of the following computation:

(1) if the result in subdivision 13a, paragraph (a), clause (iii), for fiscal year 1997 is less than the fiscal year 1996 base allowance, the transportation transition allowance equals the fiscal year 1996 base allowance minus the result in section 124A.22, subdivision 13a, paragraph (a), clause (iii).

(2) if the result in subdivision 13a, paragraph (b), for fiscal year 1997 is greater than the fiscal year 1996 base allowance and less than 110 percent of the fiscal year 1996 base allowance, the transportation transition allowance equals zero.

(3) if the result in subdivision 13a, paragraph (b), for fiscal year 1997 is greater than 110 percent of the fiscal year 1996 base allowance, the transportation transition allowance equals 110 percent of the fiscal year 1996 base allowance minus the result in subdivision 13a, paragraph (a), clause (iii).

(b) A district's training and experience transition allowance is equal to the training and experience revenue the district would have received under section 124A.22, subdivision 4, divided by the actual pupil units for fiscal year 1997 minus \$129. The allowance shall not be less than zero.

(c) A district's transition allowance for fiscal year 1997 is equal to the sum of its transportation transition allowance and its training and experience transition allowance.

(d) A district's transition allowance for fiscal year 1998 equals 75 percent of the district's fiscal year 1997 transition allowance.

(e) A district's transition allowance for fiscal year 1999 equals 50 percent of the district's fiscal year 1997 transition allowance.

(f) A district's transition allowance for fiscal year 2000 equals 25 percent of the district's fiscal year 1997 transition allowance.

Sec. 94. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 13c. [TRANSITION REVENUE ADJUSTMENT.] A district's transition revenue adjustment equals the district's transition allowance times the actual pupil units for the school year.

Sec. 95. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 13d. [TRANSITION LEVY ADJUSTMENT.] A district's general education levy shall be adjusted by an amount equal to the district's transition revenue times the lesser of 1 or the ratio of the district's general education levy to its general education revenue, excluding transition revenue and supplemental revenue.

Sec. 96. Minnesota Statutes 1994, section 124A.22, is amended by adding a subdivision to read:

Subd. 13e. [TRANSITION AID ADJUSTMENT.] A district's transition aid adjustment is the difference between the transition revenue and the transition levy.

Sec. 97. Minnesota Statutes 1994, section 124A.225, subdivision 1, is amended to read:

Subdivision 1. [REVENUE.] Of a district's general education revenue an amount equal to the sum of the number of elementary fund balance pupils in average daily membership defined in section 124.17, subdivision 1, ~~clause (f)~~ 1h, and one-half of the number of kindergarten fund balance pupils in average daily membership as defined in section 124.17, subdivision 1, ~~clause (e)~~ 1h, times .03 for fiscal year ~~1994~~ 1996 and ~~.06~~ 0.1 for fiscal year ~~1995~~ 1997 and thereafter times the formula allowance must be reserved according to this section.

Sec. 98. Minnesota Statutes 1994, 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 this subdivision. The general education tax rate shall be the rate that raises ~~\$1,044,000,000 for fiscal year 1995 and \$1,054,000,000~~ \$1,359,886,000 for fiscal year ~~1996~~ 1997 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. 99. Minnesota Statutes 1994, section 124A.23, subdivision 4, is amended to read:

Subd. 4. [GENERAL EDUCATION AID.] A district's general education aid is the sum of the following amounts:

(1) the product of (i) the difference between the general education revenue, ~~excluding training and experience transition~~ revenue and supplemental revenue, and the general education levy, times (ii) the ratio of the actual amount levied to the permitted levy;

(2) ~~training and experience transition~~ aid according to section 124A.22, subdivision 4b 13e;

(3) supplemental aid according to section 124.214, subdivision 2;

(4) (3) shared time aid according to section 124A.02, subdivision 21; and

(5) (4) referendum aid according to section 124A.03.

Sec. 100. Minnesota Statutes 1994, 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 transition~~ revenue and supplemental revenue, for the same school year, according to section 124A.22.

Sec. 101. Minnesota Statutes 1994, section 124A.29, is amended to read:

124A.29 [RESERVED REVENUE FOR STAFF DEVELOPMENT.]

Subdivision 1. [STAFF DEVELOPMENT AND PARENTAL INVOLVEMENT REVENUE.]

(a) Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to ~~one percent in fiscal year 1994~~, two percent in fiscal year 1995, and 2.5 percent in fiscal year 1996 and thereafter times the formula allowance times the number of actual total fund balance pupil units shall be reserved and may be used only for in-service education for programs under section 126.77, subdivision 2, or for staff development plans, including plans for challenging instructional activities and experiences under section 126.70. Districts may expend an additional amount of basic revenue for staff development based on their needs. The school board shall initially allocate 50 percent of the revenue to each school site in the district on a per teacher basis, which shall be retained by the school site until used. 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 authorized under section 126.70 or 126.77, subdivision 2, and 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~~ actual total fund balance pupil units must be reserved and may be used only to provide parental involvement programs that implement section 126.69. Parental involvement programs may include career teacher programs, programs promoting parental involvement in the PER process, coordination of volunteer services, participation in developing, implementing, or evaluating school desegregation/integration plans, and programs designed to encourage community involvement.

Subd. 2. [CAREER TEACHER STAFF DEVELOPMENT.] Of a district's basic revenue under section 124A.22, subdivision 2, an amount equal to \$5 times the number of actual total fund balance pupil units shall be reserved by a district operating a career teacher program according to sections 125.701 to 125.705. The revenue may be used only to provide staff development for the career teacher program.

Sec. 102. Minnesota Statutes 1994, section 124C.60, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] Two or more districts that have consolidated under section 122.23 or combined under sections 122.241 to 122.248, are eligible for a capital facilities grant of up to \$100,000 \$200,000 for fiscal year 1995 and \$100,000 thereafter under this section. To qualify the following criteria must be met:

- (1) the proposed facility changes are part of the plan according to section 122.242, subdivision 10, or the plan adopted by the reorganized district according to section 124.243, subdivision 1;
- (2) the changes proposed to a facility must be needed to accommodate changes in the educational program due to the reorganization;
- (3) the utilization of the facility for educational programs is at least 85 percent of capacity; and
- (4) the grant will be used only to remodel or improve existing facilities.

Sec. 103. Minnesota Statutes 1994, 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 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) 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
- (10) speaks English as a second language or has limited English proficiency; or

(b) 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 reemployment insurance benefits or has exhausted the benefits, (ii) is eligible for, or is receiving income maintenance and support services, as defined in section 268.0111, subdivision 5, or (iii) is eligible for services under the displaced homemaker program, state wage-subsidy program, or any programs under the federal Jobs Training Partnership Act or its successor.

Sec. 104. Minnesota Statutes 1994, 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), 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 serving school district 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. If a school board elects not to enter into a contract under this subdivision, the school may appeal the school board's decision to the state board of education if two members of the school board voted to enter into a contract with the school. If the state board authorizes the school to participate in the program, the state board shall enter into a contract with the school.

Sec. 105. Minnesota Statutes 1994, 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 determined according to section 124.248, subdivisions 1 to 3, of the district to the eligible program and 12 percent of the basic revenue determined according to section 124.248, subdivisions 1 to 3, 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 determined according to section 124.248, subdivisions 1 to 3, to the eligible program if there is an agreement to that effect between the school district and the eligible program.

Sec. 106. Minnesota Statutes 1994, section 126.23, is amended to read:

126.23 [AID FOR PRIVATE ALTERNATIVE PROGRAMS.]

If a pupil enrolls in an alternative program, eligible under section 126.22, subdivision 3, paragraph (d), or subdivision 3a, operated by a private organization that has contracted with a school district to provide educational services for eligible pupils under section 126.22, subdivision 2, the district contracting with the private organization must reimburse the provider an amount equal to at least 88 percent of the basic revenue determined according to section 124.248, subdivisions 1 to 3, of the district for each pupil attending the program full time. For a pupil attending the program part time, basic revenue paid to the program shall be reduced proportionately, according to the amount of time the pupil attends the program, and basic revenue paid to the district shall be reduced accordingly. Pupils for whom a district provides reimbursement may not be counted by the district for any purpose other than computation of basic revenue, according to section 124A.22, subdivision 2 determined according to section 124.248, subdivisions 1 to 3. If payment is made to a district or program for a pupil under this section, the department of education shall not make a payment for the same pupil under section 126.22, subdivision 8.

Sec. 107. Minnesota Statutes 1994, section 268.06, subdivision 27, is amended to read:

Subd. 27. [METHOD OF PAYMENT BY POLITICAL SUBDIVISION TO FUND.] Effective January 1, 1974, a political subdivision or instrumentality thereof is hereby authorized and directed to pay its obligations under subdivision 25 by moneys collected from taxes or other revenues. Each and every political subdivision authorized to levy taxes may include in its tax levy the amount necessary to pay such obligations. If the taxes authorized to be levied under this subdivision cause the total amount of taxes levied to exceed any limitation whatsoever upon the power of a political subdivision to levy taxes, such political subdivision, except school districts, may levy taxes in excess of the limitations in such amounts as is necessary to meet its obligation under subdivision 25. The expenditures authorized to be made under subdivision 25 shall not be

included in computing the cost of government as defined in any home rule charter of any city affected thereby. The governing body of a municipality, for the purpose of meeting its liabilities under subdivision 25, in the event of a deficit, may issue its obligations payable in not more than two years, in an amount which may cause its indebtedness to exceed any statutory or charter limitations, without an election, and may levy taxes to pay therefor in the manner provided in section 475.61.

Sec. 108. Minnesota Statutes 1994, section 275.065, subdivision 1, is amended to read:

Subdivision 1. [PROPOSED LEVY.] (a) Notwithstanding any law or charter to the contrary, on or before September 15, each taxing authority, other than a school district, shall adopt a proposed budget and ~~each taxing authority~~ shall certify to the county auditor the proposed or, in the case of a town, the final property tax levy for taxes payable in the following year.

(b) On or before September 30, each school district shall certify to the county auditor the proposed property tax levy for taxes payable in the following year. The school district may certify the proposed levy as:

(1) a specific dollar amount; or

(2) an amount equal to the maximum levy limitation certified by the commissioner of education to the county auditor according to section 124.918, subdivision 1.

(c) If the board of estimate and taxation or any similar board that establishes maximum tax levies for taxing jurisdictions within a first class city certifies the maximum property tax levies for funds under its jurisdiction by charter to the county auditor by September 15, the city shall be deemed to have certified its levies for those taxing jurisdictions.

(d) For purposes of this section, "taxing authority" includes all home rule and statutory cities, towns, counties, school districts, and special taxing districts as defined in section 275.066. Intermediate school districts that levy a tax under chapter 124 or 136D, joint powers boards established under sections 124.491 to 124.495, and common school districts No. 323, Franconia, and No. 815, Prinsburg, are also special taxing districts for purposes of this section.

Sec. 109. Minnesota Statutes 1994, section 275.60, is amended to read:

275.60 [LEVY OR BOND REFERENDUM; BALLOT NOTICE.]

Notwithstanding any general or special law or any charter provisions, but subject to section 124A.03, subdivision 2, any question submitted to the voters by any local governmental subdivision at a general or special election after the day of final enactment, authorizing a property tax levy or tax rate increase, including the issuance of debt obligations payable in whole or in part from property taxes, must include on the ballot the following notice in boldface type.

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE."

For purposes of this section and section 275.61, "local governmental subdivision" includes counties, home rule and statutory cities, towns, school districts, and all special taxing districts. This statement is in addition to any general or special laws or any charter provisions that govern the contents of a ballot question.

This section does not apply to a school district bond election if the debt service payments are to be made entirely from transfers of revenue from the capital fund to the debt service fund.

Sec. 110. Minnesota Statutes 1994, section 469.1831, subdivision 4, is amended to read:

Subd. 4. [PROGRAM MONEY; DISTRIBUTION AND RESTRICTIONS.] (a) Neighborhood revitalization program money may only be expended in accordance with the program for a purpose listed in subdivision 3 or this subdivision. Program money may not be used in those project areas of the city where the city determines that private investment will be sufficient to provide for development and redevelopment of the project area without public sector assistance, except in cases where program money is being used to remove or rehabilitate structurally

substandard or obsolete buildings. Revenues derived from tax increments may only be expended for the purposes otherwise permitted by law, except that notwithstanding any law to the contrary, the city must pay at least the following amount of program money, including revenues derived from tax increments: (1) 15 percent to the school district, (2) 7.5 percent to the county, and (3) 7.5 percent for social services. Payment must be made to the county and school district within 15 days after the city receives the distribution of increment revenues, provided that the payment for calendar year 1990 may be made at any time during the year. Payment to the county for social services delivery shall be paid only after approval of program and spending plans under paragraph (b). Payment to the school district for education programs and services shall be paid only after approval of program and spending plans under paragraph (b).

(b) The money distributed to the county in a calendar year must be deducted from the county's levy limit for the following calendar year. In calculating the county's levy limit base for later years, the amount deducted must be treated as a local government aid payment.

The city must notify the commissioner of education of the amount of the payment made to the school district for the year. The commissioner shall deduct from the school district's state education aid payments one-half of the amount received by the school district.

The program money paid to the school district by the city less any amount of state aid deducted by the commissioner must be expended for additional education programs and services in accordance with the program. The amounts expended by the school district may not replace existing services.

The money for social services must be paid to the county for the cost of the provision of social services under the plan, as approved by the policy board and the county board.

(c) The city must expend on housing programs and related purposes as provided by the program at least 75 percent of the program money, after deducting the payments to the school district and county.

(d) Notwithstanding any other provisions of law to the contrary, for a city of the first class qualifying under section 469.1781, paragraph (a), program money and money described in Laws 1990, chapter 604, article 7, section 29, as amended, may be expended anywhere within the city by the authority for a purpose permitted by this section for any political subdivision without compliance with section 469.175, subdivision 4, and such money shall be deemed to be expended for a purpose that is a permitted project under section 469.176 and for a purpose that is permitted under section 469.176 for the district from which the increment was received.

Sec. 111. [ALTERNATIVE DEBT SERVICE PLAN.]

Notwithstanding the procedures for dealing with outstanding debt in Minnesota Statutes, section 122.23, subdivision 16, independent school district Nos. 789, Clarissa, and 790, Eagle Bend may develop an alternative plan for meeting debt service for bonds outstanding at the time of reorganization. That plan may provide for the obligation of paying bonds outstanding at the time of reorganization to remain with the district that originally issued the bonds except that the plan may provide for independent school district No. 790, Eagle Bend when its outstanding debt is paid off, to continue making a debt levy and contribute the proceeds of that levy towards the outstanding debt of independent school district No. 789, Clarissa. This debt plan must be approved by the commissioner of education as in Minnesota Statutes, section 122.23, subdivision 6. Any contributions toward the debt of independent school district No. 789, Clarissa, by independent school district No. 790, Eagle Bend under this section must not be considered in the calculation of debt equalization aid for independent school district Nos. 790, Eagle Bend or 789, Clarissa.

Sec. 112. [CAPITAL FACILITIES USE.]

Notwithstanding Minnesota Statutes, section 124.243, subdivision 8, for fiscal year 1996 a district may use up to one-third of its capital expenditure facilities revenue for equipment uses under Minnesota Statutes, section 124.244.

Sec. 113. [LEVY ADJUSTMENT; LE SUEUR-HENDERSON.]

Independent school district No. 2397, Le Sueur-Henderson, must not receive a negative levy

adjustment for any referendum levy made by independent school district No. 734, Henderson, that was certified for taxes payable in 1992.

Sec. 114. [TRANSPORTATION FUND ELIMINATION.]

Effective July 1, 1996, the transportation fund of each school district or other unit reporting under Minnesota Statutes, section 121.908, is dissolved. Any positive balances shall be transferred to the general fund and shall be used for the purposes in Minnesota Statutes, section 124A.225.

Sec. 115. [UNRECOVERED RAILROAD AID.]

Unrecovered railroad aid payments pursuant to Laws 1984, chapter 502, article 9, section 5, shall be adjusted from the school district's aid in fiscal year 1997. If the aid reduction required by this section cannot be made to the aid for fiscal year 1997, the reduction must be made from aid for subsequent fiscal years.

Sec. 116. [PILOT ENHANCED PAIRING AGREEMENT.]

Subdivision 1. [AGREEMENT.] Notwithstanding any law to the contrary, any two or more of the boards of independent school district Nos. 648, Danube, 654, Renville, 655, Sacred Heart, and 631, Belview, may enter into an enhanced pairing agreement providing for the discontinuance of one or more grades, or portions of those grades, and for the instruction of those grades in another district that is subject to the agreement. The agreement, and all subsequent amendments, if any, shall be filed with the commissioner of education.

Subd. 2. [SINGLE BOARD.] The districts shall provide in the enhanced pairing agreement that the governance of the districts will be by the combined membership of the separate boards acting as a single board for purposes of quorum and passing resolutions. A quorum must include a minimum of one member from each of the separate boards. The membership of the separate boards may be reduced to five members in a manner consistent with Minnesota Statutes, section 123.33, subdivision 1. The actions reserved for the separate boards shall be ratification of amendments to the agreement, serving a notice of withdrawal from the agreement, and other items reserved for the separate boards as defined in the agreement.

Subd. 3. [PERSONNEL.] The districts subject to the enhanced pairing agreement must have one exclusive bargaining representative, one master contract, and a combined seniority list. The teachers and other employees of the districts will be employees of the single board established by the agreement unless specifically excluded in the agreement. If the agreement dissolves or a board withdraws from the agreement, the affected employees shall be provided for in a manner consistent with Minnesota Statutes, section 122.895.

Subd. 4. [FINANCIAL.] (a) Fiscal operations shall be merged under the enhanced pairing agreement, and the single board shall be the fiscal agent to meet reporting requirements. The department of education shall assign a single identification number to apply to the districts subject to the agreement. Levies shall be made jointly except for levies under Minnesota Statutes, sections 124A.03 and 124.97. Districts subject to the agreement shall be considered a single independent school district for purposes of fees or dues assessments.

(b) Title to all the unattached property and all cash reserves of any district subject to the enhanced pairing agreement shall become the property of the single board unless otherwise provided for in the agreement. All legally valid and enforceable claims and contract obligations pass to the single board. For purposes of litigation, the districts subject to the agreement may be recognized singly or jointly. If the agreement dissolves or a board withdraws from the agreement, the commissioner shall divide assets and liabilities of the single board proportionately based on the weighted average daily membership over the last three years.

Subd. 5. [NOTICE AND HEARING.] Prior to entering into an enhanced pairing agreement, the school board shall consult with the community at an informational meeting. The board shall publish notice of the meeting in the official newspaper of the district.

Sec. 117. [FORMULA ALLOWANCE.]

Notwithstanding the amount of the formula allowance for fiscal year 1997, in Minnesota

Statutes, section 124A.22, subdivision 2, the commissioner shall use the amount of \$3,150 for fiscal year 1997 in determining the payments under Minnesota Statutes, sections 123.3514, subdivisions 6 and 8; 124A.02, subdivision 21; 126.22; and 126.23.

Sec. 118. [APPROPRIATIONS.]

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

Subd. 2. [CAPITAL EXPENDITURE FACILITIES AID.] For capital expenditure facilities aid according to Minnesota Statutes, section 124.243, subdivision 5:

<u>\$78,353,000</u>	.....	<u>1996</u>
<u>\$11,848,100</u>	.....	<u>1997</u>

The 1996 appropriation includes \$11,214,000 for 1995 and \$67,139,000 for 1996.

The 1997 appropriation includes \$11,848,100 for 1996.

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

<u>\$41,933,400</u>	.....	<u>1996</u>
<u>\$ 6,379,700</u>	.....	<u>1997</u>

The 1996 appropriation includes \$5,782,000 for 1995 and \$36,151,400 for 1996.

The 1997 appropriation includes \$6,379,700 for 1996.

Subd. 4. [CAPITAL FACILITY GRANTS FOR COOPERATION AND COMBINATION.] For competitive grants under Minnesota Statutes, section 124C.60:

<u>\$408,000</u>	<u>1996</u>
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Subd. 5. [CONSOLIDATION TRANSITION AID.] For districts consolidating under Minnesota Statutes, section 124.2726:

<u>\$ 991,000</u>	.....	<u>1996</u>
<u>\$1,153,000</u>	.....	<u>1997</u>

The 1996 appropriation includes \$75,000 for 1995 and \$916,000 for 1996.

The 1997 appropriation includes \$162,000 for 1996 and \$991,000 for 1997.

Subd. 6. [COOPERATION AND COMBINATION AID.] For aid for districts that cooperate and combine according to Minnesota Statutes, section 124.2725:

<u>\$3,297,000</u>	.....	<u>1996</u>
<u>\$1,973,000</u>	.....	<u>1997</u>

The 1996 appropriation includes \$542,000 for 1995 and \$2,755,000 for 1996.

The 1997 appropriation includes \$486,000 for 1996 and \$1,487,000 for 1997.

Subd. 7. [DISTRICT COOPERATION REVENUE.] For district cooperation revenue aid:

<u>\$14,070,300</u>	.....	<u>1996</u>
<u>\$12,797,700</u>	.....	<u>1997</u>

The 1996 appropriation includes \$2,115,000 for 1995 and \$11,955,300 for 1996.

The 1997 appropriation includes \$2,109,800 for 1996 and \$10,687,900 for 1997.

Subd. 8. [HEALTH AND SAFETY AID.] For health and safety aid according to Minnesota Statutes, section 124.83, subdivision 5:

<u>\$14,725,000</u>	<u>1996</u>
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<u>\$11,760,000</u>	<u>1997</u>
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The 1996 appropriation includes \$2,606,000 for 1995 and \$12,119,000 for 1996.

The 1997 appropriation includes \$2,138,000 for 1996 and \$9,622,000 for 1997.

Subd. 9. [DEBT SERVICE AID.] For debt service aid according to Minnesota Statutes, section 124.95, subdivision 5:

<u>\$30,054,000</u>	<u>1996</u>
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<u>\$27,370,000</u>	<u>1997</u>
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The 1996 appropriation includes \$30,054,000 for 1996.

The 1997 appropriation includes \$27,370,000 for 1997. This appropriation is 85 percent of the aid entitlement for 1997.

Subd. 10. [GENERAL AND SUPPLEMENTAL EDUCATION AID.] For general and supplemental education aid:

<u>\$2,072,750,000</u>	<u>1996</u>
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<u>\$2,320,338,000</u>	<u>1997</u>
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The 1996 appropriation includes \$301,965,000 for 1995 and \$1,770,785,000 for 1996.

The 1997 appropriation includes \$325,175,000 for 1996 and \$1,995,164,000 for 1997.

Subd. 11. [SPECIAL CONSOLIDATION AID.] For special consolidation aid under Minnesota Statutes, section 124.2728:

<u>\$75,000</u>	<u>1996</u>
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<u>\$40,000</u>	<u>1997</u>
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The 1996 appropriation includes \$12,000 for 1995 and \$63,000 for 1996.

The 1997 appropriation includes \$9,000,000 for 1996 and \$31,000 for 1997.

Subd. 12. [TRANSPORTATION AID.] For transportation aid according to Minnesota Statutes, section 124.225:

<u>\$145,896,000</u>	<u>1996</u>
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<u>\$ 22,033,000</u>	<u>1997</u>
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The 1996 appropriation includes \$21,038,000 for 1995 and \$124,858,000 for 1996.

The 1997 appropriation includes \$22,033,000 for 1996.

Subd. 13. [TRANSPORTATION AID FOR ENROLLMENT OPTIONS.] For transportation of pupils attending post-secondary institutions according to Minnesota Statutes, section 123.3514 or for transportation of pupils attending nonresident districts according to Minnesota Statutes, section 120.062:

<u>\$ 92,000</u>	<u>1996</u>
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<u>\$102,000</u>	<u>1997</u>
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Subd. 14. [NONPUBLIC PUPIL AID.] For nonpublic pupil education aid according to Minnesota Statutes, sections 123.79 and 123.931 to 123.947:

<u>\$ 9,686,000</u>	<u>1996</u>
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<u>\$22,043,000</u>	<u>1997</u>
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The 1996 appropriation includes \$1,452,000 for 1995 and \$8,234,000 for 1996.

The 1997 appropriation includes \$1,452,000 for 1996 and \$20,591,000 for 1997. \$13,809,000 of the 1997 appropriation is 85 percent of the entitlement for transportation under Minnesota Statutes, section 123.79.

Subd. 15. [RURAL COMPUTERIZED TRANSPORTATION ROUTING PILOT PROJECT.] For a grant to independent school district No. 2148, Blue Earth Area, for equipment and software to develop a computerized school bus routing and mapping system. The grantee district shall cooperate with at least two other school districts in developing and implementing the system:

<u>\$25,000</u>	<u>1996</u>
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Subd. 16. [WIDE AREA TRANSPORTATION SERVICE PILOT PROJECT.] For a wide area transportation service pilot project:

<u>\$250,000</u>	<u>1996</u>
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The purpose of the project is to pilot the use of computerized mapping and scheduling programs for school districts to jointly provide transportation services for low-incidence programs in the metropolitan area. These services include, but are not limited to, transportation for special education, nonpublic pupils, results-oriented chartered schools, enrollment options programs, area learning center programs and desegregation programs. The department shall work with representatives of the affected programs, transportation managers from both metropolitan and rural districts, and the metropolitan council. The department shall contract for services as appropriate. The project may consider the relationship of education transportation with transportation services provided by noneducation agencies. This appropriation is available until June 30, 1997.

Subd. 17. [TRANSPORTATION SAFETY.] For student transportation safety aid according to Minnesota Statutes, section 124.225, subdivision 8m:

<u>\$2,522,000</u>	.....	<u>1996</u>
<u>\$ 380,000</u>	.....	<u>1997</u>

The 1996 appropriation includes \$368,000 for 1995 and \$2,154,000 for 1996.

The 1997 appropriation includes \$380,000 for 1996.

Subd. 18. [ABATEMENT AID.] For abatement aid according to Minnesota Statutes, section 124.214:

<u>\$24,241,000</u>	.....	<u>1996</u>
<u>\$ 8,905,000</u>	.....	<u>1997</u>

The 1996 appropriation includes \$1,135,000 for 1995 and \$23,106,000 for 1996.

The 1997 appropriation includes \$4,077,000 for 1996 and \$4,828,000 for 1997.

Subd. 19. [ONE ROOM SCHOOLHOUSE.] For a grant to independent school district No. 690, Warroad, to operate the Angle Inlet School:

<u>\$50,000</u>	.....	<u>1996</u>
<u>\$50,000</u>	.....	<u>1997</u>

Subd. 20. [PRESTON-FOUNTAIN; HARMONY DISTRICT.] For a grant to the new school district comprised of independent school district No. 233, Preston-Fountain and independent school district No. 228, Harmony:

<u>\$70,000</u>	<u>1996</u>
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This grant must be placed in the district's debt redemption fund. The department must reduce the new district debt service levy by this amount.

Subd. 21. [PLANNING GRANT.] For a grant to independent school district Nos. 325, Lakefield; 328, Sioux Valley; 330, Heron Lake-Okabena; 513, Brewster; and 516, Round Lake acting as a joint powers agreement:

\$40,000

1996

The grant is to cover costs associated with planning for facility needs for a combined district. The facilities must provide for the location of a significant number of noneducational student and community service programs within the facility. The joint powers group must consult with independent school district Nos. 324, Jackson; 177, Windom; and 518, Worthington, and include facility needs and availability in those districts in the group's planning.

Subd. 22. [BUS INCIDENT REPORTING FORMS.] For the cost of bus incident reporting forms:

\$100,000

1996

The commissioner of education, in consultation with the commissioner of public safety and the school bus safety advisory committee, shall use this appropriation to reimburse school districts for the costs of school bus incident reporting forms.

Subd. 23. [SECONDARY VOCATIONAL EDUCATION AID.] For secondary vocational education aid according to Minnesota Statutes, section 124.573:

\$13,449,000

1996

\$ 2,018,000

1997

The 1996 appropriation includes \$2,017,000 for 1995 and \$11,432,000 for 1996.

The 1997 appropriation includes \$2,018,000 for 1996 and \$0 for 1997.

Sec. 119. [REPEALER.]

(a) Minnesota Statutes 1994, sections 123.3514, subdivision 9; and 124A.27, subdivision 11, are repealed.

(b) Minnesota Statutes 1994, sections 121.912, subdivisions 7 and 8; 123.37, subdivision 1b; 124.17, subdivision 1b; 124.225, subdivisions 1, 3a, 7a, 7b, 7d, 7e, 8a, 8k, 8m, and 10; 124.226; 124.243; 124.244; 124.912, subdivisions 7 and 8; 124.914, subdivisions 2, 3, and 4; 124.916, subdivision 2; 124.962; 124A.22, subdivisions 4, 4a, and 4b; 124A.26; and 126.019, are repealed.

(c) Minnesota Statutes 1994, section 124.83, is repealed.

(d) Minnesota Statutes 1994, sections 124.2455; and 124.91, subdivision 2, are repealed except that districts may continue to levy under subdivision 2, for contracts entered into prior to July 1, 1995.

Sec. 120. [EFFECTIVE DATE.]

Section 119, paragraph (a), is effective July 1, 1995.

Sections 1, 4, 6, paragraph b, clause (3), item (i), 8, 19, 20, 22, 23, 27, 34, 37, 42, 44, 45, 51, 61, 62, 65, 66, 69, paragraph (b), clause (ii), 76, 77, 87 to 95, 98, 107, and 119, paragraph (b), are effective for revenue for fiscal year 1997.

Section 49, paragraph (c), is effective retroactive to July 1, 1993, and applies for fiscal years 1994 and 1995.

Section 119, paragraphs (c) and (d), are effective for revenue for fiscal year 1999.

ARTICLE 2

TARGETED NEEDS PROGRAMS

Section 1. Minnesota Statutes 1994, section 120.17, subdivision 3b, is amended to read:

Subd. 3b. [PROCEDURES FOR DECISIONS.] Every district shall utilize at least the following procedures for decisions involving identification, assessment, and educational placement of children with a disability:

(a) Parents and guardians shall receive prior written notice of:

(1) any proposed formal educational assessment or proposed denial of a formal educational assessment of their child;

(2) a proposed placement of their child in, transfer from or to, or denial of placement in a special education program; or

(3) the proposed provision, addition, denial or removal of special education services for their child;

(b) The district shall not proceed with the initial formal assessment of a child, the initial placement of a child in a special education program, or the initial provision of special education services for a child without the prior written consent of the child's parent or guardian. The refusal of a parent or guardian to consent may be overridden by the decision in a hearing held pursuant to clause (e) at the district's initiative;

(c) Parents and guardians shall have an opportunity to meet with appropriate district staff in at least one conciliation conference if they object to any proposal of which they are notified pursuant to clause (a). The conciliation process shall not be used to deny or delay a parent or guardian's right to a due process hearing. If the parent or guardian refuses efforts by the district to conciliate the dispute with the school district, the requirement of an opportunity for conciliation shall be deemed to be satisfied;

(d) The commissioner shall establish a mediation process to assist parents, school districts, or other parties to resolve disputes arising out of the identification, assessment, or educational placement of children with a disability. The mediation process must be offered as an informal alternative to the due process hearing provided under clause (e), but must not be used to deny or postpone the opportunity of a parent or guardian to obtain a due process hearing.

(e) Parents, guardians, and the district shall have an opportunity to obtain an impartial due process hearing initiated and conducted by and in the school district responsible for assuring that an appropriate program is provided in accordance with state board rules, if the parent or guardian continues to object to:

(1) a proposed formal educational assessment or proposed denial of a formal educational assessment of their child;

(2) the proposed placement of their child in, or transfer of their child to a special education program;

(3) the proposed denial of placement of their child in a special education program or the transfer of their child from a special education program;

(4) the proposed provision or addition of special education services for their child; or

(5) the proposed denial or removal of special education services for their child.

At least five Within 15 calendar days ~~before the~~ after the request for a hearing, or as directed by the hearing officer, the objecting party shall provide the other party with a brief written statement of the objection and the reasons for the objection and a written statement of the specific remedies sought.

The hearing shall take place before an impartial hearing officer mutually agreed to by the school board and the parent or guardian. If the school board and the parent or guardian are unable to agree on a hearing officer, the school board shall request the commissioner to appoint a hearing officer. The hearing officer shall not be a school board member or employee of the school district where the child resides or of the child's school district of residence, an employee of any other public agency involved in the education or care of the child, or any person with a personal or professional interest which would conflict with the person's objectivity at the hearing. A person who otherwise qualifies as a hearing officer is not an employee of the district solely because the person is paid by the district to serve as a hearing officer. If the hearing officer requests an independent educational assessment of a child, the cost of the assessment shall be at district

expense. The proceedings shall be recorded and preserved, at the expense of the school district, pending ultimate disposition of the action.

(f) The decision of the hearing officer pursuant to clause (e) shall be rendered not more than 45 calendar days from the date of the receipt of the request for the hearing. A hearing officer may grant specific extensions of time beyond the 45-day period at the request of either party. The decision of the hearing officer shall be binding on all parties unless appealed to the hearing review officer by the parent, guardian, or the school board of the district where the child resides pursuant to clause (g).

The local decision shall:

(1) be in writing;

(2) state the controlling facts upon which the decision is made in sufficient detail to apprise the parties and the hearing review officer of the basis and reason for the decision;

(3) state whether the special education program or special education services appropriate to the child's needs can be reasonably provided within the resources available to the responsible district or districts;

(4) state the amount and source of any additional district expenditure necessary to implement the decision; and

(5) be based on the standards set forth in subdivision 3a and the rules of the state board.

(g) Any local decision issued pursuant to clauses (e) and (f) may be appealed to the hearing review officer within 30 calendar days of receipt of that written decision, by the parent, guardian, or the school board of the district responsible for assuring that an appropriate program is provided in accordance with state board rules.

If the decision is appealed, a written transcript of the hearing shall be made by the school district and shall be accessible to the parties involved within five calendar days of the filing of the appeal. The hearing review officer shall issue a final independent decision based on an impartial review of the local decision and the entire record within 30 calendar days after the filing of the appeal. The hearing review officer shall seek additional evidence if necessary and may afford the parties an opportunity for written or oral argument; provided any hearing held to seek additional evidence shall be an impartial due process hearing but shall be deemed not to be a contested case hearing for purposes of chapter 14. The hearing review officer may grant specific extensions of time beyond the 30-day period at the request of any party.

The final decision shall:

(1) be in writing;

(2) include findings and conclusions; and

(3) be based upon the standards set forth in subdivision 3a and in the rules of the state board.

(h) The decision of the hearing review officer shall be final unless appealed by the parent or guardian or school board to the court of appeals. The judicial review shall be in accordance with chapter 14.

(i) The commissioner of education shall select an individual who has the qualifications enumerated in this paragraph to serve as the hearing review officer:

(1) the individual must be knowledgeable and impartial;

(2) the individual must not have a personal interest in or specific involvement with the student who is a party to the hearing;

(3) the individual must not have been employed as an administrator by the district that is a party to the hearing;

(4) the individual must not have been involved in the selection of the administrators of the district that is a party to the hearing;

(5) the individual must not have a personal, economic, or professional interest in the outcome of the hearing other than the proper administration of the federal and state laws, rules, and policies;

(6) the individual must not have substantial involvement in the development of a state or local policy or procedures that are challenged in the appeal; and

(7) the individual is not a current employee or board member of a Minnesota public school district, education district, intermediate unit or regional education agency, the state department of education, the state board of education, or a parent advocacy organization or group.

(j) In all appeals, the parent or guardian of the pupil with a disability or the district that is a party to the hearing may challenge the impartiality or competence of the proposed hearing review officer by applying to the state board of education hearing review officer.

(k) Pending the completion of proceedings pursuant to this subdivision, unless the district and the parent or guardian of the child agree otherwise, the child shall remain in the child's current educational placement and shall not be denied initial admission to school.

(l) The child's school district of residence, a resident district, and providing district shall receive notice of and may be a party to any hearings or appeals under this subdivision.

(m) A hearing officer or hearing review officer appointed under this subdivision shall be deemed to be an employee of the state under section 3.732 for the purposes of section 3.736 only.

(n) In order to be eligible for selection, hearing officers and hearing review officers shall participate in training and follow procedures as designated by the commissioner.

Sec. 2. Minnesota Statutes 1994, section 120.17, is amended by adding a subdivision to read:

Subd. 3d. [INTERAGENCY SERVICES.] If at the time of initial referral for an educational assessment, or a reassessment, the school district determines that a child with disabilities who is age 3 through 21 may be eligible for interagency services, the district shall request that the county of residence provide a representative to the initial assessment or reassessment team meeting or the first individual education plan team meeting following the assessment or reassessment. The district may request to have a county representative attend other individual education plan team meetings when it is necessary to facilitate coordination between district and county provided services. Upon request from a school district, the resident county shall provide a representative to assist the individual education plan team in determining the child's eligibility for existing health, mental health, or other support services administered or provided by the county. The individual education plan team and the county representative shall develop an interagency plan of care for an eligible child and the child's family to coordinate services required under the child's individual education plan with county services. The interagency plan of care shall include appropriate family information with the consent of the family, a description of how services will be coordinated between the district and county, a description of service coordinator responsibilities and services, and a description of activities for obtaining third-party payment for eligible services, including medical assistance payments.

Sec. 3. Minnesota Statutes 1994, section 121.8355, subdivision 2, is amended to read:

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, or birth through age 21 for individuals with disabilities. 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 birth weight 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.

Sec. 4. Minnesota Statutes 1994, section 123.3514, subdivision 7, is amended to read:

Subd. 7. [FEES; TEXTBOOKS; MATERIALS.] A post-secondary institution that receives reimbursement for a pupil under subdivision 6 may not charge that pupil for fees, textbooks, materials, support services as defined in section 135A.16, or other necessary costs of the course or program in which the pupil is enrolled if the charge would be prohibited under section 120.74, except for equipment purchased by the pupil that becomes the property of the pupil. An institution may require the pupil to pay for fees, textbooks, and materials for a course taken for post-secondary credit.

Sec. 5. Minnesota Statutes 1994, section 123.3514, is amended by adding a subdivision to read:

Subd. 7b. [SUPPORT SERVICES.] The postsecondary institution shall inform the pupil of the support services available at that institution. If the student has an individual education plan that provides general education support and accommodations, the post-secondary institution and the district shall negotiate an agreement to provide the services. If the parties cannot agree on the services, on application of either party, the commissioner shall resolve the dispute in the same manner the commissioner fixes tuition rates under section 120.17, subdivision 4. The commissioner's decision is binding on both parties.

Sec. 6. Minnesota Statutes 1994, 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 ~~.515 of a pupil unit for fiscal year 1994 and~~ .53 of a pupil unit for fiscal year 1995 and .55 of a pupil unit for fiscal year 1996 and thereafter.

(f) A pupil who is in any of grades 1 to 6 is counted as ~~1.03 pupil units for fiscal year 1994 and~~ 1.06 pupil units for fiscal year 1995 and 1.1 pupil units for fiscal year 1996 and thereafter.

(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. 7. [124.2613] [FIRST-GRADE PREPAREDNESS PROGRAM.]

Subdivision 1. [PURPOSE.] The purpose of the first-grade preparedness program is to ensure that every child who enters first grade has the necessary skills and readiness in order to learn. To the extent possible, a first-grade preparedness program should serve children who are not otherwise receiving sufficient readiness services from Head Start programs, learning readiness programs, community education programs, way-to-grow programs, or half-day kindergarten programs.

Subd. 2. [QUALIFYING DISTRICT.] A school district may receive first-grade preparedness revenue for qualifying school sites if:

(1) the school board approves a resolution requiring the district to provide services to all children located in a qualifying school site attendance area over the age of 5-1/2 years as of January 1 of the previous year; and

(2) the district's administrative office is located in the seven-county metropolitan area.

Subd. 3. [QUALIFYING SCHOOL SITE.] The commissioner of education shall determine the number of free and reduced lunch pupils as a percent of total average daily membership for each school site that serves kindergarten pupils and rank all school sites from highest to lowest percent. On March 15 of the preceding year, the commissioner shall estimate the amount of revenue available according to section 124.917, and qualify school sites from the list of ranked sites until the estimated revenue is allocated.

Subd. 4. [NONPARTICIPATION.] A parent or guardian of any child under the age of seven and over the age of 5-1/2 years may request the child not participate in first-grade preparedness programs. The school district shall allow the child to opt out of the program if the district determines that the child is or will be ready to meet the demands of first grade.

Subd. 5. [PROGRAM.] A qualifying school site must develop its first-grade preparedness program in consultation with other providers of school readiness and child development services. To the extent possible, first-grade preparedness programs should be provided to participating children for the full school day. A qualifying school site must work with the county to provide extended day services to as many children as possible.

Subd. 6. [REQUIREMENTS.] The board of a qualifying school district must develop a plan to serve as many children as possible. All revenue received under section 124.917 must be allocated to the qualifying school sites within the district.

Subd. 7. [PREPAREDNESS REVENUE.] A qualifying school district is eligible for first-grade preparedness revenue equal to the basic formula allowance for that year times the number of pupil units calculated according to section 124.17, subdivision 1, paragraph (d), clause (ii) in each qualifying school site. If the first-grade preparedness revenue is insufficient to fully fund the formula amounts, the commissioner of education shall prorate the revenue provided to each qualifying school site. No school district shall receive more than one-third of the funds allocated for this program in a fiscal year.

Sec. 8. Minnesota Statutes 1994, section 124.273, is amended by adding a subdivision to read:

Subd. 1c. [FISCAL YEAR 1996 REVENUE.] A district's limited English proficiency programs revenue for fiscal year 1996 equals the product of:

(1) the district's revenue for limited English proficiency programs for fiscal year 1995 under this section and section 124.321, times

(2) the ratio of:

(i) the greater of 20 or the number of pupils of limited English proficiency enrolled in the district during fiscal year 1996 to

(ii) the greater of 20 or the number of pupils of limited English proficiency enrolled in the district during fiscal year 1995.

Sec. 9. Minnesota Statutes 1994, section 124.273, is amended by adding a subdivision to read:

Subd. 1d. [FISCAL YEAR 1996 AID.] A district's limited English proficiency aid for fiscal year 1996 equals 60 percent of the district's limited English proficiency revenue.

Sec. 10. [124.312] [TARGETED NEEDS PROGRAM REVENUE.]

Subdivision 1. [USE OF THE REVENUE.] The targeted needs revenue under this section must be used to meet the educational needs of learners whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age. Any of the following may be provided to meet these learners needs:

(1) remedial or individualized instruction in reading, language arts, mathematics, other content areas, or study skills to improve the achievement level of these learners;

(2) additional teachers and teacher aides to provide more individualized instruction to these learners through individual tutoring, lower instructor-to-learner ratios, or team teaching;

(3) flexible school day or school year programs that enable these learners to improve their achievement or that provide additional learning opportunities outside of the normal school schedule;

(4) comprehensive and on-going staff development consistent with district and site plans according to section 126.70, for teachers, teacher aides, principals, and other personnel to improve their ability to identify the needs of these learners and provide appropriate remediation, intervention, accommodations, or modifications;

(5) instructional materials and technology appropriate for meeting the individual needs of these learners;

(6) special education instruction and services according to section 120.17, including: teachers, related services and support services staff, supplies and equipment, home-based services, summer school programs, and contracted services;

(7) secondary vocational programs for children with disabilities;

(8) transportation services for children with disabilities according to section 124.223, subdivisions 4, 5, 7, and 8;

(9) programs established under a desegregation plan mandated by the state board or under court

order, to increase learning opportunities and reduce the learning gap between learners living in high concentrations of poverty and their peers, including transportation during the regular school year between home and a school outside of a learner's normal attendance area;

(10) programs to reduce truancy, encourage completion of high school, enhance self-concept, provide health services, provide nutrition services, provide a safe and secure learning environment, provide coordination for learners receiving services from other governmental agencies, provide home visiting services, provide psychological services to determine the level of social, emotional, cognitive, and intellectual development, and provide counseling services, guidance services, and social work services;

(11) bilingual programs, bicultural programs, and programs for learners of limited English proficiency; and

(12) substantial parent involvement in developing and implementing remedial education or intervention plans for a learner, including learning contracts between the school, the learner, and the parent that establish achievement goals and responsibilities of the learner and the learner's parent or guardian.

Subd. 2. [BUILDING ALLOCATION.] A district must consider the concentration of children from low-income families, children with limited English proficiency, and children with disabilities in each school building in the district when allocating targeted needs revenue.

Subd. 3. [SEPARATE ACCOUNT.] Targeted needs revenue shall be maintained in a separate account to identify expenditures for salaries and programs related to this revenue.

Subd. 4. [AFDC PUPIL UNITS.] AFDC pupil units for fiscal year 1997 and thereafter must be computed according to this subdivision.

(a) The AFDC concentration percentage for a district equals the product of 100 times the ratio of:

(1) the number of pupils enrolled in the district from families receiving aid to families with dependent children according to subdivision 4a; to

(2) the number of pupils in average daily membership according to subdivision 4a enrolled in the district.

(b) The AFDC pupil weighting factor for a district equals the lesser of one or the quotient obtained by dividing the district's AFDC concentration percentage by 11.5.

(c) Notwithstanding paragraph (b), the AFDC pupil weighting factor shall not be less than 0.7 for a district with the following characteristics:

(1) at least ten percent of the students enrolled as of October 1 of the preceding school year are eligible for free and reduced lunch; and

(2) at least 20 percent of the students enrolled as of October 1, of the preceding school year are students of color, or, if at least 1000 students of color were enrolled, at least 10 percent of the students enrolled as of October 1 of the preceding school year are students of color.

(d) The AFDC pupil units for a district for fiscal year 1997 and thereafter equals the sum of:

(1) the product of:

(i) the number of pupils enrolled in the district from families receiving aid to families with dependent children according to subdivision 4a; times

(ii) the AFDC pupil weighting factor for the district; times

(iii) .65; plus

(2) for a district with an AFDC concentration percentage greater than 11.5, the product of:

(i) the number of pupils enrolled in the district from families receiving aid to families with dependent children according to subdivision 4a; times

(ii) the quotient obtained by dividing the lesser of 35 or the difference between the AFDC concentration percentage and 11.5 by 100.

Subd. 4a. [AFDC PUPIL COUNTS.] For fiscal year 1997 and later years, AFDC pupil counts and average daily membership for subdivision 4 shall be determined according to this subdivision:

(a) For districts where the number of pupils from families receiving aid to families with dependent children has increased over the preceding year for each of the two previous years, the number of pupils enrolled in the district from families receiving aid to families with dependent children shall be those counted on October 1 of the previous school year. The average daily membership used shall be from the previous school year.

(b) For districts that do not meet the requirement of paragraph (a), the number of pupils enrolled in the district from families receiving aid to families with dependent children shall be the average number of pupils on October 1 of the second previous school year and October 1 of the previous school year. The average daily membership used shall be the average number enrolled in the previous school year and the second previous school year.

Subd. 5. [LIMITED ENGLISH PROFICIENCY PUPIL UNITS.] Limited English proficiency pupil units for fiscal year 1997 and thereafter for a district enrolling pupils with limited English proficiency on October 1 of the current school year equals the greater of:

(1) one, or

(2) the number of pupils with limited English proficiency enrolled in the district on October 1 of the current school year times .18.

Subd. 6. [INTEGRATION REVENUE.] For fiscal year 1997 and later fiscal years, integration revenue equals the following amounts:

(1) for independent school district No. 709, Duluth, \$174 times the actual pupil units for the school year;

(2) for independent school district No. 625, St. Paul, \$420 times the actual pupil units for the school year; and

(3) for special school district No. 1, Minneapolis, \$520 times the actual pupil units for the school year.

Subd. 7. [DEFINITIONS.] For the purposes of this section, the definitions in this subdivision apply.

(a) "Base year" for fiscal year 1997 and later fiscal years means the second fiscal year preceding the fiscal year for which aid will be paid.

(b) "Basic revenue" has the meaning given it in section 124A.22, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 124.17, subdivision 1.

(c) "Essential personnel" means teachers, related services, and support services staff providing direct services to children with disabilities.

(d) "Average daily membership" has the meaning given it in section 124.17.

Subd. 8. [SPECIAL PROGRAMS BASE REVENUE.] The special programs base revenue equals the sum of the following amounts, computed using base year data:

(1) 68 percent of the salary of each essential person employed in the district's program for special instruction and services for children with a disability during the regular school year and during the summer, whether the person is employed by one or more districts;

(2) for the Minnesota state academy for the deaf or the Minnesota state academy for the blind, 68 percent 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;

(3) 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, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(4) 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, 52 percent of the amount of the contract for that pupil;

(5) for supplies and equipment purchased or rented for use in the instruction of children with a disability an amount equal to 47 percent of the sum actually expended by the district but not to exceed an average of \$47 in any one school year for each child with a disability receiving instruction;

(6) one-half of the sum actually expended by a district for necessary travel of essential personnel providing home-based services to children with a disability under age five and their families;

(7) the actual cost of providing instruction and services, including transportation services and a proportionate amount of capital expenditures and debt service, minus the amount of basic revenue or any other revenue received on behalf of the child, for a child with a disability whose district of residence has been determined by section 120.17, subdivision 8a, and who is temporarily placed in a state institution or a licensed residential facility for care and treatment, excluding foster homes or group foster homes;

(8) 68 percent 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's secondary vocational education programs for children with a disability;

(9) 47 percent of the costs of necessary equipment for secondary vocational education programs for children with a disability;

(10) 47 percent of the costs of necessary travel between instructional sites by secondary vocational education teachers of children with a disability, but not including travel to and from local, regional, district, state, or national vocational student organization meetings;

(11) 47 percent of the costs of necessary supplies for secondary vocational education programs for children with a disability, but not to exceed an average of \$47 in any one school year for each child with a disability receiving these services;

(12) for secondary vocational education programs for children with disabilities provided by a contract approved by the commissioner with public, private, or voluntary agencies other than a Minnesota school district or cooperative center, in place of programs provided by the district, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(13) for secondary vocational education programs for children with disabilities provided by a contract approved by the commissioner with public, private, or voluntary agencies other than a Minnesota school district or cooperative center, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract;

(14) for a contract approved by the commissioner 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, 52 percent of the amount of the contract; and

(15) the cost of providing transportation services for children with disabilities under section 124.223, subdivisions 4, 5, 7, and 8.

Subd. 9. [ADJUSTED SPECIAL PROGRAMS BASE REVENUE.] For fiscal year 1997 and later, a district's adjusted special programs base revenue equals the district's special programs base revenue times the ratio of the district's average daily membership for the current school year to the district's average daily membership for the base year.

Subd. 10. [STATE TOTAL SPECIAL PROGRAMS REVENUE.] The state total special programs revenue for fiscal year 1997 equals \$410,296,000. The state total special programs revenue for later fiscal years equals the state total special programs revenue for fiscal year 1997 times the ratio of the state total average daily membership for the current fiscal year to the state total average daily membership for fiscal year 1997.

Subd. 11. [SCHOOL DISTRICT SPECIAL PROGRAMS REVENUE.] A school district's special programs revenue for fiscal year 1997 and later equals the state total special programs revenue times the ratio of the district's adjusted special programs base revenue to the state total adjusted special programs base revenue.

Subd. 12. [REVENUE ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATES.] For the purposes of determining special programs base revenue under this section, a special education cooperative, a cooperative center, or an intermediate district shall allocate its approved expenditures for special education programs and secondary vocational programs for children with a disability among participating school districts.

Sec. 11. [124.313] [TARGETED NEEDS REVENUE.]

For fiscal year 1997 and thereafter, a school district's targeted needs revenue equals the sum of:

(1) \$3,150 times the AFDC pupil units computed according to section 124.312, subdivision 4; plus

(2) \$3,150 times the limited English proficiency pupil units computed according to section 124.312, subdivision 5; plus

(3) integration revenue computed according to section 124.312, subdivision 6; plus

(4) special programs revenue according to section 124.312, subdivision 11.

Sec. 12. [124.314] [TARGETED NEEDS AID.]

For fiscal year 1997 and thereafter, a school district's targeted needs aid equals 72 percent of the district's targeted needs revenue. Targeted needs aid shall not be paid to a cooperative or intermediate district.

Sec. 13. Minnesota Statutes 1994, section 124.32, subdivision 6, is amended to read:

Subd. 6. [FULL STATE PAYMENT; REIMBURSEMENT FROM OTHER STATES.] (a) For fiscal year 1996, the state shall pay each district the actual cost incurred in providing instruction and services for a child with a disability whose district of residence has been determined by section 120.17, subdivision 8a, and who is temporarily placed in a state institution or a licensed residential facility for care and treatment. This section does not apply to a child placed in a foster home or a foster group home.

Upon following the procedure specified by the commissioner of education, the district may bill the state the actual cost incurred in providing the services including transportation costs and a proportionate amount of capital expenditures and debt service, minus the amount of the basic revenue, as defined in section 124A.22, subdivision 2, of the district for the child and the special education aid, transportation aid, and any other aid earned on behalf of the child. The limit set forth in subdivision 4 shall apply to aid paid pursuant to this subdivision.

(b) To the extent possible, the commissioner shall obtain reimbursement from another state for the cost of serving any child whose district of residence has been determined by section 120.17, subdivision 8a, who is temporarily placed in a state institution or a licensed residential facility for care and treatment and whose parent or guardian resides in that state. The commissioner may contract with the appropriate authorities of other states to effect reimbursement. All money received from other states shall be paid to the state treasury and placed in the general fund.

(c) A school district, state institution, or residential facility serving a child with a disability whose parent or guardian resides in another state shall establish as part of its admittance procedure the party responsible for the costs of providing special education services to the child.

Sec. 14. Minnesota Statutes 1994, section 124.32, subdivision 7, is amended to read:

Subd. 7. [~~PROGRAM AND AID APPROVAL.~~] Before June 1 of each year, each district providing special instruction and services to children with a disability shall submit to the commissioner an application for approval of these programs and their budgets for the next school fiscal year. The application shall include an enumeration of the costs proposed as eligible for state aid special programs revenue pursuant to this section and of the estimated number and grade level of children with a disability in the district who will receive special instruction and services during the regular school year and in summer school programs during the next school fiscal year. The application shall also include any other information deemed necessary by the commissioner for the calculation of state aid special programs revenue and for the evaluation of the necessity of the program, the necessity of the personnel to be employed in the program, for determining the amount which the program will receive from grants from federal funds, or special grants from other state sources, and the program's compliance with the rules and standards of the state board. The commissioner shall review each application to determine whether the program and the personnel to be employed in the program are actually necessary and essential to meet the district's obligation to provide special instruction and services to children with a disability pursuant to sections 120.17 and 120.1701. The commissioner shall not approve aid pursuant to this section for any program or for the salary of any personnel determined to be unnecessary or unessential on the basis of this review. The commissioner may also withhold all or any portion of the aid for programs which receive grants from federal funds, or special grants from other state sources. By August 31 the commissioner shall approve, disapprove or modify each application, and notify each applying district of the action and of the estimated amount of aid for the programs. The commissioner shall provide procedures for districts to submit additional applications for program and budget approval during the school fiscal year, for programs needed to meet any substantial changes in the needs of children with a disability in the district. Notwithstanding the provisions of section 124.15, the commissioner may modify or withdraw the program or aid approval and withhold aid pursuant to this section without proceeding according to section 124.15 at any time the commissioner determines 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. 15. Minnesota Statutes 1994, section 124.32, subdivision 10, is amended to read:

Subd. 10. [~~SUMMER SCHOOL.~~] ~~The state shall pay aid for summer school programs for children with a disability on the basis of subdivisions 1b, 1d, and 5 for the current school year. 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.~~ By March 15 of each year, districts shall submit separate applications for program and budget approval for summer school programs. The review of these applications shall be as provided in subdivision 7. By May 1 of each year, the commissioner shall approve, disapprove or modify the applications and notify the districts of the action and of the estimated amount of aid for the summer school programs.

Sec. 16. [124.3201] [SPECIAL EDUCATION REVENUE FOR FISCAL YEAR 1996.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section and sections 124.3202 and 124.321, the definitions in this subdivision apply.

(a) "Base year" for fiscal year 1996 means fiscal year 1995.

(b) "Basic revenue" has the meaning given it in section 124A.22, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 124.17, subdivision 1.

(c) "Essential personnel" means teachers, related services, and support services staff providing direct services to students.

(d) "Average daily membership" has the meaning given it in section 124.17.

Subd. 2. [SPECIAL EDUCATION BASE REVENUE.] The special education base revenue for fiscal year 1996 equals the sum of the following amounts, computed using base year data:

(1) 68 percent 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;

(2) for the Minnesota state academy for the deaf or the Minnesota state academy for the blind, 68 percent 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;

(3) 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, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(4) 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, 52 percent of the amount of the contract for that pupil; and

(5) for supplies and equipment purchased or rented for use in the instruction of children with a disability an amount equal to 47 percent of the sum actually expended by the district but not to exceed an average of \$47 in any one school year for each child with a disability receiving instruction.

Subd. 3. [ADJUSTED SPECIAL EDUCATION BASE REVENUE.] For fiscal year 1996, a district's adjusted special education base revenue equals the district's special education base revenue times the ratio of the district's average daily membership for the current school year to the district's average daily membership for the base year.

Subd. 4. [STATE TOTAL SPECIAL EDUCATION REVENUE.] The state total special education revenue for fiscal year 1996 equals \$327,574,000.

Subd. 5. [SCHOOL DISTRICT SPECIAL EDUCATION REVENUE.] A school district's special education revenue for fiscal year 1996 equals the state total special education revenue times the ratio of the district's adjusted special education base revenue to the state total adjusted special education base revenue.

Subd. 6. [SPECIAL EDUCATION AID.] A school district's special education aid for fiscal year 1996 equals 60 percent of the district's special education revenue.

Subd. 7. [REVENUE ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATES.] For the purposes of this section and section 124.321, for fiscal year 1996, 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. [124.3202] [SPECIAL EDUCATION SUMMER PROGRAM REVENUE FOR FISCAL YEAR 1996.]

Subdivision 1. [SUMMER PROGRAM BASE REVENUE.] The summer program base revenue for fiscal year 1996 equals the sum of the following amounts, computed using base year data:

(1) 68 percent of the summer program salary of each essential person employed in the district's program for children with a disability, whether the person is employed by one or more districts;

(2) for the Minnesota state academy for the deaf or the Minnesota state academy for the blind,

68 percent of the summer program salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan;

(3) 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, 52 percent of the difference between the amount of the contract for the summer program and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract; and

(4) 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, 52 percent of the amount of the summer program contract for that pupil.

Subd. 2. [ADJUSTED SUMMER PROGRAM BASE REVENUE.] For fiscal year 1996, a district's adjusted summer program base revenue equals the district's summer program base revenue times the ratio of the district's average daily membership for the current school year to the district's average daily membership for the base year.

Subd. 3. [STATE TOTAL SUMMER PROGRAM REVENUE.] The state total summer program revenue for fiscal year 1996 equals \$7,177,000.

Subd. 4. [SCHOOL DISTRICT SUMMER PROGRAM REVENUE.] A school district's summer program revenue for fiscal year 1996 equals the state total summer program revenue times the ratio of the district's adjusted summer program base revenue to the state total adjusted summer program base revenue.

Subd. 5. [SPECIAL EDUCATION SUMMER PROGRAM AID.] A school district's special education summer program aid for fiscal year 1996 equals 60 percent of the district's summer program revenue.

Subd. 6. [REVENUE ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATES.] For the purposes of this section and section 124.321, for fiscal year 1996, a special education cooperative or an intermediate district shall allocate its approved expenditures for special education programs among participating school districts. Special education summer program aid for services provided by a cooperative or intermediate district shall be paid to the participating school districts.

Sec. 18. Minnesota Statutes 1994, section 124.321, is amended to read:

124.321 [~~SPECIAL EDUCATION LEVY EQUALIZATION REVENUE.~~]

Subdivision 1. [~~LEVY EQUALIZATION REVENUE.~~] (a) For fiscal year 1996, special education levy equalization revenue for a school district, excluding an intermediate school district, equals the sum of the following amounts:

~~(1) 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) 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) 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 124.322, 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.~~

(1) 40 percent of the district's special education revenue under section 124.3201, plus

(2) 40 percent of the district's special education summer program revenue under section 124.3202, plus

(3) 40 percent of the district's secondary vocational education for children with a disability revenue under section 124.574, plus

(4) 40 percent of the district's excess cost revenue under section 124.323, plus

(5) 40 percent of the district's limited English proficiency programs revenue under section 124.273.

(b) For fiscal year 1997 and later, targeted needs levy equalization revenue for a school district, excluding an intermediate school district, equals 28 percent of the district's targeted needs revenue under section 124.313, plus 28 percent of the district's excess cost revenue under section 124.323.

Subd. 2. [REVENUE ALLOCATION FROM COOPERATIVES AND INTERMEDIATE DISTRICTS STATE ACADEMIES.] ~~(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) 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) 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) 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.~~

~~(e) For purposes of this subdivision section, the Minnesota state academy for the deaf or the Minnesota state academy for the blind each year shall allocate an amount equal to 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, 40 percent of their special education revenue under section 124.3201 and their special education summer program revenue under section 124.3202 for fiscal year 1996, and for fiscal year 1997 and thereafter, 40 percent of their targeted needs special programs revenue under section 124.312, subdivision 8, clause (2), 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) (b) When the Minnesota state academy for the deaf or the Minnesota state academy for the blind allocates unreimbursed portions of salaries of instructional aides revenue 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~~ revenue it allocated to the school districts that assign a child who requires an instructional aide.

Subd. 3. [~~SPECIAL EDUCATION EQUALIZATION LEVY.~~] To receive ~~special education levy equalization~~ revenue, a district may levy an amount equal to the district's ~~special education levy equalization~~ revenue as defined in subdivision 1 multiplied by 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 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

(2) \$3,540.

Subd. 4. [~~SPECIAL EDUCATION LEVY EQUALIZATION AID.~~] A district's ~~special education~~ levy equalization aid is the difference between its ~~special education~~ levy equalization revenue and its ~~special education~~ levy equalization levy. If a district does not levy the entire amount permitted, ~~special education~~ levy equalization aid must be reduced in proportion to the actual amount levied.

Subd. 5. [~~PRORATION.~~] In the event that the ~~special education~~ levy equalization aid for any year is prorated, a district having its aid prorated may levy an additional amount equal to the amount not paid by the state due to proration.

Sec. 19. Minnesota Statutes 1994, section 124.322, is amended to read:

124.322 [~~ALTERNATIVE DELIVERY~~ BASE REVENUE ADJUSTMENT.]

Subdivision 1. [~~ELIGIBILITY.~~] A district is eligible for an alternative delivery base revenue adjustment if the commissioner of education has approved the application of the district according to section 120.173.

Subd. 1a. [~~DEFINITIONS~~ BASE REVENUE ADJUSTMENT.] ~~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, the special education base revenue under section 124.3201, subdivision 1, and the summer program 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, under section 124.3202, subdivision 1, and for fiscal year 1997 and later years, special programs revenue under section 124.312, subdivision 8, shall be computed 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.~~

~~Subd. 2. [AMOUNT OF ALTERNATIVE DELIVERY REVENUE.] For the first fiscal year after approval of an application, 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 immediately preceding fiscal year. 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.~~

~~Subd. 3. [ALTERNATIVE DELIVERY AID.] For the first fiscal year after approval of an application, a district's alternative delivery aid equals its base aid multiplied by 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. 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.~~

~~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, the alternative delivery levy revenue shall be increased by the amount not paid by the state due to proration. 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.~~

~~Subd. 5. [USE OF REVENUE.] Revenue under this section sections 124.3201 and 124.3202 shall be used to implement the approved program.~~

Sec. 20. Minnesota Statutes 1994, section 124.323, is amended to read:

124.323 [SPECIAL EDUCATION EXCESS COST AID REVENUE.]

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~~ 124.3201, 124.3202, and 124.321; 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~~ 124.3201, 124.3202, and 124.321; minus

(4) tuition receipts under section 120.17.

(b) For fiscal year 1997 and thereafter, "unreimbursed special programs cost" means the sum of the following:

(1) expenditures for teachers' salaries, contracted services, supplies, and equipment eligible for revenue under section 124.312, subdivision 8, clauses (1) to (5); plus

(2) one-half of the expenditures for necessary travel of essential personnel providing home-based services to children with a disability under section 124.312, subdivision 8, clause (6); plus

(3) expenditures for providing instruction and services for a child with a disability who is placed in a residential facility within the district, under section 124.312, subdivision 8, clause (7); plus

(4) expenditures for teachers' salaries, equipment, necessary travel, supplies, and contracted services approved by the commissioner for secondary vocational programs for children with a disability under section 124.312, subdivision 8, clauses (8) to (14);

(5) expenditures for providing transportation for children with disabilities under section 124.312, subdivision 8, clause (15); plus

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

(7) the portion of a district's targeted needs revenue attributable to special programs revenue under section 124.312, subdivision 11, for special instruction, secondary vocational programs, and necessary travel for children with disabilities, and for instruction and services for children with disabilities temporarily placed in a residential facility, according to section 124.312, subdivision 8, clauses (1) to (15); minus

(8) tuition receipts under section 120.17.

(c) "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 REVENUE.] For ~~1995~~ 1996 and later fiscal years, a district's ~~special education~~ excess cost aid revenue 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~~ 5.5 percent of the district's general revenue per actual pupil unit, times

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

Sec. 21. Minnesota Statutes 1994, section 124.323, is amended by adding a subdivision to read:

Subd. 3. [EXCESS COST AID.] (a) For fiscal year 1996, a district's excess cost aid equals 60 percent of the district's excess cost revenue.

(b) For 1997 and later fiscal years, a district's excess cost aid equals 72 percent of the district's excess cost revenue.

Sec. 22. Minnesota Statutes 1994, 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 A district that allocates revenue to secondary vocational education programs must use the revenue for secondary vocational education programs approved by the commissioner and operated in accordance with rules promulgated by the state board. These rules shall provide minimum student staff ratios required for a secondary vocational education program area to qualify for this aid. The rules must not require the collection of data at the program or course level to calculate secondary vocational 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 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 Revenue allocated to this program shall be used 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. Licensed personnel means persons holding a valid secondary vocational license issued by the 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 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. 23. Minnesota Statutes 1994, section 124.574, is amended by adding a subdivision to read:

Subd. 2c. [DEFINITIONS.] For the purposes of this section and section 124.321, the definitions in this subdivision apply.

(a) "Base year" for fiscal year 1996 means fiscal year 1995.

(b) "Basic revenue" has the meaning given it in section 124A.22, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 124.17, subdivision 1.

(c) "Average daily membership" has the meaning given it in section 124.17.

Sec. 24. Minnesota Statutes 1994, section 124.574, is amended by adding a subdivision to read:

Subd. 2d. [BASE REVENUE FOR FISCAL YEAR 1996.] The secondary vocational disabled program base revenue equals the sum of the following amounts, computed using base year data:

(1) 68 percent 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's secondary vocational education programs for children with a disability;

(2) 47 percent of the costs of necessary equipment for secondary vocational education programs for children with a disability;

(3) 47 percent of the costs of necessary travel between instructional sites by secondary vocational education teachers of children with a disability, but not including travel to and from local, regional, district, state, or national vocational student organization meetings;

(4) 47 percent of the costs of necessary supplies for secondary vocational education programs for children with a disability, but not to exceed an average of \$47 in any one school year for each child with a disability receiving these services;

(5) for secondary vocational education programs for children with disabilities provided by a contract approved by the commissioner with public, private, or voluntary agencies other than a Minnesota school district or cooperative center, in place of programs provided by the district, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(6) for secondary vocational education programs for children with disabilities provided by a contract approved by the commissioner with public, private, or voluntary agencies other than a Minnesota school district or cooperative center, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract; and

(7) for a contract approved by the commissioner 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, 52 percent of the amount of the contract.

Sec. 25. Minnesota Statutes 1994, section 124.574, is amended by adding a subdivision to read:

Subd. 2e. [ADJUSTED SECONDARY VOCATIONAL-DISABLED BASE REVENUE.] For fiscal year 1996, a district's adjusted secondary vocational-disabled base revenue equals the district's secondary vocational-disabled base revenue times the ratio of the district's average daily membership for the current school year to the district's average daily membership for the base year.

Sec. 26. Minnesota Statutes 1994, section 124.574, is amended by adding a subdivision to read:

Subd. 2f. [STATE TOTAL SECONDARY VOCATIONAL-DISABLED REVENUE.] The state total secondary vocational-disabled revenue for fiscal year 1996 equals \$7,479,000.

Sec. 27. Minnesota Statutes 1994, section 124.574, is amended by adding a subdivision to read:

Subd. 2g. [SCHOOL DISTRICT SECONDARY VOCATIONAL-DISABLED REVENUE FOR FISCAL YEAR 1996.] A school district's secondary vocational-disabled revenue for fiscal year 1996 equals the state total secondary vocational-disabled revenue times the ratio of the district's adjusted secondary vocational-disabled base revenue to the state total adjusted secondary vocational-disabled base revenue.

Sec. 28. Minnesota Statutes 1994, section 124.574, is amended by adding a subdivision to read:

Subd. 2h. [SCHOOL DISTRICT SECONDARY VOCATIONAL-DISABLED AID FOR FISCAL YEAR 1996.] A school district's secondary vocational-disabled aid for fiscal year 1996 equals 60 percent of the district's secondary vocational-disabled revenue.

Sec. 29. Minnesota Statutes 1994, section 124.574, subdivision 9, is amended to read:

Subd. 9. [REVENUE ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATE DISTRICTS.] For purposes of this section and section 124.321, for fiscal year 1996, 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. 30. [124.917] [FIRST-GRADE PREPAREDNESS REVENUE.]

Subdivision 1. [LEVY AMOUNT.] For taxes payable in 1996 and subsequent years, the commissioner of education shall certify a levy to fund the first-grade preparedness program. The amount of the levy shall equal the sum of the tax rates for special school district No. 1, Minneapolis, and the city of Minneapolis for the previous year times the net tax capacity of the property described in section 272.01, subdivision 2, not otherwise subject to school district taxation.

Subd. 2. [LEVY PROCEDURE.] The Hennepin county auditor shall certify the previous year tax rates under subdivision 1 to the commissioners of education and revenue by July 1 of each year. The Hennepin county assessor shall certify the net tax capacity of the property described in

subdivision 1 to the commissioner of education and revenue by August 1 of each year. The commissioner of education shall certify the levy imposed under this section to the Hennepin county auditor September 1 of each year. The levy under this section is considered to be a special taxing district levy for the purposes of sections 275.065 and 276.04.

Subd. 3. [LEVY PROCEEDS.] Each year, the Hennepin county treasurer shall pay the amounts collected under subdivision 2 to the qualifying school districts according to the distribution formula established by the commissioner of education under section 124.2613 and through the procedures established in chapter 276.

Subd. 4. [TRANSPORTATION SAVINGS.] The commissioner of education shall calculate the state aid savings in transportation aid to each qualifying school district. The amount of that savings is annually appropriated from the state general fund to the commissioner of education to provide funds for the first-grade preparedness program according to section 124.2613.

Subd. 5. [DISTRIBUTION OF PROCEEDS.] The amounts collected under this section shall be used to fund the first-grade preparedness program according to section 124.2613.

Sec. 31. Minnesota Statutes 1994, section 125.62, subdivision 7, is amended to read:

Subd. 7. [LOAN FORGIVENESS.] The loan may be forgiven if the recipient is employed as a teacher, as defined in section 125.12 or 125.17, in an eligible school or program in Minnesota. ~~One-fifth~~ One-fourth of the principal of the outstanding loan amount shall be forgiven for each year of eligible employment, or a pro rata amount for eligible employment during part of a school year, part-time employment as a substitute teacher, or other eligible part-time teaching. Loans for \$2,500 or less may be forgiven at the rate of up to \$1,250 per year. The following schools and programs are eligible for the purposes of loan forgiveness:

- (1) a school or program operated by a school district;
- (2) a tribal contract school eligible to receive aid according to section 124.86;
- (3) a head start program;
- (4) an early childhood family education program; ~~or~~
- (5) a program providing educational services to children who have not entered kindergarten; or
- (6) a program providing educational enrichment services to American Indian students in grades kindergarten through 12.

If a person has an outstanding loan obtained through this program, the duty to make payments of principal and interest may be deferred during any time period the person is enrolled at least one-half time in an advanced degree program in a field that leads to employment by a school district. To defer loan obligations, the person shall provide written notification to the state board of education and the recipients of the joint grant that originally authorized the loan. Upon approval by the state board and the joint grant recipients, payments shall be deferred.

The loan forgiveness program, loan deferral, and procedures to administer the program shall be approved by the higher education coordinating board.

Sec. 32. Minnesota Statutes 1994, section 126.237, is amended to read:

126.237 [ALTERNATE INSTRUCTION REQUIRED.]

Before a pupil is referred for a special education assessment, the district or nonpublic school must conduct and document at least two instructional strategies, alternatives, or interventions while the pupil is in the regular classroom. The pupil's teacher must provide the documentation. A special education assessment team may waive this requirement when they determine the pupil's need for the assessment is urgent. This section may not be used to deny a pupil's right to a special education assessment.

Sec. 33. Minnesota Statutes 1994, section 126.49, is amended by adding a subdivision to read:

Subd. 2a. [RESOLUTION OR LETTER.] All persons applying for a license under this section must submit to the board a resolution or letter signed by an American Indian tribal government or its designee. All persons holding a license under this section on the effective date of this section must have on file or file with the board a resolution or letter signed by a tribal government or its designee by January 1, 1996, or the next renewal date of the license thereafter.

Sec. 34. Laws 1994, chapter 587, article 3, section 19, subdivision 1, is amended to read:

Subdivision 1. [SPECIAL EDUCATION AID.] \$17,500,000 is appropriated in fiscal year 1994 from the general fund to the department of education for special education aid to school districts. This appropriation is available until June 30, 1995. This amount is added to the appropriations for aid for special education programs contained in Laws 1993, chapter 224, article 3, section 38, subdivisions 2, 4, 8, 11, and 14. The individual appropriations shall be increased by the commissioner of finance in the amounts determined by the commissioner of education. This amount is appropriated to eliminate the fiscal year 1993 deficiencies and eliminate or reduce the fiscal year 1995 deficiencies in the appropriations in those subdivisions. Any amount not needed for these purposes is available to eliminate or reduce the fiscal year 1994 deficiencies in the appropriations in those subdivisions. The commissioner of finance shall transfer amounts among the appropriations in those subdivisions as determined by the department of education. The department must reduce a school district's payable 1995 levy limitations by the full amount of the aid payments made to the school district according to this subdivision. This appropriation shall not be included in determining the amount of a deficiency in the special education programs for fiscal year years 1994 and 1995 for the purpose of allocating any excess appropriations to aid or grant programs with insufficient appropriations as provided in Minnesota Statutes, section 124.14, subdivision 7. Notwithstanding Minnesota Statutes, section 124.195, subdivision 10, 100 percent of this appropriation must be paid in fiscal years 1994 and 1995. This appropriation is not to be included in a base budget for future fiscal years.

Sec. 35. [COMMISSIONERS' DUTIES.]

Subdivision 1. [ALIGNMENT OF RULES.] The commissioners of education, human services, and health shall review current state rules and statutes concerning the disability definitions, eligibility criteria, assessment and diagnostic practices, licensing of service providers, aversive and deprivation procedures, and case management procedures for programs and services for children with disabilities provided by the education and human services systems. The commissioners shall report to the education and health and human services committees of the legislature by February 15, 1996, on recommendations for modifying state rules and statutes and applying for necessary federal waivers to improve service delivery and promote integration and collaboration between the education and human services systems. The commissioners shall include state and local program administrators and service providers in the process for reviewing the state statutes and rules.

Sec. 36. [LOCAL TRAINING PROGRAMS.]

The commissioners of education, human services, and health shall jointly develop and implement a training program for local staff in school districts and county human services and social services agencies who work with children with disabilities and their families. Implementation of the training program shall begin no later than January 15, 1996. The training shall familiarize staff with the disability definitions, eligibility criteria, assessment and diagnostic practices, available services, and case management procedures of each of the service providing systems. The goal of the training is to enable local staff to determine if children with disabilities may be eligible for interagency services, involve staff from appropriate agencies in collaboratively developing a multiagency plan of care, reduce duplication and promote service coordination, and improve services to children with disabilities and their families.

Sec. 37. [OSSEO LEVY.]

For 1995 taxes payable in 1996 only, independent school district No. 279, Osseo, may levy a tax in an amount not to exceed \$500,000. The proceeds of this levy must be used to provide instructional services for at-risk children.

Sec. 38. [COMPREHENSIVE EARLY INTERVENTION PROGRAM FOR STUDENTS WITH EMOTIONAL OR BEHAVIORAL DISORDERS.]

Subdivision 1. [ESTABLISHMENT.] A pilot program is established in independent school district No. 624, White Bear Lake, to provide comprehensive early intervention services to children with emotional or behavioral disorders. The goals of the pilot program are to:

- (1) improve learner outcomes for children with emotional or behavioral disorders;
- (2) reduce the need for placement of children with emotional or behavioral disorders in special education programs under Minnesota Statutes, section 120.17;
- (3) reduce the number of school exclusions, expulsions, and suspensions;
- (4) reduce the number of children entering the juvenile justice system; and
- (5) improve the cost-effectiveness of services for children with emotional or behavioral disorders.

Subd. 2. [APPLICATION; EVALUATION.] (a) To participate in the pilot program, the district shall submit an application to the commissioner of education in the form and manner prescribed by the commissioner. The application shall include a plan for developing and implementing a comprehensive early intervention program that provides for the following:

- (1) early identification of children who are demonstrating characteristics or behavior that may lead to placement in a special education program under Minnesota Statutes, section 120.17, and Minnesota Rules, part 3525.1329;
 - (2) flexible early intervention strategies that are performance based and may include the school, local mental health agencies, the parent, and the community;
 - (3) mentoring programs that may include both adult community mentors or student peer mentors;
 - (4) collaboration with local mental health, social services, law enforcement, and nonprofit agencies;
 - (5) flexible instructional delivery alternatives that may include an extended school year, flexible school days, or work-based learning programs;
 - (6) extensive parent involvement in developing and implementing early intervention strategies, including parent training in appropriate intervention skills; and
 - (7) technology-based systems for individualized instruction and student record management.
- (b) The district shall contract with an independent agency for an evaluation of the effectiveness of the pilot program and report to the commissioner of education by January 15, 1997.

Sec. 39. [OPTIONS PLUS PILOT PROGRAM.]

Subdivision 1. [PURPOSE.] A pilot program is established to support general education classroom teachers who teach children with specific learning disabilities. The goals of the pilot program are to:

- (1) increase participation of these children in noncategorical programming designed to encourage their maximum potential and maintain their self-esteem;
- (2) demonstrate results in measurable educational outcomes;
- (3) provide alternatives to special education that focus on children's educational progress and results, respond to the individual child, are efficient and cost-effective, and ensure the rights of eligible children and their families to due process;
- (4) increase general education's ability to educate in a manner that decreases the need for pull-out programs for students with specific learning disabilities; and
- (5) implement alternative approaches to conflict resolution.

Subd. 2. [DEFINITIONS.] For the purposes of this section the terms defined in this subdivision have the meanings given them.

(a) "Accommodation" means any technique that alters the educational setting to enable the child to reach the child's maximum potential and to demonstrate more accurately the child's knowledge and educational progress. Accommodations may include, but are not limited to: preferential seating, paraphrasing of information, instructions, practice activities and directions provided in a manner consistent with the child's learning style, opportunity for increased response time, more frequent opportunity for review, extended time to complete assignments and tests, larger print for assignments or tests, special study sheets, extended or untimed tests, oral testing and answering, and use of assistive technology within and outside the educational environment.

(b) "Assistive technology" means any item, piece of equipment, or product system, whether acquired commercially off the shelf, modified, or customized, that is used to increase, maintain, or improve functional capabilities.

(c) "Competency" means a documented and demonstrated attitude, skill, or knowledge base resulting in an ability of general education personnel to provide accommodations, modifications, and personalized instruction, according to the eligible child's individual learning styles, within general education environments.

(d) "Consistently available" means that education personnel who demonstrate competency are site-based and designated as a resource for the development and use of accommodations, modifications, and personalized instruction in general education.

(e) "Eligible children" means those children who have specific learning disabilities or conditions related to these disabilities according to recognized professional standards and documented by appropriately licensed personnel.

(f) "Learner plan" means a concise written plan that is based on the eligible child's documented specific learning disabilities and needs; includes the eligible child's strengths that may compensate for those differences and needs; provides the child, the child's parent, and all general education personnel responsible for direct instruction with information that results in clear understanding and subsequent use of accommodations, modifications, and personalized instruction; and includes methods of evaluating the child's progress that are consistent with learning differences, needs, strengths, modifications, and accommodations, and are at intervals identical to the student population of the school in which the child participating in Options Plus is enrolled.

(g) "Modification" means any technique that alters the school work required, makes it different from the school work required or other students in the same course, and encourages the eligible child to reach the child's maximum potential and facilitate educational success. Modifications may include, but are not limited to: copies of teacher notes and lesson plans, assisted note taking, reduced or altered assignments, increased assignments in areas of strength, alternative test formats, modified testing, peer assistance, cooperative learning, and modified grading such as documentation of progress and results.

(h) "Parent" means a parent, guardian, or person acting as a parent of a child.

(i) "Personalized instruction" means direct instruction designed with knowledge of the child's learning style, strengths, and differences, to assist the child to gain in skill areas, so the child demonstrates progress toward and outcomes necessary to become a successful citizen.

Subd. 3. [APPLICATION.] (a) An Options Plus applicant must be a school district or districts that cooperate for a particular purpose. To be eligible for an Options Plus pilot program grant, a district or districts must submit an application to the commissioner of education in the form and manner prescribed by the commissioner. The application must describe:

(1) how the applicant will ensure that eligible children receive accommodations, modifications, and personalized instruction;

(2) the methods to be used to develop a learner plan for each child participating in the program and to evaluate individual progress, outcomes, and cumulative results including parent satisfaction;

- (3) the projected number of students participating in the program;
- (4) the current and projected level of educator competency at each district site where an Options Plus program will be established;
- (5) procedures for assessing and determining eligibility of students with specific learning disabilities in accordance with Minnesota Rules, parts 3525.1325 to 3525.1347;
- (6) procedures for informing the parent and child, as appropriate, of all procedural safeguards and dispute resolution alternatives available under the Individuals with Disabilities Education Act (IDEA), United States Code, title 20, section 1400 et seq., American with Disabilities Act of 1990 (ADA), United States Code, title 42, section 12101 et seq., Rehabilitation Act of 1973, United States Code, title 29, section 794, and applicable state law;
- (7) alternative dispute resolution methods to be implemented if agreed upon by the parent and are instituted in a timely manner not to exceed 30 days or in accordance with current laws; and
- (8) any additional information required by the commissioner.

(b) Districts shall continue accounting procedures for documenting that federal special education funds are expended for child find, identification, and evaluation consistent with federal law. A district shall not include children participating in the Options Plus program in special education child counts or funding formulas.

Subd. 4. [RIGHTS OF PARENT AND CHILD.] Any child enrolled in an Options Plus pilot program may withdraw at any time upon written request of the parent or child and seek or reinstate eligibility for services under Minnesota Statutes, section 120.17. If a child who withdraws was previously served through an individual education plan under Minnesota Statutes, section 120.17, the parent shall retain the right to immediately reinstate the last agreed upon individual education plan.

Subd. 5. [USE OF FUNDS.] Options Plus pilot program grants shall be used to supplement staff development funding under Minnesota Statutes, section 124A.29, to train general education classroom teachers to meet the needs of children with specific learning disabilities. The training shall result in each participating teacher achieving the following competencies:

- (1) understanding and communicating to the parents of the child the options available for instruction;
- (2) the ability to assess the learning environment and provide the necessary accommodations, modifications, and personalized instruction necessary to meet the needs of the child; and
- (3) the ability to work collaboratively and in teams with other teachers and support and related services staff.

Subd. 6. [REPORT.] A school district receiving an Options Plus pilot program grant shall report to the commissioner of education on the educational impact and cost-effectiveness of the Options Plus program by February 15, 1997. The commissioner shall evaluate the effectiveness of the Options Plus program and recommend to the education committees of the legislature by February 15, 1998, whether the program should be continued or expanded statewide and whether to include other disability areas.

Sec. 40. [AFDC AID REDUCTION FOR CERTAIN DISTRICTS.]

Notwithstanding Minnesota Statutes, section 124.312, aid attributable to AFDC revenue under Minnesota Statutes, section 124.313, clause (1), is reduced by the following amounts in fiscal year 1997 for the school districts designated:

- (1) special school district No. 1, Minneapolis, \$7,500,000;
- (2) independent school district No. 625, St. Paul, \$1,500,000;
- (3) independent school district No. 38, Red Lake, \$350,000; and

(4) independent school district No. 115, Cass Lake, \$175,000.

Sec. 41. [FEDERAL SPECIAL EDUCATION FUNDS.]

A school district shall not transfer a special education expenditure from a federal revenue source to a state revenue source for fiscal year 1995 after March 30, 1995.

Sec. 42. [APPROPRIATIONS.]

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

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

<u>\$195,291,000</u>	<u>.....</u>	<u>1996</u>
<u>\$29,482,000</u>	<u>.....</u>	<u>1997</u>

The 1996 appropriation includes \$28,230,000 for 1995 and \$167,061,000 for 1996.

The 1997 appropriation includes \$29,482,000 for 1996 and \$0 for 1997.

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>\$470,000</u>	<u>.....</u>	<u>1996</u>
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If this appropriation is 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>\$4,307,000</u>	<u>.....</u>	<u>1996</u>
<u>\$2,188,000</u>	<u>.....</u>	<u>1997</u>

The 1996 appropriation is for 1995 summer programs.

The 1997 appropriation is for 1996 summer programs provided in fiscal year 1996.

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>\$77,000</u>	<u>.....</u>	<u>1996</u>
<u>\$11,000</u>	<u>.....</u>	<u>1997</u>

The 1996 appropriation includes \$11,000 for 1995 and \$66,000 for 1996.

The 1997 appropriation includes \$11,000 for 1996 and \$0 for 1997.

Subd. 6. [TARGETED NEEDS AID.] For targeted needs aid:

<u>-0-</u>	<u>.....</u>	<u>1996</u>
<u>\$379,059,000</u>	<u>.....</u>	<u>1997</u>

The 1997 appropriation anticipates an entitlement of \$455,476,000 for fiscal year 1997.

Subd. 7. [EXCESS COST AID.] For excess cost aid:

<u>\$5,908,000</u>	<u>.....</u>	<u>1996</u>
<u>\$18,508,000</u>	<u>.....</u>	<u>1997</u>

The 1996 appropriation includes \$760,000 for 1995 and \$5,148,000 for 1996.

The 1997 appropriation includes \$909,000 for 1996 and \$17,599,000 for 1997.

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>\$7,121,000</u>	.....	<u>1996</u>
<u>\$1,089,000</u>	.....	<u>1997</u>

The 1996 appropriation includes \$945,000 for 1995 and \$6,176,000 for 1996.

The 1997 appropriation includes \$1,089,000 for 1996 and \$0 for 1997.

Subd. 9. [SECONDARY VOCATIONAL; STUDENTS WITH DISABILITIES.] For aid for secondary vocational education for pupils with disabilities according to Minnesota Statutes, section 124.574:

<u>\$4,404,000</u>	.....	<u>1996</u>
<u>\$ 673,000</u>	.....	<u>1997</u>

The 1996 appropriation includes \$590,000 for 1995 and \$3,814,000 for 1996.

The 1997 appropriation includes \$673,000 for 1996 and \$0 for 1997.

Subd. 10. [ASSURANCE OF MASTERY.] For assurance of mastery aid according to Minnesota Statutes, section 124.312:

<u>\$13,194,000</u>	.....	<u>1996</u>
<u>\$13,194,000</u>	.....	<u>1997</u>

The 1996 appropriation includes \$1,979,000 for 1995 and \$11,215,000 for 1996.

The 1997 appropriation includes \$1,979,000 for 1996 and \$11,215,000 for 1997.

Subd. 11. [SPECIAL PROGRAMS EQUALIZATION AID.] For special programs levy equalization aid according to Minnesota Statutes, section 124.321:

<u>\$18,901,000</u>	.....	<u>1996</u>
<u>\$23,471,000</u>	.....	<u>1997</u>

The 1996 appropriation includes \$2,584,000 for 1995 and \$16,317,000 for 1996.

The 1997 appropriation includes \$2,880,000 for 1996 and \$20,591,000 for 1997.

Subd. 12. [MAGNET SCHOOL AND PROGRAM BLOCK GRANTS.] For magnet school and program block grants:

<u>\$2,302,000</u>	.....	<u>1996</u>
<u>\$2,302,000</u>	.....	<u>1997</u>

Subd. 13. [OPTIONS PLUS PILOT GRANTS.] For grants to school districts for options plus pilot programs:

<u>\$200,000</u>	<u>1996</u>
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Each grant shall not exceed \$50,000.

Subd. 14. [SCHOOL INTERPRETERS.] For school interpreters to upgrade their interpreting/transliterating skills and obtain certification:

<u>\$150,000</u>	.....	<u>1996</u>
<u>\$100,000</u>	.....	<u>1997</u>

Subd. 15. [COMPREHENSIVE EARLY INTERVENTION PROGRAM GRANTS.] For a grant to independent school district No. 624, White Bear Lake for a comprehensive early intervention pilot program for students with emotional or behavioral disorders:

<u>\$390,000</u>	<u>.....</u>	<u>1996</u>
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Subd. 16. [LOCAL TRAINING PROGRAMS.] For developing and implementing local training programs for school district and county human services and social services staff:

<u>\$75,000</u>	<u>.....</u>	<u>1996</u>
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Subd. 17. [AMERICAN SIGN LANGUAGE; TEACHER EDUCATION HEARING.] To assist school districts in educating teachers in American sign language:

<u>\$13,000</u>	<u>.....</u>	<u>1996</u>
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<u>\$12,000</u>	<u>.....</u>	<u>1997</u>
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Any balance in the first year does not cancel but is available in the second year.

Sec. 43. [REPEALER.]

(a) Minnesota Statutes 1994, sections 124.273, subdivisions 1b and 2c; 124.32, subdivisions 1b, 1c, 1d, 1f, 2, and 3a; and 124.574, subdivisions 2b, 3, 4, and 4a, are repealed.

(b) Minnesota Statutes 1994, sections 124.17, subdivisions 1d and 1e; 124.32, subdivisions 2b and 10; and 124.573, subdivisions 1, 2, 2b, 2e, 2f, 3a, and 5a; and 124.912, subdivision 2, are repealed.

Sec. 44. [EFFECTIVE DATES.]

(a) Section 34 is effective the day following final enactment.

(b) Section 43, paragraph (a), is effective July 1, 1995.

(c) Sections 10, 11, 12, and 43, paragraph (b), are effective July 1, 1996.

ARTICLE 3

COMMUNITY AND FAMILY SUPPORT

Section 1. Minnesota Statutes 1994, section 121.702, is amended by adding a subdivision to read:

Subd. 10. [COUNCIL.] "Council" means the governor's workforce development council.

Sec. 2. Minnesota Statutes 1994, section 121.705, is amended to read:

121.705 [YOUTH WORKS GRANTS.]

Subdivision 1. [APPLICATION.] An eligible organization interested in receiving a grant under sections 121.704 to 121.709 may prepare and submit to the commission, and beginning January 1, 1997, the council, an application that complies with section 121.706.

Subd. 2. [GRANT AUTHORITY.] The commission and, beginning January 1, 1997, the council shall use any state appropriation and any available federal funds, including any grant received under federal law, to award grants to establish programs for youth works meeting the requirements of section 121.706. At least one grant each must be available for a metropolitan proposal, a rural proposal, and a statewide proposal. If a portion of the suburban metropolitan area is not included in the metropolitan grant proposal, the statewide grant proposal must incorporate at least one suburban metropolitan area. In awarding grants, the commission and, beginning January 1, 1997, the council may select at least one residential proposal and one nonresidential proposal, provided the proposals meet or exceed the criteria in section 121.706.

Sec. 3. Minnesota Statutes 1994, section 121.706, is amended to read:

121.706 [GRANT APPLICATIONS.]

Subdivision 1. [APPLICATIONS REQUIRED.] An organization seeking federal or state grant money under sections 121.704 to 121.709 shall prepare and submit to the commission and, beginning January 1, 1997, the council an application that meets the requirements of this section. The commission and, beginning January 1, 1997, the council shall develop, and the applying organizations shall comply with, the form and manner of the application.

Subd. 2. [APPLICATION CONTENT.] An applicant on its application shall:

(1) propose a program to provide participants the opportunity to perform community service to meet specific unmet community needs, and participate in classroom, work-based, and service learning;

(2) assess the community's unmet educational, human, environmental, and public safety needs, the resources and programs available for meeting those needs, and how young people participated in assessing community needs;

(3) describe the educational component of the program, including classroom hours per week, classroom time for participants to reflect on the program experience, and anticipated academic outcomes related to the service experience;

(4) describe the work to be performed, the ratio of youth participants to crew leaders and mentors, and the expectations and qualifications for crew leaders and mentors;

(5) describe local funds or resources available to meet the match requirements of section 121.709;

(6) describe any funds available for the program from sources other than the requested grant;

(7) describe any agreements with local businesses to provide participants with work-learning opportunities and mentors;

(8) describe any agreement with local post-secondary educational institutions to offer participants course credits for their community service learning experience;

(9) describe any agreement with a local high school or an alternative learning center to provide remedial education, credit for community service work and work-based learning, or graduate equivalency degrees;

(10) describe any pay for service or other program delivery mechanism that will provide reimbursement for benefits conferred or recover costs of services participants perform;

(11) describe how local resources will be used to provide support and assistance for participants to encourage them to continue with the program, fulfill the terms of the contract, and remain eligible for any postservice benefit;

(12) describe the arbitration mechanism for dispute resolution required under section 121.707, subdivision 2;

(13) describe involvement of community leaders in developing broad-based support for the program;

(14) describe the consultation and sign-off process to be used with any local labor organization representing employees in the area engaged in work similar to that proposed for the program to ensure that no current employees or available employment positions will be displaced by program participants;

(15) certify to the commission and, beginning January 1, 1997, the council, and to any certified bargaining representatives representing employees of the applying organization that the project will not decrease employment opportunities that would be available without the project; will not displace current employees including any partial displacement in the form of reduced hours of work other than overtime, wages, employment benefits, or regular seasonal work; will not impair existing labor agreements; and will not result in the substitution of project funding for preexisting funds or sources of funds for ongoing work;

(16) describe the length of the required service period, which may not be less than six months or more than two years, a method to incorporate a participant's readiness to advance or need for postservice financial assistance into individual service requirements, and any opportunity for participating part time or in another program;

(17) describe a program evaluation plan that contains cost-effectiveness measures, measures of participant success including educational accomplishments, job placements, community contributions, and ongoing volunteer activities, outcome measures based on a preprogram and postprogram survey of community rates of arrest, incarceration, teenage pregnancy, and other indicators of youth in trouble, and a list of local resources dedicated to reducing these rates;

(18) describe a three-year financial plan for maintaining the program;

(19) describe the role of local youth in developing all aspects of the grant proposal; and

(20) describe the process by which the local private industry council participated in, and reviewed the grant application.

Sec. 4. Minnesota Statutes 1994, section 121.707, subdivision 2, is amended to read:

Subd. 2. [TERMS OF SERVICE.] (a) A participant shall agree to perform community service for the period required unless the participant is unable to complete the terms of service for the reason provided in paragraph (b).

An agreement to perform community service must be in the form of a written contract between the participant and the grantee organization. Terms of the contract must include a length of service between six months and two years, the amount of the postservice benefit earned upon completion of the contracted length of service, the participant's education goals and commitment, the anticipated date of completion, dismissal for cause, including failure to fully participate in the education component, and the exclusive right to challenge a dismissal for cause through binding arbitration. The arbitrator must be chosen jointly by the grantee organization and the participant from the community or, if agreement cannot be reached, an arbitrator must be determined from a list of arbitrators provided by the American Arbitration Association. The sole remedy available to the participant through arbitration is reinstatement to the program and eligibility for postservice benefits. The parent or guardian of a minor shall consent in writing to the contract between the participant and the grantee organization.

(b) If the grantee organization releases a participant from completing a term of service in a program receiving assistance under sections 121.704 to 121.709 for compelling personal circumstances as demonstrated by the participant, or if the program in which the participant serves does not receive continued funding for any reason, the grantee organization may provide the participant with that portion of the financial assistance described in subdivision 3 that corresponds to the quantity of the service obligation completed by the individual.

If the grantee organization terminates a participant for cause or a participant resigns without demonstrating compelling personal circumstances under this section, no postservice benefit under subdivision 3 may be paid.

(c) A participant performing part-time service under sections 121.701 to 121.710 shall serve at least two weekends each month and two weeks during the year. A part-time participant shall serve at least 900 hours during a period of not more than two years, or three years if enrolled in an institution of higher education. A participant performing full-time service under sections 121.701 to 121.710 shall serve at least 1,700 hours during a period of not less than nine months, or more than one year.

(d) Notwithstanding any other law to the contrary, for purposes of tort liability under sections 3.732 and 3.736, while participating in a program a participant is an employee of the state.

(e) Participants performing community service in a program are not public employees for purposes of chapter 43A, 179A, 197, 353, or any other law governing hiring or discharging of public employees.

Sec. 5. Minnesota Statutes 1994, section 121.707, subdivision 3, is amended to read:

Subd. 3. [POSTSERVICE BENEFIT.] (a) Each eligible organization shall agree to provide to every participant shall who fulfills the terms of a contract under section 121.707, subdivision 2, receive a nontransferable postservice benefit upon successfully completing the program. The benefit must be not less than \$4,725 per year of full-time service or prorated for part-time service or for partial service of at least 900 hours. Upon signing a contract under section 121.707, subdivision 2, each eligible organization shall deposit funds to cover the full amount of postservice benefits obligated, except for national education awards that are deposited in the national service trust fund. Funds encumbered in fiscal years 1994 and 1995 for postservice benefits shall be available until the participants for whom the funds were encumbered are no longer eligible to draw benefits.

(b) Nothing in this subdivision prevents a grantee organization from using funds from nonfederal or nonstate sources to increase the value of postservice benefits above the value described in paragraph (a).

(c) The higher education coordinating board shall establish an account for depositing funds for postservice benefits received from eligible organizations. If a participant does not complete the term of service or, upon successful completion of the program, does not use a postservice benefit according to subdivision 4 within seven years after completing the program, the amount of the postservice benefit shall be used to provide a postservice benefit refunded to the eligible organization or, at the organization's discretion, dedicated to another eligible participant. Interest earned on funds deposited in the postservice benefit account is appropriated to the higher education coordinating board for the costs of administering the postservice benefits accounts.

(d) The state shall provide an additional postservice benefit to any participant who successfully completes the program. The benefit must be a credit of five points to be added to the competitive open rating of a participant who obtains a passing grade on a civil service examination under chapter 43A. The benefit is available for five years after completing the community service.

Sec. 6. Minnesota Statutes 1994, section 121.707, subdivision 4, is amended to read:

Subd. 4. [USES OF POSTSERVICE BENEFITS.] (a) A postservice benefit for a participant provided under subdivision 3, paragraph (a), (b), or (c), must be available for seven years after completing the program and may only be used for:

(1) paying a student loan;

(2) costs of attending an institution of higher education; or

(3) expenses incurred by a student in an approved youth apprenticeship program under chapter 126B, or in a registered apprenticeship program approved by the department of labor and industry.

Financial assistance provided under this subdivision must be in the form of vendor payments whenever possible. Any postservice benefits provided by federal funds or vouchers may be used as a downpayment on, or closing costs for, purchasing a first home.

(b) Postservice benefits are to be used to develop skills required in occupations where numbers of jobs are likely to increase. The commission, in consultation with the education and employment transitions council, and beginning January 1, 1997, the workforce development council shall determine how the benefits may be used in order to best prepare participants with skills that build on their service learning and equip them for meaningful employment.

(c) The postservice benefit shall not be included in determining financial need when establishing eligibility or award amounts for financial assistance programs under chapter 136A.

Sec. 7. Minnesota Statutes 1994, section 121.707, subdivision 6, is amended to read:

Subd. 6. [PROGRAM TRAINING.] (a) The commission and, beginning January 1, 1997, the council shall, within available resources, ensure an opportunity for each participant to have three weeks of training in a residential setting. If offered, each training session must:

(1) orient each participant in the nature, philosophy, and purpose of the program;

- (2) build an ethic of community service through general community service training; and
- (3) provide additional training as it determines necessary.

(b) Each grantee organization shall also train participants in skills relevant to the community service opportunity.

Sec. 8. Minnesota Statutes 1994, section 121.707, subdivision 7, is amended to read:

Subd. 7. [TRAINING AND EDUCATION REQUIREMENTS.] Each grantee organization shall assess the educational level of each entering participant. Each grantee shall work to enhance the educational skills of each participant. The commission and, beginning January 1, 1997, the council may coordinate or contract with educational institutions or other providers for educational services and evaluation. All grantees shall give priority to educating and training participants who do not have a high school diploma or its equivalent, or who cannot afford post-secondary training and education.

Sec. 9. Minnesota Statutes 1994, section 121.708, is amended to read:

121.708 [PRIORITY.]

The commission and, beginning January 1, 1997, the council shall give priority to an eligible organization proposing a program that meets the goals of sections 121.704 to 121.707, and that:

(1) involves youth in a meaningful way in all stages of the program, including assessing community needs, preparing the application, and assuming postservice leadership and mentoring responsibilities;

(2) serves a community with significant unmet needs;

(3) provides an approach that is most likely to reduce arrest rates, incarceration rates, teenage pregnancy, and other indicators of troubled youth;

(4) builds linkages with existing, successful programs; and

(5) can be operational quickly.

Sec. 10. Minnesota Statutes 1994, section 121.709, is amended to read:

121.709 [MATCH REQUIREMENTS.]

Youth works grant funds must be used for the living allowance, cost of employer taxes under sections 3111 and 3301 of the Internal Revenue Code of 1986, workers' compensation coverage, and health benefits for each program participant. Youthworks grant funds may also be used to supplement applicant resources to fund postservice benefits for program participants. Applicant resources, from sources and in a form determined by the commission and, beginning January 1, 1997, the council, must be used to provide for all other program operating costs, including the portion of the applicant's obligation for postservice benefits that is not covered by state or federal grant funds and such costs as supplies, materials, transportation, and salaries and benefits of those staff directly involved in the operation, internal monitoring, and evaluation of the program. Administrative expenses must not exceed five percent of total program costs.

Sec. 11. Minnesota Statutes 1994, section 121.710, is amended to read:

121.710 [EVALUATION AND REPORTING REQUIREMENTS.]

Subdivision 1. [GRANTEE ORGANIZATIONS.] Each grantee organization shall report to the commission and, beginning January 1, 1997, the council at the time and on the matters requested by the commission and, beginning January 1, 1997, the council.

Subd. 2. [INTERIM REPORT.] The commission and, beginning January 1, 1997, the council shall report semiannually to the legislature with interim recommendations to change the program.

Subd. 3. [FINAL REPORT.] The commission and, beginning January 1, 1997, the council shall

present a final report to the legislature by January 1, 1998, summarizing grantee evaluations, reporting on individual participants and participating grantee organizations, and recommending any changes to improve or expand the program.

Sec. 12. Minnesota Statutes 1994, section 121.885, subdivision 1, is amended to read:

Subdivision 1. [~~SERVICE-LEARNING SERVICE-LEARNING AND WORK-BASED LEARNING PROGRAMS STUDY.~~] The Minnesota commission on national and community service, established in section 121.703, governor's workforce development council shall assist the commissioner of education in studying how to combine community service activities and service learning service-learning with work-based learning programs.

Sec. 13. Minnesota Statutes 1994, section 121.885, subdivision 4, is amended to read:

Subd. 4. [~~PROGRAMS FOLLOWING YOUTH COMMUNITY SERVICE.~~] (a) The Minnesota commission on national and community service established in section 121.703, and, beginning January 1, 1997, the governor's workforce development council, in cooperation with the commissioner and the higher education coordinating board, shall provide for those participants who successfully complete youth community service under sections 121.703 121.704 to 121.709, the following:

(1) for those who have a high school diploma or its equivalent, an opportunity to participate in a youth apprenticeship program at a community or technical college; and

(2) for those who are post-secondary students, an opportunity to participate in an educational program that supplements post-secondary courses leading to a degree or a statewide credential of academic and occupational proficiency.

(b) Participants who successfully complete a youth community service program under sections 121.704 to 121.710 are eligible to receive an education voucher as provided under section 121.707, subdivision 4. The voucher recipient may apply the voucher toward the cost of the recipient's tuition and other education-related expenses at a post-secondary school under paragraph (a).

(c) The Minnesota commission on national and community service, in cooperation with the state board of technical colleges, shall establish a mechanism to transfer credit earned in a youth apprenticeship program between the technical colleges and other post-secondary institutions offering applied associate degrees.

Sec. 14. [124.255] [SCHOOL ENRICHMENT PARTNERSHIP PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] The school enrichment partnership program is established. The purpose of the program is to encourage school districts to expand the involvement of the private sector in the delivery of academic programs. The program will provide matching state funds for those provided by the private sector.

Subd. 2. [REVENUE ELIGIBILITY.] A school district or group of school districts is eligible to receive state aid under this program. Districts may enter into joint agreements to provide programs or make expenditures under this section. The limitations under this subdivision shall apply to these programs or expenditures as if they were operated by a single district. A district may receive \$1 of state aid for each \$2 raised from the private sector. The private match must be in the form of cash. Specific types of noncash support may be considered for the private match. State aid is limited to the lesser of \$75,000 or \$10 per pupil unit per district.

Subd. 3. [REVENUE MANAGEMENT.] The use of the state and private funds provided under this section is under the general control of the school board. The board may establish, without using state funds or public employees, a separate foundation to directly manage the funds. The private funds must be used to acquire instructional or noninstructional academic materials of a capital nature including, but not limited to, textbooks, globes, maps, and other academic material. The funds may not be used for salaries or other employee benefits.

Subd. 4. [PROCEDURES; REPORT.] The Minnesota academic excellence foundation, under the direction of the commissioner of education, shall establish application forms, guidelines,

procedures, and timelines for the distribution of state aid. The commissioner may require reporting necessary to evaluate the program. Measures of success will include numbers of partnerships and funds raised; numbers of school foundations formed; and demonstrated linkages of partnerships to improved instructional delivery resulting in increased student learning.

Subd. 5. [RESULTS-ORIENTED CHARTER SCHOOLS.] Notwithstanding section 124.248, subdivision 4, paragraph (b), a results-oriented charter school is eligible to participate in the program under this section as if it were a school district.

Sec. 15. Minnesota Statutes 1994, section 124.261, subdivision 1, is amended to read:

Subdivision 1. [AID ELIGIBILITY.] For fiscal year 1996, adult high school graduation aid for eligible pupils age 21 or over, equals 65 percent of the general education formula allowance times 1.30 times the average daily membership under section 124.17, subdivision 2e. For 1997 and later fiscal years, adult high school graduation aid equals 59 percent of the general education formula allowance times 1.3 times the average daily membership under section 124.17, subdivision 2e. Adult high school graduation aid must be paid in addition to any other aid to the district. Pupils age 21 or over may not be counted by the district for any purpose other than adult high school graduation aid.

Sec. 16. Minnesota Statutes 1994, section 124C.45, subdivision 1, is amended to read:

Subdivision 1. [GOVERNANCE.] A school district may establish an area learning center either by itself or in cooperation with other districts, an ECSU, an intermediate school district, a local education and employment transitions partnership, public and private secondary and post-secondary institutions, public agencies, businesses, and foundations. Except for a district located in a city of the first class, a center must serve the geographic area of at least two districts.

Sec. 17. Minnesota Statutes 1994, section 124C.46, subdivision 2, is amended to read:

Subd. 2. [PEOPLE TO BE SERVED.] A center shall provide programs for secondary pupils and adults, giving priority to serving persons between 16 and 21 years of age. Secondary pupils to be served are those who are chemically dependent, not likely to graduate from high school, need assistance in vocational and basic skills, can benefit from employment experiences, and need assistance in transition from school to employment. Adults to be served are dislocated homemakers and workers and others who need basic educational and social services. In addition to offering programs, the center shall coordinate the use of other available educational services, social services, and post-secondary institutions in the community. The center may also provide programs, including work-based and applied learning opportunities developed in collaboration with a local education and employment transitions partnership, for elementary and secondary pupils who are not attending the center to assist them in completing high school.

Sec. 18. Minnesota Statutes 1994, section 124C.48, subdivision 1, is amended to read:

Subdivision 1. [OUTSIDE SOURCES.] A center may accept:

- (1) resources and services from post-secondary institutions serving center pupils;
- (2) resources from job training partnership act programs, including funding for jobs skills training for various groups and the percentage reserved for education;
- (3) resources from the department of human services and county welfare funding; or
- (4) resources from a local education and employment transitions partnership; or
- (5) private resources, foundation grants, gifts, corporate contributions, and other grants.

Sec. 19. Minnesota Statutes 1994, section 126B.01, is amended to read:

126B.01 [PURPOSE EDUCATION AND EMPLOYMENT TRANSITIONS SYSTEM.]

Subdivision 1. [PURPOSE GOALS.] To better prepare all learners to make transitions between education and employment, a comprehensive education and employment transitions system is established to that is driven by multisector partnerships and takes a lifelong approach to workforce development. The goals of the statewide education and employment transitions system are:

(1) to improve the skills learners need to achieve greater levels of self-sufficiency through education, training, and work;

(2) assist individuals in planning their futures by providing to improve work-related counseling and information about career opportunities and vocational education programs available to learners to facilitate workforce development;

(~~2~~) (3) to integrate opportunities for work-based learning, including but not limited to occupation specific apprenticeship programs and community service programs, service-learning, and other applied learning methods into the elementary, secondary, and post-secondary curriculum and state and local graduation standards;

(~~3~~) (4) to increase participation in employment opportunities and demonstrate the relationship between education and employment at the elementary, secondary, and post-secondary education levels;

(5) to promote the efficient use of public and private resources by coordinating elementary, secondary, and post-secondary education with related government programs; and

(4) (6) to expand educational options available to ~~students~~ all learners through collaborative efforts between ~~secondary institutions~~ school districts, post-secondary institutions, ~~business, industry~~ employers, organized labor, ~~workers, learners, parents, community-based organizations,~~ and other interested parties;

(7) to increase opportunities for women, minorities, individuals with a disability, and at-risk learners to fully participate in work-based learning;

(8) to establish performance standards for learners that integrate state and local graduation standards and generally recognized industry and occupational skill standards; and

(9) to provide support systems including a unified labor market information system; a centralized quality assurance system with information on learner achievement, employer satisfaction, and measurable system outcomes; a statewide marketing system to promote the importance of lifework development; a comprehensive professional development system for public and private sector partners; and a comprehensive system for providing technical support to local partnerships for education and employment transitions.

Subd. 2. [FUNDING.] Work-based learning programs incorporating post-secondary instruction implemented under this chapter shall provide for student funding according to section 123.3514.

Subd. 3. [GOVERNOR'S WORKFORCE DEVELOPMENT COUNCIL.] The governor's workforce development council is responsible for developing, implementing, and evaluating the statewide education and employment transitions system and achieving the goals of the system.

Subd. 4. [PARTNERSHIP GRANTS.] The council shall award grants to implement local education and employment transition systems to local education and employment transition partnerships established under 126B.10. Grants under this section may be used for the local education and employment transitions system, youth apprenticeship and other work-based learning programs, youth employer programs, youth entrepreneurship programs, and other programs and purposes the council determines fulfill the purposes of the education and employment transitions system. The council shall evaluate grant proposals on the basis of the elements required in the local plan described in section 126B.10, subdivision 3. The council shall develop and publicize the grant application process and review and comment on the proposals submitted. Priority in awarding grants must be given to local partnerships that include multiple communities and a viable base of educational, work-based learning, and employment opportunities.

Sec. 20. Minnesota Statutes 1994, section 126B.03, subdivision 2, is amended to read:

Subd. 2. [ACADEMIC INSTRUCTION AND WORK-RELATED LEARNING.] (a)—A Comprehensive youth apprenticeship ~~program~~ programs and other work-based learning programs under the education and employment transitions system must integrate academic instruction and work-related learning in the classroom and at the workplace. Schools, in collaboration with ~~students'~~ learners' employers, must use competency-based measures to evaluate ~~students'~~

learners' progress in the program. ~~Students~~ Learners who successfully complete the program must receive academic and occupational credentials from the participating school.

~~(b) The academic instruction provided as part of a comprehensive youth apprenticeship program must:~~

- ~~(1) meet applicable secondary and post-secondary education requirements;~~
- ~~(2) enable the students to attain academic proficiency in at least the areas of English, mathematics, history, science, and geography; and~~
- ~~(3) where appropriate, modify existing secondary and post-secondary curricula to accommodate the changing needs of the workplace.~~

~~(c) Work-based learning provided as part of the program must:~~

- ~~(1) supply students with knowledge, skills, and abilities based on appropriate, nationally accepted standards in the specific industries and occupations for which the students learners are trained;~~
- ~~(2) offer students structured job training at the worksite, including high quality supervised learning opportunities;~~
- ~~(3) foster interactive, team-based learning;~~
- ~~(4) encourage sound work habits and behaviors;~~
- ~~(5) develop workplace skills, including the ability to manage resources, work productively with others, acquire and use information, understand and master systems, and work with technologies; and~~
- ~~(6) where feasible, offer students the opportunity to participate in community service and service learning activities.~~

~~(d) Worksite learning and experience provided as part of the program must:~~

- ~~(1) help youth apprentices achieve the program's academic and work-based learning requirements;~~
- ~~(2) pay apprentices for their work; and~~
- ~~(3) assist employers to fulfill their commitment to youth apprentices.~~

Sec. 21. Minnesota Statutes 1994, section 126B.03, subdivision 3, is amended to read:

Subd. 3. [~~PROGRAM COMPONENTS~~ YOUTH APPRENTICESHIP PROGRAMS.] (a) A comprehensive youth apprenticeship program must require representatives of secondary and post-secondary school systems, affected local businesses, industries, occupations and labor, as well as the local community, to be actively and collaboratively involved in advising and managing the program and ensuring, in consultation:

~~(b) The entities participating in a program must consult with local private industry councils, to ensure that the youth apprenticeship program meets local labor market demands and, provides student apprentices with the high skill training necessary for career advancement, within an occupation.~~

~~(c) The program must meet meets applicable state education graduation requirements and labor standards, and provide provides support services to program participants, and accommodate the integrating of work-related learning and academic instruction through flexible schedules for students and teachers and appropriately modified curriculum.~~

~~(d) (b) Local employers, collaborating with labor organizations where appropriate, must assist the program by analyzing workplace needs, creating work-related curriculum, employing and adequately paying youth apprentices engaged in work-related learning in the workplace, training~~

youth apprentices to become skilled in an occupation, providing student apprentices with a workplace mentor, periodically informing the school of an apprentice's progress, and making a reasonable effort to employ youth apprentices who successfully complete the program.

(e) (c) A student participating in a comprehensive youth apprenticeship program must sign a youth apprenticeship agreement with participating entities that obligates youth apprentices, their parents or guardians, employers, and schools to meet program requirements; indicates how academic instruction, work-based learning, and worksite learning and experience will be integrated; ensures that successful youth apprentices will receive a recognized credential of academic and occupational proficiency; and establishes the wage rate and other benefits for which youth apprentices are eligible while employed during the program.

(f) (d) ~~Demonstration project~~ Secondary school principals or, counselors, or business mentors familiar with the education to employment transitions system must inform entering secondary school students about available occupational and career opportunities and the option of entering a youth apprenticeship program or other work-based learning program to obtain post-secondary academic and occupational credentials.

Sec. 22. [126B.10] [EDUCATION AND EMPLOYMENT TRANSITIONS PARTNERSHIPS.]

Subdivision 1. [LOCAL PARTNERSHIPS; ESTABLISHMENT.] Local education and employment transitions partnerships may be established to implement local education and employment transitions systems. Local partnerships shall represent multiple sectors in the community, including, at a minimum, representatives of employers, primary and secondary education, labor and professional organizations, workers, learners, parents, community-based organizations, and to the extent possible, post-secondary education.

Subd. 2. [BOARD.] (a) A local education and employment transitions partnership shall establish a governing board for planning and implementing work-based and other applied learning programs. The board shall consist of at least one representative from each member of the education and employment transitions partnership. A majority of the board must consist of representatives of local or regional employers.

(b) An existing local or regional organization may serve as the governing board of a local education and employment transitions partnership if the organization includes representatives of the groups in subdivision 1.

Subd. 3. [LOCAL EDUCATION AND EMPLOYMENT TRANSITIONS SYSTEMS.] A local education and employment transitions partnership shall assess the needs of employers, employees, and learners, and develop a plan for implementing and achieving the objectives of a local or regional education and employment transitions system. The plan shall provide for a comprehensive local system for assisting learners and workers in making the transition from school to work or for retraining in a new vocational area. The objectives of a local education and employment transitions system include:

(1) increasing the effectiveness of the educational programs and curriculum of elementary, secondary, and post-secondary schools and the work site in preparing students in the skills and knowledge needed to be successful in the workplace;

(2) implementing learner outcomes for students in grades kindergarten through 12 designed to introduce the world of work and to explore career opportunities, including nontraditional career opportunities;

(3) eliminating barriers to providing effective integrated applied learning or work-based curriculum;

(4) increasing opportunities to apply academic knowledge and skills, including skills needed in the workplace, in local settings which include the school, school-based enterprises, post-secondary institutions, the workplace, and the community;

(5) increasing applied instruction in the attitudes and skills essential for success in the workplace, including cooperative working, leadership, problem-solving, and respect for diversity;

(6) providing staff training for vocational guidance counselors, teachers, and other appropriate staff in the importance of preparing learners for the transition to work, and in methods of providing instruction that incorporate applied learning, work-based learning, and service learning experiences;

(7) identifying and enlisting local and regional employers who can effectively provide work-based or service learning opportunities, including, but not limited to, apprenticeships, internships, and mentorships;

(8) recruiting community and workplace mentors including peers, parents, employers and employed individuals from the community, and employers of high school students;

(9) identifying current and emerging educational, training, and employment needs of the area or region, especially within industries with potential for job growth;

(10) improving the coordination and effectiveness of local vocational and job training programs, including vocational education, adult basic education, tech prep, apprenticeship, service learning, youth entrepreneur, youth training and employment programs administered by the commissioner of economic security, and local job training programs under the Job Training Partnership Act, United States Code, title 29, section 1501, et seq.;

(11) identifying and applying for federal, state, local, and private sources of funding for vocational or applied learning programs;

(12) providing students with current information and counseling about career opportunities, potential employment, educational opportunities in post-secondary institutions, workplaces, and the community, and the skills and knowledge necessary to succeed;

(13) providing educational technology, including interactive television networks and other distance learning methods, to ensure access to a broad variety of work-based learning opportunities;

(14) including students with disabilities in a district's vocational or applied learning program and ways to serve at-risk learners through collaboration with area learning centers under sections 124C.45 to 124C.49, or other alternative programs; and

(15) providing a warranty to employers, post-secondary education programs, and other post-secondary training programs, that learners successfully completing a high school work-based or applied learning program will be able to apply the knowledge and work skills included in the program outcomes or graduation requirements. The warranty shall require education and training programs to continue to work with those learners that need additional skill development until they can demonstrate achievement of the program outcomes or graduation requirements.

Subd. 4. [ANNUAL REPORTS.] (a) A local education and employment transitions partnership shall annually publish a report and submit information to the council as required. The report shall include information required by the council for the statewide system performance assessment. The report shall be available to the public in the communities served by the local education and employment transitions partnership.

Sec. 23. [145.9255] [MN ENABL, MINNESOTA EDUCATION NOW AND BABIES LATER.]

Subdivision 1. [ESTABLISHMENT.] The commissioner of the department of education, in consultation and cooperation with a representative from Minnesota planning and the commissioner of the department of health, shall continue the Minnesota education now and babies later (MN ENABL) program, targeted to adolescents ages 12 to 14, with the goal of reducing the incidence of adolescent pregnancy in the state. The program must provide a multifaceted, primary prevention, community health promotion approach to educating and supporting adolescents in the decision to postpone sexual involvement modeled after the ENABL program in California.

Subd. 1a. [DEFINITION.] "Community-based local contractor" or "contractor" includes boards of health under section 145A.02, nonprofit organizations, or school districts. The community-based local contractors may provide the education component of MN ENABL in a

variety of settings including, but not limited to, schools, religious establishments, local community centers, and youth camps.

Subd. 2. [DUTIES OF THE COMMISSIONER OF THE DEPARTMENT OF EDUCATION.]
The commissioner shall:

(1) manage the grant process, including awarding and monitoring grants to community-based local contractors, and may contract with community-based local contractors that can demonstrate at least a 50 percent local match and agree to participate in the four MN ENABL program components under subdivision 3;

(2) provide technical assistance to the community-based local contractors as necessary under subdivision 3;

(3) develop and implement the evaluation component, and provide centralized coordination at the state level of the evaluation process; and

(4) explore and pursue the federal funding possibilities and specifically request funding from the United States Department of Health and Human Services to supplement the development and implementation of the program.

Subd. 3. [PROGRAM COMPONENTS.] The program must include the following four major components.

(a) A community organization component in which the community-based local contractors shall include:

(1) use of a postponing sexual involvement education curriculum targeted to boys and girls ages 12 to 14 in schools and/or community settings;

(2) planning and implementing community organization strategies to convey and reinforce the MN ENABL message of postponing sexual involvement, including activities promoting awareness and involvement of parents and other primary caregivers/significant adults, schools, and community; and

(3) develop local media linkages.

(b) A statewide, comprehensive media and public relations campaign to promote changes in sexual attitudes and behaviors, and reinforce the message of postponing adolescent sexual involvement.

In developing the campaign, the commissioner of education shall coordinate and consult with representatives from ethnic and local communities to maximize effectiveness of the social marketing approach to health promotion among the culturally diverse population of the state. The development and implementation of the campaign is subject to input and approval by the commissioner of health.

The local community-based contractors shall collaborate and coordinate efforts with other community organizations and interested persons to provide school and community-wide promotional activities that support and reinforce the message of the MN ENABL curriculum.

(c) An evaluation component which evaluates the process and the impact of the program.

The "process evaluation" must provide information to the state on the breadth and scope of the program. The evaluation must identify program areas that might need modification and identify local MN ENABL contractor strategies and procedures which are particularly effective. Contractors must keep complete records on the demographics of clients served, number of direct education sessions delivered, and other appropriate statistics, and must document exactly how the program was implemented. The commissioner may select contractor sites for more in-depth case studies.

The "impact evaluation" must provide information to the state on the impact of the different components of the MN ENABL program and an assessment of the impact of the program on adolescent's related sexual knowledge, attitudes, and risk-taking behavior.

(d) A training component to provide comprehensive training to the local MN ENABL community-based local contractors and the direct education program staff.

The local community-based contractors may use adolescent leaders slightly older than the adolescents in the program to impart the message to postpone sexual involvement provided:

(1) the contractor follows a protocol for adult mentors/leaders and older adolescent leaders established by the commissioner of education;

(2) the older adolescent leader is accompanied by an adult leader; and

(3) the contractor uses the curriculum as directed and required by the commissioner of the department of health to implement this part of the program. The commissioner of health shall provide technical assistance to community-based local contractors.

Sec. 24. [YOUTH EMPLOYER GRANT PROGRAM.]

Subdivision 1. [YOUTH EMPLOYER GRANTS.] The governor's workforce development council shall establish a pilot program for improving the work-based learning experience of school-aged youth who are employed. An employer, in partnership with a local education and employment transitions partnership, may apply for a youth employer grant to the governor's workforce development council. The council shall determine application procedures and criteria for approving grant awards.

Subd. 2. [GRANT APPLICATION.] A grant application shall include a plan to meet the following goals:

(1) enhance the work experience of employed youth by integrating appropriate academic and work skills components;

(2) develop an applied learning plan for each employed youth that outlines the academic and work skills outcomes to be achieved by the work-based learning experience and describes how these outcomes apply toward attainment of high school graduation requirements;

(3) provide training and support to the employer in developing a work experience for meeting the goals of the applied learning plan and for assessing student achievement; and

(4) evaluate the effectiveness of the work-based learning program.

Subd. 3. [GRANT AWARDS.] The governor's workforce development council may award youth employer grants to applicants eligible under subdivision 1. Grant recipients should be geographically distributed throughout the state. Grant proceeds may be used for the costs of planning, materials, and training. The school district, school, or post-secondary education institution partner shall be the fiscal agent for the grant.

Sec. 25. [PROGRAM COORDINATION.]

State aid for early childhood family education programs under Minnesota Statutes, section 121.882, learning readiness programs under Minnesota Statutes, section 121.831, and Head Start programs, including Project Cornerstone, under Minnesota Statutes, sections 268.912 to 268.916, may not be expended until the school district or districts and the local Head Start grantee have agreed in writing to a plan for coordinating the programs. A copy of the agreement shall be submitted to the commissioner of education.

Sec. 26. [REVISOR INSTRUCTIONS.]

(a) In the next edition of Minnesota Statutes, the revisor of statutes shall change the title of Minnesota Statutes, chapter 126B from "youth apprenticeship system" to "education and employment transitions system."

(b) In the next edition of Minnesota Statutes and Minnesota Rules, the revisor of statutes shall substitute the term "workforce development council" for "governor's job training council" wherever it appears in statutes and rules.

Sec. 27. [APPROPRIATIONS.]

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

Subd. 2. [ADULT BASIC EDUCATION AID.] For adult basic education aid according to Minnesota Statutes, sections 124.26 in fiscal year 1996 and 124.2601 in fiscal year 1997:

<u>\$8,374,000</u>	<u>.....</u>	<u>1996</u>
<u>\$8,374,000</u>	<u>.....</u>	<u>1997</u>

The 1996 appropriation includes \$1,256,000 for 1995 and \$7,118,000 for 1996.

The 1997 appropriation includes \$1,256,000 for 1996 and \$7,118,000 for 1997.

Up to \$199,000 each year may be used for contracts with private, nonprofit organizations for approved programs.

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

<u>\$674,000</u>	<u>.....</u>	<u>1996</u>
<u>\$674,000</u>	<u>.....</u>	<u>1997</u>

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

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

<u>\$514,000</u>	<u>.....</u>	<u>1996</u>
<u>\$514,000</u>	<u>.....</u>	<u>1997</u>

(b) These appropriations are from the alcohol-impaired driver account of the special revenue fund. Any funds credited for the department of education to the alcohol-impaired driver account of the special revenue fund in excess of the amounts appropriated in this subdivision are appropriated to the department of education and available in fiscal year 1996 and fiscal year 1997.

(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. No more than five percent of this amount may be used for administrative costs by the contract recipients.

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

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

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

<u>\$2,826,000</u>	<u>.....</u>	<u>1996</u>
<u>\$2,385,000</u>	<u>.....</u>	<u>1997</u>

The 1996 appropriation includes \$499,000 for 1995 and \$2,327,000 for 1996.

The 1997 appropriation includes \$410,000 for 1996 and \$1,975,000 for 1997.

Subd. 6. [EARLY CHILDHOOD FAMILY EDUCATION AID.] For early childhood family education aid according to Minnesota Statutes, section 124.2711:

<u>\$14,224,000</u>	<u>.....</u>	<u>1996</u>
<u>\$13,463,000</u>	<u>.....</u>	<u>1997</u>

The 1996 appropriation includes \$2,086,000 for 1995 and \$12,138,000 for 1996.

The 1997 appropriation includes \$2,140,000 for 1996 and \$11,323,000 for 1997.

\$10,000 each year may be spent for evaluation of early childhood family education programs.

Subd. 7. [EXTENDED DAY AID.] For extended day aid:

<u>\$398,000</u>	.....	<u>1996</u>
<u>\$400,000</u>	.....	<u>1997</u>

The 1996 appropriation includes \$58,000 for 1995 and \$340,000 for 1996.

The 1997 appropriation includes \$60,000 for 1996 and \$340,000 for 1997.

Subd. 8. [HEALTH AND DEVELOPMENTAL SCREENING AID.] For health and developmental screening aid according to Minnesota Statutes, sections 123.702 and 123.7045:

<u>\$1,352,000</u>	.....	<u>1996</u>
<u>\$1,317,000</u>	.....	<u>1997</u>

The 1996 appropriation includes \$232,000 for 1995 and \$1,120,000 for 1996.

The 1997 appropriation includes \$197,000 for 1996 and \$1,120,000 for 1997.

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

Subd. 9. [HEARING IMPAIRED ADULTS.] For programs for hearing impaired adults according to Minnesota Statutes, section 121.201:

<u>\$70,000</u>	.....	<u>1996</u>
<u>\$70,000</u>	.....	<u>1997</u>

Subd. 10. [ADULT GRADUATION AID.] For adult graduation aid:

<u>\$2,692,000</u>	.....	<u>1996</u>
<u>\$2,899,000</u>	.....	<u>1997</u>

The 1996 appropriation includes \$336,000 for 1995 and \$2,356,000 for 1996.

The 1997 appropriation includes \$475,000 for 1996 and \$2,424,000 for 1997.

Subd. 11. [GED TESTS.] For payment of 60 percent of the costs of GED tests:

<u>\$125,000</u>	.....	<u>1996</u>
<u>\$125,000</u>	.....	<u>1997</u>

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

Subd. 12. [WAY TO GROW.] For grants for existing way to grow programs according to Minnesota Statutes, section 121.835:

<u>\$475,000</u>	.....	<u>1996</u>
<u>\$475,000</u>	.....	<u>1997</u>

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

Subd. 13. [LEARNING READINESS PROGRAM REVENUE.] For revenue for learning readiness programs:

<u>\$9,506,000</u>	.....	<u>1996</u>
<u>\$9,505,000</u>	.....	<u>1997</u>

The 1996 appropriation includes \$1,424,000 for 1995 and \$8,082,000 for 1996.

The 1997 appropriation includes \$1,425,000 for 1996 and \$8,080,000 for 1997.

\$10,000 each year may be spent for evaluation of learning readiness programs.

Subd. 14. [VIOLENCE PREVENTION EDUCATION GRANTS.] For violence prevention education grants:

<u>\$1,500,000</u>	<u>.....</u>	<u>1996</u>
<u>\$1,500,000</u>	<u>.....</u>	<u>1997</u>

Of the amount each year, \$50,000 is for program administration.

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

Subd. 15. [PART H.] For part H:

<u>\$ -0-</u>	<u>.....</u>	<u>1996</u>
<u>\$400,000</u>	<u>.....</u>	<u>1997</u>

Subd. 16. [FAMILY COLLABORATIVES.] For family collaboratives:

<u>\$3,500,000</u>	<u>.....</u>	<u>1996</u>
<u>\$4,000,000</u>	<u>.....</u>	<u>1997</u>

Of the appropriation, \$150,000 each year is for grants targeted to assist in providing collaborative children's library service programs. To be eligible, a family collaborative grant recipient must collaborate with at least one public library and one children's or family organization. The public library must involve the regional public library system and multitype library system to which it belongs in the planning and provide for an evaluation of the program.

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

Subd. 17. [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:

<u>\$6,525,000</u>	<u>.....</u>	<u>1996</u>
<u>\$6,525,000</u>	<u>.....</u>	<u>1997</u>

(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 fully paid 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. 18. [SUMMER FOOD SERVICE.] For summer food service:

<u>\$15,000</u>	<u>.....</u>	<u>1996</u>
<u>\$15,000</u>	<u>.....</u>	<u>1997</u>

Subd. 19. [SCHOOL BREAKFAST.] To operate the school breakfast program:

<u>\$400,000</u>	.....	<u>1996</u>
<u>\$400,000</u>	.....	<u>1997</u>

If the appropriation amount attributable to either year is insufficient, the rate of payment for each fully paid 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.

Up to one percent of the program funding can be used by the department of education for technical and administrative assistance.

Subd. 20. [SCHOOL ENRICHMENT PARTNERSHIP PROGRAM.] For school enrichment partnership program aid:

<u>\$500,000</u>	<u>1996</u>
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Any balance remaining in the first year does not cancel but is available in the second year.

Subd. 21. [EDUCATION AND EMPLOYMENT TRANSITIONS PROGRAM GRANTS.] For local education and employment transitions program grants:

<u>\$2,321,500</u>	.....	<u>1996</u>
<u>\$2,321,500</u>	.....	<u>1997</u>

\$600,000 each year is for development of a labor-management information system to support education to employment transitions programs.

\$900,000 each year is for youth apprenticeship program grants. Youth apprenticeship program grants may only be awarded to local education and employment transitions partnerships or to a youth apprenticeship program that previously received a youth apprenticeship demonstration program grant according to Laws 1993, chapter 335, section 7.

\$500,000 each year is for local program grants and \$321,500 each year is for state-level activities.

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

Subd. 22. [YOUTH EMPLOYER GRANTS.] For youth employer grants according to section 19:

<u>\$100,000</u>	<u>1996</u>
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Subd. 23. [YOUTH ENTREPRENEURSHIP.] For grants for programs designed to promote knowledge and skills of entrepreneurship among learners in grades kindergarten through 12:

<u>\$100,000</u>	<u>1996</u>
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This appropriation is contingent upon a local match of \$1 for every \$1 in state funds.

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

Subd. 24. [YOUTHWORKS.] (a) For funding youthworks programs according to Minnesota Statutes, sections 121.70 to 121.710:

<u>\$1,813,000</u>	<u>1996</u>
<u>\$1,813,000</u>	<u>1997</u>

(b) For implementing youthworks programs:

<u>\$50,000</u>	<u>1996</u>
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\$50,000 1997

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

Subd. 25. [MODEL SCHOOL FOR CHRONIC TRUANTS.] For a grant for a Model School for Truants pilot program located in the law enforcement center in Mankato:

\$70,000 1996

Subd. 26. [MN ENABL; MALE RESPONSIBILITY.] For MN ENABL and male responsibility grants:

\$500,000 1996

\$500,000 1997

\$250,000 each year is for the Minnesota education now and babies later program. \$250,000 each year is for male responsibility and fathering grants.

The commissioner of education may enter into cooperative agreements with the commissioner of human services to access federal money for child support and paternity education programs.

Subd. 27. [AMERICAN INDIAN POST-SECONDARY PREPARATION GRANTS.] For American Indian post-secondary preparation grants according to Minnesota Statutes, section 124.481:

\$857,000 1996

\$857,000 1997

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

Subd. 28. [AMERICAN INDIAN LANGUAGE AND CULTURE PROGRAMS.] For grants to American Indian language and culture education programs according to Minnesota Statutes, section 126.54, subdivision 1:

\$591,000 1996

\$591,000 1997

The 1996 appropriation includes \$88,000 for 1995 and \$503,000 for 1996.

The 1997 appropriation includes \$88,000 for 1996 and \$503,000 for 1997.

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

Subd. 29. [AMERICAN INDIAN SCHOLARSHIPS.] For American Indian scholarships according to Minnesota Statutes, section 124.48:

\$1,600,000 1996

\$1,600,000 1997

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

Subd. 30. [AMERICAN INDIAN EDUCATION.] (a) For certain American Indian education programs in school districts:

\$175,000 1996

\$175,000 1997

The 1996 appropriation includes \$26,000 for 1995 and \$149,000 for 1996.

The 1997 appropriation includes \$26,000 for 1996 and \$149,000 for 1997.

(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, Pine Point School; \$9,800 to independent school district No. 166, Cook county; \$14,900 to independent school district No. 432, Mahanomen; \$14,200 to independent school district No. 435, Waubun; \$42,200 to independent school district No. 707, Nett Lake; and \$39,100 to independent school district No. 38, Red Lake. 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 121.904 to 121.917.

Subd. 31. [INDIAN TEACHER PREPARATION GRANTS.] (a) For joint grants to assist Indian people to become teachers:

<u>\$190,000</u>	<u>.....</u>	<u>1996</u>
<u>\$190,000</u>	<u>.....</u>	<u>1997</u>

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

(c) Up to \$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. 32. [TRIBAL CONTRACT SCHOOLS.] For tribal contract school aid according to Minnesota Statutes, section 124.86:

<u>\$238,000</u>	<u>.....</u>	<u>1996</u>
<u>\$361,000</u>	<u>.....</u>	<u>1997</u>

The 1996 appropriation includes \$19,000 for 1995 and \$219,000 for 1996.

The 1997 appropriation includes \$38,000 for 1996 and \$323,000 for 1997.

Subd. 33. [EARLY CHILDHOOD PROGRAMS AT TRIBAL SCHOOLS.] For early childhood family education programs at tribal contract schools:

<u>\$68,000</u>	<u>.....</u>	<u>1996</u>
<u>\$68,000</u>	<u>.....</u>	<u>1997</u>

Subd. 34. [MONTEVIDEO GRANT.] For a grant to independent school district No. 129, Montevideo, for the unreimbursed costs of an adult farm management program:

<u>\$100,000</u>	<u>.....</u>	<u>1996</u>
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Sec. 28. [MINNESOTA HISTORICAL SOCIETY.]

\$28,500 in fiscal year 1996 and \$28,500 in fiscal year 1997 is appropriated from the general fund to the Minnesota Historical Society for a summer youth employment program. The director

of the historical society shall consult with the commissioner of education on developing a high quality work experience for participants.

Sec. 29. [REPEALER.]

(a) Minnesota Statutes 1994, sections 121.702, subdivision 9; and 121.703, are repealed.

(b) Minnesota Statutes 1994, sections 126B.02; 126B.03, subdivision 1; 126B.04; and 126B.05, are repealed.

Sec. 30. [EFFECTIVE DATE.]

Section 29, paragraph (a), is effective January 1, 1997.

ARTICLE 4

OTHER EDUCATION PROGRAMS

Section 1. Laws 1993, chapter 224, article 8, section 22, subdivision 12, as amended by Laws 1994, chapter 647, article 8, section 31, is amended to read:

Subd. 12. [TEACHERS OF COLOR PROGRAM.] For grants to school districts for the teachers of color program:

\$300,000	.....	1994
\$500,000	.....	1995

Of this appropriation, at least \$75,000 each fiscal year shall be for educating people of color to be early childhood and parent educators.

The appropriation in this section does not cancel but is available until June 30, 1996.

Sec. 2. [JOINT ELEMENTARY FACILITY.]

Subdivision 1. [APPLICATION.] This section applies to independent school district Nos. 622, North St. Paul-Maplewood-Oakdale; 833, South Washington county; and 834, Stillwater, and to the joint elementary facility to be operated by the districts.

Subd. 2. [JOINT POWERS AGREEMENT.] Notwithstanding Minnesota Statutes, section 123.35, subdivision 19a, the districts may obligate themselves to participate in and to provide financial support for a joint powers agreement to govern the administration, financing, and operation of the joint elementary facility during the period when the obligations issued to finance the joint elementary facility remain outstanding.

Subd. 3. [LEASING LEVY.] Notwithstanding any contrary provision of Minnesota Statutes, section 124.91, each district annually may levy the amount necessary to pay its proportionate share of its obligations under the lease or a lease with option to purchase agreement for the joint elementary facility during the term of that agreement. The agreement is not required to include a nonappropriation clause on the part of the districts. An election is not required in connection with the execution of the lease or lease with option to purchase agreement and the obligation created by the agreement does not constitute debt and must not be included in the calculation of net debt for any of the districts.

Subd. 4. [FACILITY BELONGS TO EACH DISTRICT; ENROLLMENT.] The joint elementary facility shall be considered a facility of each of the three districts and students attending the facility from the three districts shall be treated for all purposes as resident pupils attending a school in their home district.

Sec. 3. [MEXICAN ORIGIN EDUCATION PILOT GRANT PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] A Mexican origin education pilot grant program is established to assist school districts and communities in meeting the educational and culturally related academic needs of students of Mexican origin.

Subd. 2. [EXPECTED OUTCOMES.] Grant recipients shall use the funds for programs designed to improve the school success of students of Mexican origin. Grant proceeds may be used for curriculum development, tutoring, mentoring, parent involvement, and other programs that achieve:

- (1) improved student achievement and reduced dropout rates;
- (2) increased student knowledge and understanding of Mexican history;
- (3) improved instruction by development of the cultural competence skills of teachers and other staff; and
- (4) increased parent involvement in education and the school community.

Subd. 3. [GRANT ELIGIBILITY, APPLICATIONS, AND AWARDS.] A school district with at least ten percent students of Mexican origin may apply for a grant. The commissioner of education shall prescribe the form and manner of applications, and may award grants to applicants likely to meet the outcomes in subdivision 2. The commissioner shall give preference to grant proposals that provide for collaboration with community resources and a local match.

Sec. 4. [YEAR-ROUND SCHOOL/EXTENDED WEEK OR DAY PILOT PROGRAMS.]

Subdivision 1. [ESTABLISHMENT.] An extended school year/week/day pilot program is established to increase student achievement, skills, and self-confidence through the flexible use of learning time by implementing multitrack year-round school or extending the standard school week or day. Year-round school/extended week or day pilot program grants shall be available to independent school district Nos. 911, Cambridge; 624, White Bear Lake; 833, South Washington county; and two rural school districts selected by the commissioner of education.

Subd. 2. [APPLICATION; EVALUATION.] (a) To participate in the pilot program, a district shall submit an application to the commissioner of education in the form and manner prescribed by the commissioner. The application shall include a plan for developing and implementing multitrack year-round school or an extended learning time program that provides the following:

- (1) more time for student learning;
- (2) more varied resources to meet student learning styles;
- (3) learning opportunities that typically are not available in the regular student day;
- (4) home, school, and community involvement, support, and communication;
- (5) preprogram and postprogram student evaluations; and
- (6) more efficient use of facilities and other resources.

Subd. 3. [YEAR-ROUND SCHOOL/EXTENDED SCHOOL WEEK OR DAY PILOT PROGRAM GRANTS.] Year-round school/extended week or day pilot program grants may be used for planning, flexible staffing, transportation, technology necessary to implement the multitrack year-round school or extended learning time program, or to install or improve heating, ventilation, and air conditioning systems in existing buildings to accommodate year-round use of the buildings. Grant proceeds may also be used for deferred maintenance approved by the commissioner. Funds used for capital improvements shall be deposited in the appropriate fund.

Sec. 5. [TEACHER COMPENSATION RESTRUCTURING GRANTS.]

Subdivision 1. [GRANT APPLICATION.] A teacher compensation restructuring grant program is established. Applications for the grant must be made jointly by the board and the exclusive bargaining representative for teachers defined in section 124A.22, subdivision 2a, of a school district. The form and manner of the application shall be determined by the commissioner. A successful application must meet the objectives in subdivision 2. Applicants must agree to negotiate on educational policies and matters of inherent managerial policy, and to accept a waiver of Minnesota Statutes, sections 125.12 and 125.17. A grant must not exceed \$800 per full time equivalent teacher in the bargaining unit. The commissioner must determine eligible grant

recipients within the available appropriation and must inform the applicant districts by October 1, 1995. The commissioner must determine within two weeks of receiving a copy of the signed contract whether the agreement meets the terms of the application. The commissioner may require that a copy of the agreement be filed with the department prior to ratification. State aid shall be paid to the district under section 124.195, except 100 percent of the aid shall be paid in the year of the appropriation. A grantee district shall receive a six-month extension of the contract deadline in Minnesota Statutes, section 124A.22, subdivision 2a. Minnesota Statutes, sections 125.12 and 125.17, are waived for grantees under this section, to take effect upon ratification of a master agreement.

Subd. 2. [OBJECTIVES.] The following objectives must be met by successful grantees:

- (1) compensation based in part on group performance;
- (2) compensation that promotes collaboration;
- (3) compensation based on factors that include measurement of student results;
- (4) compensation commensurate with responsibilities;
- (5) continued nonperformance of individual teachers should be addressed through the evaluation and remediation process during which period salary increases should not be awarded;
- (6) compensation includes more than money;
- (7) a compensation system should support site, district, and state organizational goals; and
- (8) a compensation system must attract and retain well-qualified and prepared personnel.

Sec. 6. [APPROPRIATIONS; DEPARTMENT OF EDUCATION.]

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. [ADVANCED PLACEMENT AND INTERNATIONAL BACCALAUREATE PROGRAMS.] For the state advanced placement and international baccalaureate programs, including training programs, support programs, and examination fee subsidies:

\$750,000	.....	1996
\$750,000	.....	1997

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

\$550,000 each year is for examination fee subsidies. Notwithstanding Minnesota Statutes, section 126.239, subdivision 3, in fiscal year 1995, the commissioner shall pay the fee for one advanced placement or international baccalaureate examination for the first examination each student takes. The commissioner shall pay 50 percent of the fee for each additional examination a student takes or more than 50 percent if the student meets the low-income guidelines established by the commissioner. If this amount is not adequate, the commissioner may pay less than 50 percent for the additional examinations.

Subd. 3. [SCHOOL RESTRUCTURING GRANTS.] For school restructuring grants under Minnesota Statutes, section 126.019:

\$350,000	1996
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Any balance in the first year does not cancel but is available in the second year.

Each year, up to \$350,000 of this amount may be used for a grant to a nonstate organization to develop systemic site decision-making models.

Subd. 4. [TEACHER EDUCATION IMPROVEMENT.] For board of teaching responsibilities relating to teacher licensure restructuring and implementation of the teaching residency program:

\$640,000	1996
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\$640,000 1997

The department must transmit this appropriation to the board of teaching. Any balance in the first year does not cancel but is available in the second year.

The board of teaching shall use the funds for further development of the results-oriented teacher licensure system, for pilot site grants and other methods of implementing the teacher residency program, and for programs relating to teacher mentoring.

Subd. 5. [MEXICAN ORIGIN EDUCATION GRANTS.] For grants according to section 3:

\$50,000 1996

\$50,000 1997

Subd. 6. [YEAR-ROUND SCHOOL/EXTENDED WEEK OR DAY PILOT PROGRAM GRANTS.] For year-round school/extended week or day pilot program grants:

\$1,500,000 1996

\$500,000 is for a grant to independent school district No. 624, White Bear Lake.

\$500,000 is for a grant to independent school district No. 833, South Washington county.

\$100,000 is for a grant to independent school district No. 911, Cambridge.

\$400,000 is for grants to two rural school districts selected by the commissioner of education.

Subd. 7. [TEACHER COMPENSATION RESTRUCTURING GRANTS.] For teacher compensation restructuring grants:

1,200,000 1996

Any balance in the first year does not cancel and is available until June 30, 1997.

Subd. 8. [NETT LAKE.] For grants to independent school district No. 707, Nett Lake:

\$62,000 1996

\$62,000 1997

\$32,000 in 1996 and \$32,000 in 1997 are for grants to independent school district No. 707, Nett Lake, to pay insurance premiums under Minnesota Statutes, section 466.06.

\$30,000 in 1996 and \$30,000 in 1997 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. 9. [MINORITY TEACHER INCENTIVES.] For minority teacher incentives according to Minnesota Statutes, section 124.278:

\$300,000 1996

\$300,000 1997

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

Subd. 10. [TEACHERS OF COLOR PROGRAM.] For grants to school districts for the teachers of color program:

\$400,000 1996

\$400,000 1997

Of this appropriation, at least \$100,000 each fiscal year shall be for educating people of color to be early childhood and parent educators. Any balance in the first year does not cancel but is available in the second year. The department shall give priority to districts that have previously received funding under this program.

Subd. 11. [SITE GRANTS.] For grants to school districts for mentorship cooperative ventures between school districts and post-secondary preparation institutions for alternative licensure programs according to Minnesota Statutes, section 125.188:

<u>\$50,000</u>	<u>.....</u>	<u>1996</u>
<u>\$50,000</u>	<u>.....</u>	<u>1997</u>

The department must transmit this appropriation to the board of teaching. Any balance in the first year does not cancel but is available in the second year.

Subd. 12. [FELLOWSHIP GRANTS.] (a) For fellowship grants to highly qualified minorities seeking alternative preparation for licensure:

<u>\$150,000</u>	<u>.....</u>	<u>1996</u>
<u>\$150,000</u>	<u>.....</u>	<u>1997</u>

The department must transmit this appropriation to the board of teaching.

(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. 13. [CAREER TEACHER AID.] For career teacher aid according to Minnesota Statutes, section 124.276:

<u>\$125,000</u>	<u>.....</u>	<u>1996</u>
<u>\$125,000</u>	<u>.....</u>	<u>1997</u>

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

Notwithstanding Minnesota Statutes, 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. 14. [EDUCATIONAL PERFORMANCE IMPROVEMENT GRANTS.] For additional grants under Laws 1994, chapter 647, article 7, section 18:

<u>\$800,000</u>	<u>.....</u>	<u>1996</u>
<u>\$800,000</u>	<u>.....</u>	<u>1997</u>

Subd. 15. [PLANNING, DESIGN, PROGRAM INTEGRATION, AND IMPLEMENTATION EXPENSES GRANT.] For a grant to offset extraordinary planning, design, program integration, and implementation expenses incurred prior to the time the joint elementary facility in section 2 becomes operational:

<u>\$200,000</u>	<u>.....</u>	<u>1996</u>
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This appropriation is available until June 30, 1997.

Subd. 16. [AQUILA COMMUNITY TOGETHER PROJECT.] For a grant to independent school district No. 283, St. Louis Park, for the Aquila community together project:

<u>\$50,000</u>	<u>.....</u>	<u>1996</u>
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This appropriation must be matched from nonstate sources.

Subd. 17. [NEW MOON GIRLS PROGRAM.] For a grant to an organization for girls to develop a curriculum to educate school-aged children in Minnesota on the role of women and children around the world:

<u>\$20,000</u>	<u>.....</u>	<u>1996</u>
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The commissioner of education shall consult with the legislative commission on the economic status of women in awarding the grant. The curriculum will be used to provide instruction on the purpose and experience of the fourth united nations conference on women in Beijing, China, and will be designed to explore educational opportunities, family structures, customs, and health and safety issues for children around the world.

Sec. 7. [APPROPRIATIONS; HECB.]

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:

<u>\$214,000</u>	<u>.....</u>	<u>1996</u>
<u>\$214,000</u>	<u>.....</u>	<u>1997</u>

Of this appropriation, any amount required by the higher education coordinating board may be used for the costs of administering the program.

Sec. 8. [REPEALER.]

Minnesota Statutes 1994, sections 125.05, subdivision 7; and 125.231, subdivision 2, are repealed.

Sec. 9. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment.

Section 2, subdivision 3, is effective July 1, 1995, on the condition that the first lease payment does not result in a levy for pay 1996.

ARTICLE 5

MISCELLANEOUS

Section 1. Minnesota Statutes 1994, section 13.43, subdivision 2, is amended to read:

Subd. 2. [PUBLIC DATA.] (a) Except for employees described in subdivision 5, the following personnel data on current and former employees, volunteers, and independent contractors of a state agency, statewide system, or political subdivision and members of advisory boards or commissions is public: name; actual gross salary; salary range; contract fees; actual gross pension; the value and nature of employer paid fringe benefits; the basis for and the amount of any added remuneration, including expense reimbursement, in addition to salary; job title; job description; education and training background; previous work experience; date of first and last employment; the existence and status of any complaints or charges against the employee, whether or not the complaint or charge resulted in a disciplinary action; the final disposition of any disciplinary action together with the specific reasons for the action and data documenting the basis of the action, excluding data that would identify confidential sources who are employees of the public body; the terms of any agreement settling any dispute arising out of the an employment relationship or of a buyout agreement, as defined in section 123.34, subdivision 9a, paragraph (a); work location; a work telephone number; badge number; honors and awards received; payroll time sheets or other comparable data that are only used to account for employee's work time for payroll purposes, except to the extent that release of time sheet data would reveal the employee's reasons for the use of sick or other medical leave or other not public data; and city and county of residence.

(b) For purposes of this subdivision, a final disposition occurs when the state agency, statewide system, or political subdivision makes its final decision about the disciplinary action, regardless of the possibility of any later proceedings or court proceedings. In the case of arbitration proceedings arising under collective bargaining agreements, a final disposition occurs at the conclusion of the arbitration proceedings, or upon the failure of the employee to elect arbitration within the time provided by the collective bargaining agreement. Final disposition includes a resignation by an

individual when the resignation occurs after the final decision of the state agency, statewide system, political subdivision, or arbitrator.

(c) The state agency, statewide system, or political subdivision may display a photograph of a current or former employee to a prospective witness as part of the state agency's, statewide system's, or political subdivision's investigation of any complaint or charge against the employee.

(d) A complainant has access to a statement provided by the complainant to a state agency, statewide system, or political subdivision in connection with a complaint or charge against an employee.

Sec. 2. Minnesota Statutes 1994, section 120.064, is amended to read:

120.064 [~~OUTCOME-BASED~~ RESULTS-ORIENTED CHARTER SCHOOLS.]

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~~ a charter school fulfills a purpose specified in this subdivision, independent of the school's closing.

Subd. 2. [~~APPLICABILITY.~~] This section applies only to ~~outcome-based~~ charter schools formed and operated under this section.

Subd. 3. [~~SPONSOR.~~] A school board, community college, state university, member of the Minnesota private college council, technical college, or the University of Minnesota may sponsor one or more ~~outcome-based~~ charter schools.

~~A school board may authorize a maximum of five outcome-based schools.~~

No more than a total of ~~35 outcome-based~~ 60 charter schools may be authorized. The state board of education shall advise potential sponsors when the maximum number of ~~outcome-based~~ charter schools has been authorized.

Subd. 4. [~~FORMATION OF SCHOOL.~~] (a) A sponsor may authorize one or more licensed teachers under section 125.05, subdivision 1, to operate an ~~outcome-based~~ a charter school subject to approval by the state board of education. If a school board elects not to sponsor an ~~outcome-based~~ a charter 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 school shall be organized and operated as a cooperative under chapter 308A or nonprofit corporation under chapter 317A.

(b) Before the operators may 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~~ a charter school. The affidavit must state the terms and conditions under which the sponsor would authorize an ~~outcome-based~~ a charter school. The state board must approve or disapprove the sponsor's proposed authorization within ~~30~~ 45 days of receipt of the affidavit. Failure to obtain state board approval precludes a sponsor from authorizing the ~~outcome-based~~ charter school that was the subject of the affidavit.

(c) The 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. 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 when the school employs at least three teachers. If the school employs one or two teachers, the teachers shall be on the board of directors. A provisional board may operate before the election of the school's board of directors.

(d) The granting or renewal of a charter by a sponsoring entity shall not be conditioned upon the bargaining unit status of the employees of the school.

Subd. 4a. [CONVERSION OF EXISTING SCHOOLS.] A school board may convert one or more of its existing schools to ~~outcome-based~~ charter 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.

Subd. 5. [CONTRACT.] The sponsor's authorization for ~~an outcome-based~~ a charter school shall be in the form of a written contract signed by the sponsor and the board of directors of the ~~outcome-based~~ charter school. The contract for ~~an outcome-based~~ a charter 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~~ charter school;
- (8) types and amounts of insurance coverage to be obtained by the ~~outcome-based~~ charter school; and
- (9) the term of the contract, which may be up to three years.

Subd. 7. [PUBLIC STATUS; EXEMPTION FROM STATUTES AND RULES.] A charter school is a public school and is part of the state's system of public education. Except as provided in this section, ~~an outcome-based~~ a charter school is exempt from all statutes and rules applicable to a school, a school board, or a school district, although it may elect to comply with one or more provisions of statutes or rules.

Subd. 8. [REQUIREMENTS.] (a) ~~An outcome-based~~ A charter school shall meet all applicable state and local health and safety requirements.

(b) ~~The~~ If the sponsor is a school district, a charter school must be located in the sponsoring district, unless another school board agrees to locate an outcome-based a charter school sponsored by another district in its boundaries. If a school board denies a request to locate within its boundaries ~~an outcome-based~~ a charter 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. If the sponsor is a higher education institution, the sponsor must notify the school district in which the school is to be located prior to seeking state board approval for the school.

(c) ~~The~~ A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. A sponsor may not authorize ~~an outcome-based~~ a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution.

(d) Charter schools shall not be used as a method of providing education or generating revenue for students who are being home schooled.

(e) The primary focus of the a charter 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)~~ (f) A charter school may not charge tuition.

~~(f)~~ (g) A charter school is subject to and shall comply with chapter 363 and section 126.21.

~~(g)~~ (h) A charter 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)~~ (i) A charter 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 121.904 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)~~ (j) A charter school is a school district for the purposes of tort liability under chapter 466.

Subd. 9. [ADMISSION REQUIREMENTS.] ~~The~~ A charter 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) residents of a specific geographic area where the percentage of the population of non-Caucasian people 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 the specific area.

The A charter 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 A charter school may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability.

Subd. 10. [PUPIL PERFORMANCE.] ~~An outcome-based~~ A charter school must design its programs to at least meet the outcomes adopted by the state board of education. In the absence of state board requirements, the school must meet the outcomes contained in the contract with the sponsor. The achievement levels of the outcomes contained in the contract may exceed the achievement levels of any outcomes adopted by the state board.

Subd. 11. [EMPLOYMENT AND OTHER OPERATING MATTERS.] ~~The~~ A charter school shall employ 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 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 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.

Subd. 12. [PUPILS WITH A DISABILITY.] ~~The~~ A charter school must comply with sections 120.03 and 120.17 and rules relating to the education of pupils with a disability as though it were a school district.

Subd. 13. [LENGTH OF SCHOOL YEAR.] ~~An outcome-based~~ A charter school shall provide instruction each year for at least the number of days required by section 120.101, subdivision 5. It may provide instruction throughout the year according to sections 120.59 to 120.67 or 121.585.

Subd. 14. [REPORTS.] ~~An outcome-based~~ A charter school must report at least annually to its sponsor and the state board of education the information required by the sponsor or the state board. The reports are public data under chapter 13.

Subd. 15. [TRANSPORTATION.] (a) By July 1 of each year, a charter school shall notify the district in which the school is located and the department of education if it will provide transportation for pupils enrolled at the school for the fiscal year.

(b) If a charter school elects to provide transportation for pupils, the transportation shall be provided by the charter school within the district in which the charter school is located. The state shall pay transportation aid to the charter school according to section 124.248, subdivision 1a.

For pupils who reside outside the district in which the charter school is located, the charter school is not required to provide or pay for transportation between the pupil's residence and the border of the district in which the charter school is located. A parent may be reimbursed by the charter school for costs of transportation from the pupil's residence to the border of the district in which the charter school is located 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 pupil enrolls in a charter school, the charter school shall provide the parent or guardian with information regarding the transportation.

(c) If a charter school does not elect to provide transportation, transportation for pupils enrolled at a the school shall be provided by the district in which the school is located, according to sections 120.062, subdivision 9, and 123.39, subdivision 6, for a pupil residing in the same district in which the ~~outcome-based~~ charter school is located. Transportation may be provided by the district in which the school is located, according to sections 120.062, subdivision 9, and 123.39, subdivision 6, for a pupil residing in a different district.

Subd. 16. [LEASED SPACE.] The A charter school may lease space from a board eligible to be a sponsor or other public or private nonprofit nonsectarian organization. If a charter 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. If the school is unable to lease appropriate space from public or private nonsectarian organizations, the school may lease space from a sectarian organization if the leased space is constructed as a school facility and the department of education, in consultation with the department of administration, approves the lease.

Subd. 17. [INITIAL COSTS.] A sponsor may authorize a charter school before the applicant has secured its space, equipment, facilities, and personnel if the applicant indicates the authority is necessary for it to raise working capital. A sponsor may not authorize a school before the state board of education has approved the authorization.

Subd. 18. [DISSEMINATE INFORMATION.] The sponsor, the operators, and the department of education must disseminate information to the public on how to form and operate ~~an outcome-based~~ a charter school and how to utilize the offerings of ~~an outcome-based~~ a charter school. Particular groups to be targeted include low-income families and communities, and students of color.

Subd. 19. [LEAVE TO TEACH IN A CHARTER SCHOOL.] If a teacher employed by a school district makes a written request for an extended leave of absence to teach at ~~an outcome-based~~ a charter school, the school district must grant the leave. The school district must grant a leave for any number of years requested by the teacher, and must extend the leave at the teacher's request. The school district may require that the request for a leave or extension of leave be made up to 90 days before the teacher would otherwise have to report for duty. Except as otherwise provided in this subdivision and except for section 125.60, subdivision 6a, the leave is governed by section 125.60, including, but not limited to, reinstatement, notice of intention to return, seniority, salary, and insurance.

During a leave, the teacher may continue to aggregate benefits and credits in the teachers' retirement association account by paying both the employer and employee contributions based upon the annual salary of the teacher for the last full pay period before the leave began. The retirement association may impose reasonable requirements to efficiently administer this subdivision.

Subd. 20. [COLLECTIVE BARGAINING.] Employees of the board of directors of ~~the~~ a charter school may, if otherwise eligible, organize under chapter 179A and comply with its provisions. The board of directors of ~~the~~ a charter school is a public employer, for the purposes of chapter 179A, upon formation of one or more bargaining units at the school. Bargaining units at the school ~~are~~ shall be separate from any other units within the sponsoring district, except that bargaining units may remain part of the appropriate unit within the sponsoring district, if the employees of the school, the board of directors of the school, the exclusive representative of the appropriate unit in the sponsoring district, and the board of the sponsoring district agree to include the employees in the appropriate unit of the sponsoring district.

Subd. 20a. [TEACHERS RETIREMENT.] Teachers in a charter school shall be public school teachers for the purposes of chapters 354 and 354a.

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 may or may not renew a contract at the end of the term for any ground listed in paragraph (b). A sponsor 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 shall notify the board of directors of the charter school of the proposed action in writing. The notice shall state the grounds for the proposed action in reasonable detail and that the charter school's board of directors may request in writing an informal hearing before the sponsor 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 shall give reasonable notice to the charter school's board of directors of the hearing date. The sponsor 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.

Subd. 22. [PUPIL ENROLLMENT.] If a contract is not renewed or is terminated according to subdivision 21, a pupil who attended the school, siblings of the pupil, or another pupil who resides in the same place as the pupil may enroll in the resident district or may submit an application to a nonresident district according to section 120.062 at any time. Applications and notices required by section 120.062 shall be processed and provided in a prompt manner. The application and notice deadlines in section 120.062 do not apply under these circumstances.

Subd. 23. [GENERAL AUTHORITY.] The board of directors of ~~an outcome-based~~ a charter school may sue and be sued. The board may not levy taxes or issue bonds. A charter school is a governmental unit for the purposes of a joint powers agreement under section 471.59.

Subd. 24. [IMMUNITY.] The state board of education, members of the state board, a sponsor, members of the board of a sponsor in their official capacity, and employees of a sponsor are immune from civil or criminal liability with respect to all activities related to ~~an outcome-based~~ a

charter school they approve or sponsor. The board of directors shall obtain at least the amount of and types of insurance required by the contract, according to subdivision 5.

Subd. 25. [OTHER REVENUE.] In addition to funding provided in this section, revenue for a charter school shall be according to section 124.248.

Sec. 3. Minnesota Statutes 1994, section 120.101, is amended by adding a subdivision to read:

Subd. 5a. [OPTIONAL BOARD POLICY.] A school board may require in a policy that once a pupil under the age of seven is enrolled in kindergarten or a higher grade in a public school, the pupil is subject to the compulsory attendance provisions of this chapter and section 127.20.

In a school district with the policy, paragraphs (a) to (d) apply.

(a) A parent or guardian may withdraw the pupil from enrollment in the school for good cause by notifying the school district. Good cause includes, but is not limited to, enrollment of the pupil in another school, as defined in subdivision 4, or the immaturity of the child.

(b) When the pupil enrolls, the enrolling official must provide the parent or guardian who enrolls the pupil with a copy of the school board's current policy. At the time of enrollment, the enrolling parent or guardian must sign a receipt for the copy and a statement saying that they have read and understood the enrollment policy. The receipt and the signed statement must be filed with the pupil's school records.

(c) At all times, the school district's chief attendance officer must keep the truant enforcement authorities supplied with a copy of the school board's current policy certified by the clerk of the school board. A photocopy of the certified copy is prima facie evidence of the current policy in all courts and proceedings.

(d) A pupil under the age of seven who is withdrawn from enrollment in the public school is no longer subject to the compulsory attendance provisions of this chapter.

Sec. 4. Minnesota Statutes 1994, section 120.101, subdivision 5c, is amended to read:

Subd. 5c. [EDUCATION RECORDS.] (a) A school district from which a student is transferring must transmit the student's educational records upon request, within ten business days of the date the student withdraws, to the school district in which the student is enrolling. School districts must make reasonable efforts to determine the school district in which a transferring student is next enrolling in order to comply with this subdivision.

(b) Notwithstanding section 120.74 and the ten-day requirement in paragraph (a), a school district may withhold a transferring student's records until the student has returned all school district property to the district. Within five business days of the date the student withdraws, the school district shall notify the student in writing of the district's refusal to transmit the records and shall provide a list of the missing property. The district shall transmit the records within one business day of receiving the property.

Sec. 5. Minnesota Statutes 1994, section 120.74, subdivision 1, is amended to read:

Subdivision 1. (a) A school board is not authorized to charge fees in the following areas:

- ~~(a)~~ (1) Textbooks, workbooks, art materials, laboratory supplies, towels;
- ~~(b)~~ (2) Supplies necessary for participation in any instructional course except as authorized in sections 120.73 and 120.75;
- ~~(c)~~ (3) Field trips which are required as a part of a basic education program or course;
- ~~(d)~~ (4) Graduation caps, gowns, any specific form of dress necessary for any educational program, and diplomas;
- ~~(e)~~ (5) Instructional costs for necessary school personnel employed in any course or educational program required for graduation;

- (f) (6) Library books required to be utilized for any educational course or program;
- (g) (7) Admission fees, dues, or fees for any activity the pupil is required to attend;
- (h) (8) Any admission or examination cost for any required educational course or program;
- (i) (9) Locker rentals;
- (j) (10) Transportation of pupils (k) (i) for which state transportation aid is authorized pursuant to section 124.223 or (l) (ii) for which a levy is authorized under section 124.226, subdivision 5.

(b) Notwithstanding paragraph (a), clauses (1) and (6), a school board may charge fees for textbooks, workbooks, and library books, lost or destroyed by students. The board must annually notify parents or guardians and students about its policy to charge a fee under this paragraph.

Sec. 6. Minnesota Statutes 1994, section 120.75, subdivision 1, is amended to read:

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 commissioner of any fee it proposes to initiate under this section. If within 45 days of this notification, the commissioner does not disapprove the proposed fee, the local school board may initiate the proposed fee prior to the adoption of the policy.~~

Sec. 7. Minnesota Statutes 1994, section 121.16, is amended by adding a subdivision to read:

Subd. 4. [STATUTORY WAIVER PROCEDURE.] The commissioner shall establish a process and a panel composed of legislators, state board members, and appropriate educators, to review district requests for waiving state statutory requirements. Districts may request waivers from statutory program requirements that would prevent schools from implementing innovative program models that would assist students in meeting the state content and performance standards. The commissioner shall make recommendations on waivers to the governor and the legislative commission on planning and fiscal policy, which jointly may grant waivers.

Sec. 8. [121.1602] [DESEGREGATION PLAN ACCOUNTABILITY PROCEDURE.]

Districts required by the state board of education to have desegregation plans must demonstrate progress toward closing the learning gap between learners of color and their peers.

Beginning after the 1996-1997 school year, if districts required to have a desegregation plan do not make reasonable progress toward closing the learning gap between learners of color and their peers, the following procedure shall be followed:

(1) within 60 days after receipt of the annual data report, the commissioner shall inform the district whether sufficient progress toward closing the learning gap is being made for each site. Progress shall be determined based on the district targets in their plan;

(2) if satisfactory progress has not been achieved, the commissioner shall provide assistance to the district and to the sites; and

(3) if after one year, satisfactory progress has not been achieved, the commissioner shall either continue to provide assistance to the district for a defined period of time or authorize the local school board to reconstitute the sites. Notwithstanding the provisions of local contracts, the local school board, at its discretion, may develop a plan for reconstitution of the sites and submit that plan to the commissioner for approval.

Sec. 9. Minnesota Statutes 1994, section 121.207, subdivision 2, is amended to read:

Subd. 2. [REPORTS; CONTENT.] On or before January 1, 1994, the commissioner of education, in consultation with the criminal and juvenile information policy group, shall develop a standardized form to be used by schools to report incidents involving the use or possession of a dangerous weapon in school zones. The form shall include the following information:

(1) a description of each incident, including a description of the dangerous weapon involved in the incident;

(2) where, at what time, and under what circumstances the incident occurred;

(3) information about the offender, other than the offender's name, including the offender's age; whether the offender was a student and, if so, where the offender attended school; and whether the offender was under school expulsion or suspension at the time of the incident;

(4) information about the victim other than the victim's name, if any, including the victim's age; whether the victim was a student and, if so, where the victim attended school; and if the victim was not a student, whether the victim was employed at the school;

(5) the cost of the incident to the school and to the victim; and

(6) the action taken by the school administration to respond to the incident.

The commissioner also shall develop an alternative reporting format that allows school districts to provide aggregate data, with an option to use computer technology to report the data.

Sec. 10. Minnesota Statutes 1994, section 121.207, subdivision 3, is amended to read:

Subd. 3. [REPORTS; FILING REQUIREMENTS.] By February 1 and July 1 of each year, each school shall report incidents involving the use or possession of a dangerous weapon in school zones to the commissioner of education. The reports shall be made on the standardized forms or using the alternative format developed by the commissioner under subdivision 2. The commissioner shall compile the information it receives from the schools and report it annually to the commissioner of public safety, the criminal and juvenile information policy group, and the legislature.

Sec. 11. Minnesota Statutes 1994, section 121.932, is amended to read:

121.932 [DEPARTMENT DUTIES.]

Subd. 2. [DATA ACQUISITION CALENDAR.] The department of education shall maintain a current annual data acquisition calendar specifying the reports which districts are required to provide to the department, ~~the reports which regional management information centers are required to provide to the department for their affiliated districts,~~ and the dates these reports are due.

Subd. 3. [EXEMPTION FROM CHAPTER 14.] 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.~~

Subd. 4. [SDE-IS.] The department shall develop and operate ~~the SDE-IS with the advice and assistance of the ESV computer council~~ a computerized data system. The SDE-IS system shall include: (a) information required by federal or state law or rule; and (b) information needed by the divisions of the department in order to disburse funds, to implement research or special projects approved by the commissioner, and to meet goals or provide information required by the state board, the governor, the legislature or the federal government. ~~The department shall consult the advisory council on uniform financial accounting and reporting standards, the advisory task forces on student reporting and payroll/personnel reporting, and representatives of the senate and the house of representatives and of each division of the department, about needs for information from SDE-IS.~~

Subd. 4a. [SOFTWARE DEVELOPMENT.] The commissioner may provide for the development of applications software for the department, school districts, school buildings, or cooperatives formed by school districts or school buildings. The commissioner may charge school districts or cooperative units for the actual cost of software development used by the district or cooperative unit. Any amount received is annually appropriated to the department of education for this purpose. A school district or school building or cooperative unit may not implement a payroll, student, or staff software system after June 30, 1994, unless the system provides the required data elements and format needed by the department to aggregate information statewide and to disburse funds to local districts.

Vendors may ask the department to review and certify software as meeting the department's data reporting requirements and format. The department may charge a fee for the service. Both the department and a district may charge any vendor for the cost of data clean-up due to incorrect data elements and/or format. In the case of the department, any amount received for certification of a system or data clean-up is appropriated to the department of education for the purpose of information technologies.

Subd. 5. [ESSENTIAL DATA.] The department shall maintain a list of essential data elements which must be recorded and stored about each pupil, licensed and nonlicensed staff member, and educational program. Each school district ~~shall send~~ must provide the essential data to the ~~ESV regional computer center to which it belongs, where it shall be edited and transmitted to the~~ department in the form and format prescribed by the department.

Subd. 6. [CONTRACTING.] The department may provide by contract for the technical support of and the development of applications software by a regional management information center or by any other appropriate provider.

Sec. 12. Minnesota Statutes 1994, section 121.935, is amended to read:

121.935 [REGIONAL MANAGEMENT INFORMATION CENTERS.]

Subdivision 1. [CREATION.] Any group of two or more independent, special or common school districts may ~~with the approval of the state board pursuant to sections 121.931 and 121.936~~ create a regional management information center pursuant to section 123.58 or 471.59 to provide computer services to school districts. ~~A regional management information center shall not come into existence until the first July 1 after its creation is approved by the state board or until it can be accommodated by state appropriations, whichever occurs first. Each member of the board of a center created after June 30, 1991, shall be a current member of a member school board.~~

Subd. 1a. [CENTER FOR DISTRICTS WITH ALTERNATIVE SYSTEMS.] Districts that operate alternative systems approved by the state board according to section 121.936 may create one regional management information center under section 471.59. The center shall have all of the powers authorized under section 471.59. ~~Only districts that operate approved alternative systems may be members of the center. Upon receiving the approval of the state board to operate an alternative system, a district may become a member of the center.~~

~~Each member of the center board shall be a current member of a member school board.~~

The center board may purchase or lease equipment. It may not employ any staff but may enter into a term contract for services. A person providing services according to a contract with the center board is not a state employee.

~~The center shall perform the duties required by subdivision 2, except clauses (e), (d), and (g). The department shall provide the center all services that are provided to regional centers formed under subdivision 1, including transferring software and providing accounting assistance.~~

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 commissioner pursuant to sections 121.904 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 commissioner.~~

~~Subd. 4. [ANNUAL BUDGET ESTIMATES.] Every regional management information center shall submit to the department by July 1 an annual budget estimate for its administrative and management computer activities. The budget estimates shall be in a program budget format and shall include all estimated and actual revenues, expenditures, and fund balances of the center. Budget forms developed pursuant to section 16A.10 may be used for these estimates. The department of education shall assemble this budget information into a supplemental budget summary for the statewide elementary, secondary, and vocational management information system. Copies of the budget summary shall be provided to the ESV computer council and shall be available to the legislature upon request.~~

~~Subd. 6. [FEES.] Regional management information centers may charge fees to affiliated districts for the cost of services provided to the district.~~

~~Subd. 8. [COMPUTER HARDWARE PURCHASE.] A regional management information center may not purchase or enter into a lease-purchase agreement for computer hardware in excess of \$100,000 without unanimous consent of the center board.~~

~~Subd. 9. [FINANCIAL SERVICES.] Regional management information centers may provide financial management information services to cities, counties, towns, or other governmental units at mutually negotiated prices.~~

Sec. 13. Minnesota Statutes 1994, section 121.936, is amended to read:

121.936 [SCHOOL DISTRICT MANAGEMENT INFORMATION SYSTEMS.]

~~Subd. 4. [ALTERNATIVE SYSTEMS; COMMISSIONER.] Upon approval of the proposal by the commissioner the district may proceed in accordance with its approved proposal. Except as provided in section 121.931, subdivision 5 121.932, subdivision 4a, 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 commissioner, another district may use the system without approval of the commissioner. A district which has submitted a proposal for an alternative system which has been disapproved may not submit another proposal for that fiscal year, but it may submit a proposal for the subsequent fiscal year.~~

~~Subd. 4a. The 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 commissioner. The alternative reporting system must comply with sections 121.904 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.~~

Sec. 14. Minnesota Statutes 1994, section 122.91, subdivision 1, is amended to read:

~~Subdivision 1. [PURPOSE.] The purpose of an education district is to increase educational opportunities for learners by increasing cooperation and coordination among school districts, other governmental units, and post-secondary institutions, and to replace other existing cooperative structures.~~

Sec. 15. Minnesota Statutes 1994, section 122.91, subdivision 2, is amended to read:

~~Subd. 2. [AGREEMENT.] School boards meeting the requirements of subdivision 3 may enter into a written agreement to establish an education district. Once established, cities, counties, and other governmental units may become members of the education district. The agreement and subsequent amendments must be adopted by majority vote of the full membership of each board.~~

Sec. 16. Minnesota Statutes 1994, section 122.91, subdivision 2a, is amended to read:

Subd. 2a. [AGREEMENT; SPECIAL PROVISIONS.] The education district agreement may contain a special provision adopted by the vote of a majority of the full membership of each of the boards of the member school districts to allow a post-secondary institution or cities, counties, and other governmental units to become a member of the education district.

Sec. 17. Minnesota Statutes 1994, section 122.92, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL DISTRICT REPRESENTATION.] The education district board shall be composed of at least one representative appointed by the school board or governing board of each member district. Each representative must be a member of the appointing school or governing board. Each representative shall serve at the pleasure of the appointing school board and may be recalled by a majority vote of the appointing school board. Each representative shall serve for the term that is specified in the agreement. The board shall select its officers from among its members and shall determine the terms of the officers. The board shall adopt bylaws for the conduct of its business. The board may conduct public meetings via interactive television if the board complies with section 471.705 in each location where board members are present.

Sec. 18. Minnesota Statutes 1994, section 122.93, subdivision 1, is amended to read:

Subdivision 1. [COORDINATION.] An education district board shall coordinate the programs and services of the education district according to the terms of the written agreement. The board shall implement the agreement for delivering educational services defined in section 123.582, subdivisions 8 and 8a, needed in the education district.

Sec. 19. Minnesota Statutes 1994, section 122.94, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] An education district board shall adopt a comprehensive agreement for continuous learning. The agreement must address methods to improve the educational opportunities available in the education district. ~~It must be submitted for review by the educational cooperative service unit within which the majority of the education district membership lies.~~ The education district board shall review the agreement annually and propose necessary amendments to the member districts.

Sec. 20. Minnesota Statutes 1994, section 123.34, is amended by adding a subdivision to read:

Subd. 9a. [DISCLOSE PAST BUYOUTS OR CONTRACT IS VOID.] (a) For the purposes of paragraph (b), a "buyout agreement" is any agreement under which a person employed as a superintendent left the position before the term of the contract was over and received a sum of money, something else of value, or the right to something of value for some purpose other than performing the services of a superintendent.

(b) Before a person may enter into a superintendent's contract with a school board, the candidate shall disclose in writing the existence and terms of any previous buyout agreement, including amounts and the purpose for the payments, relating to a superintendent's contract with another school board. A disclosure made under this paragraph is public data.

(c) The superintendent's contract of a person who fails to make a timely disclosure under paragraph (b) is void.

Sec. 21. Minnesota Statutes 1994, section 123.35, subdivision 19a, is amended to read:

Subd. 19a. [LIMITATION ON PARTICIPATION AND FINANCIAL SUPPORT.] (a) No school district shall be required by any type of formal or informal agreement, including a joint powers agreement, or membership in any cooperative unit defined in subdivision 19b, paragraph (d), to participate in or provide financial support for the purposes of the agreement for a time period in excess of one fiscal year, or the time period set forth in this subdivision. Any agreement, part of an agreement, or other type of requirement to the contrary is void.

(b) This subdivision shall not affect the continued liability of a school district for its share of bonded indebtedness or other debt incurred as a result of any agreement before July 1, 1993. The school district is liable only until the obligation or debt is discharged and only according to the

payment schedule in effect on July 1, 1993, except that the payment schedule may be altered for the purpose of restructuring debt or refunding bonds outstanding on July 1, 1993, if the annual payments of the school district are not increased and if the total obligation of the school district for its share of outstanding bonds or other debt is not increased.

(c) To cease participating in or providing financial support for any of the services or activities relating to the agreement or to terminate participation in the agreement, the school board shall adopt a resolution and notify other parties to the agreement of its decision on or before February 1 of any year. Notwithstanding the preceding, the deadline for a school board to notify other parties is June 1 of any year if the cooperative unit increases fees for services by an amount that exceeds the fees charged the previous year by five percent. The cessation or withdrawal shall be effective June 30 of the same year except that for a member of an education district organized under sections 122.91 to 122.95 or an intermediate district organized under chapter 136D, cessation or withdrawal shall be effective June 30 of the following fiscal year. At the option of the school board, cessation or withdrawal may be effective June 30 of the following fiscal year for a district participating in any type of agreement.

(d) Before issuing bonds or incurring other debt, the governing body responsible for implementing the agreement shall adopt a resolution proposing to issue bonds or incur other debt and the proposed financial effect of the bonds or other debt upon each participating district. The resolution shall be adopted within a time sufficient to allow the school board to adopt a resolution within the time permitted by this paragraph and to comply with the statutory deadlines set forth in sections 122.895, 125.12, and 125.17. The governing body responsible for implementing the agreement shall notify each participating school board of the contents of the resolution. Within 120 days of receiving the resolution of the governing body, the school board of the participating district shall adopt a resolution stating:

- (1) its concurrence with issuing bonds or incurring other debt;
- (2) its intention to cease participating in or providing financial support for the service or activity related to the bonds or other debt; or
- (3) its intention to terminate participation in the agreement.

A school board adopting a resolution according to clause (1) is liable for its share of bonded indebtedness or other debt as proposed by the governing body implementing the agreement. A school board adopting a resolution according to clause (2) is not liable for the bonded indebtedness or other debt, as proposed by the governing body, related to the services or activities in which the district ceases participating or providing financial support. A school board adopting a resolution according to clause (3) is not liable for the bonded indebtedness or other debt proposed by the governing body implementing the agreement.

(e) After July 1, 1993, a district is liable according to paragraph (d) for its share of bonded indebtedness or other debt incurred by the governing body implementing the agreement to the extent that the bonds or other debt are directly related to the services or activities in which the district participates or for which the district provides financial support. The district has continued liability only until the obligation or debt is discharged and only according to the payment schedule in effect at the time the governing body implementing the agreement provides notice to the school board, except that the payment schedule may be altered for the purpose of refunding the outstanding bonds or restructuring other debt if the annual payments of the district are not increased and if the total obligation of the district for the outstanding bonds or other debt is not increased.

Sec. 22. Minnesota Statutes 1994, section 123.35, subdivision 19b, is amended to read:

Subd. 19b. [WITHDRAWING FROM COOPERATIVE.] If a school district withdraws from a cooperative unit defined in paragraph (d), the distribution of assets and assignment of liabilities to the withdrawing district shall be determined according to this subdivision.

(a) The withdrawing district remains responsible for its share of debt incurred by the cooperative unit according to subdivision 19a. The school district and cooperative unit may mutually agree, through a board resolution by each, to terms and conditions of the distribution of assets and the assignment of liabilities.

(b) If the cooperative unit and the school district cannot agree on the terms and conditions, the commissioner of education shall resolve the dispute by determining the district's proportionate share of assets and liabilities based on the district's enrollment, financial contribution, usage, or other factor or combination of factors determined appropriate by the commissioner. The commissioner shall use the audited financial statements of the cooperative unit in determining the value of assets and liabilities. The assets shall be disbursed to the withdrawing district in a manner that primarily recognizes benefits to students and secondarily minimizes financial disruption to the cooperative unit.

(c) Assets related to an insurance pool shall not be disbursed to a member district under paragraph (b).

(d) For the purposes of this section, a cooperative unit is:

- (1) an education district organized under sections 122.91 to 122.95;
- (2) a cooperative vocational center organized under section 123.351;
- (3) an intermediate district organized under chapter 136D;
- (4) an educational cooperative service unit organized under section 123.58;
- (5) a regional management information center organized under section 121.935 or as a joint powers district according to section 471.59; or
- (6) a service cooperative organized under section 123.582.

Sec. 23. Minnesota Statutes 1994, section 123.351, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] Two or more independent school districts may enter into an agreement to establish a cooperative center to provide for vocational education and other educational services upon the vote of a majority of the full membership of each of the boards of the districts entering into the agreement. The agreement may also provide for membership by cities, counties, and other governmental units. When a resolution approving this action has been adopted by the board of a district, the resolution shall be published once in a newspaper of general circulation in the district. If a petition for referendum on the question of the district entering into the agreement, containing signatures of qualified voters of the district equal to five percent of the number of voters at the last school district general election, is filed with the clerk of the board within 60 days after publication of the resolution, the board shall not enter into the agreement until the question has been submitted to the voters of the district at a special election. This election shall be conducted and canvassed in the same manner as school district general elections. If a majority of the total number of votes cast on the question within the district is in favor of the proposition, the board may enter into an agreement to establish the center for purposes described in this section.

Sec. 24. Minnesota Statutes 1994, section 123.351, subdivision 3, is amended to read:

Subd. 3. [GOVERNING BOARD.] (a) The center shall be operated by a center board of not less than five members which shall consist of members from school boards of each of the participating school districts within the center and member cities, counties, and other governmental units, appointed by their respective ~~school~~ boards. Each participating school district shall have at least one member on the board. The board shall choose an administrative officer to administer board policy and directives who shall serve as an ex officio member of the board but shall not have a vote.

(b) The terms of office of the first members of the board shall be determined by lot as follows: one-third of the members for one year, one-third for two years, and the remainder for three years, all terms to expire on June 30 of the appropriate year; provided that if the number of members is not evenly divisible by three, the membership will be as evenly distributed as possible among one, two and three year terms with the remaining members serving the three year term. Thereafter the terms shall be for three years commencing on July 1 of each year. If a vacancy occurs on the center board, it shall be filled by the appropriate school board within 90 days. A person appointed to the center board shall qualify as a board member by filing with the chair a written certificate of appointment from the appointing school board.

(c) The first meeting of a center board shall be at a time mutually agreed upon by board members. At this meeting, the center board shall choose its officers and conduct any other necessary organizational business. Thereafter the center board shall meet on the first of July of each year or as soon thereafter as practicable pursuant to notice sent to all center board members by the chief executive officer of the center.

(d) The officers of the center board shall be a chair, vice-chair, clerk and treasurer, no two of whom when possible shall be from the same school district. The chair shall preside at all meetings of the center board except in the chair's absence the vice-chair shall preside. The clerk shall keep a complete record of the minutes of each meeting and the treasurer shall be the custodian of the funds of the center. Insofar as applicable, sections 123.33 and 123.34, shall apply to the board and officers of the center.

(e) Each participating school district shall have equal voting power with at least one vote. A majority of the center board shall be a quorum. Any motion other than adjournment shall pass only upon receiving a majority of the votes of the entire center board.

Sec. 25. Minnesota Statutes 1994, section 123.351, subdivision 4, is amended to read:

Subd. 4. [POWERS AND DUTIES.] (a) The center board shall have the general charge of the business of the center and the ownership of facilities. Where applicable, section 123.36, shall apply. The center board may not issue bonds in its behalf. Each participating district may issue its bonds for the purpose of acquisition and betterment of center facilities in the amount certified by the center board to such participating district in accordance with chapter 475.

(b) The center board (1) may furnish vocational offerings to any eligible person residing in any participating district; (2) may provide special education for the handicapped and disadvantaged; and (3) may provide any other educational programs or services defined in section 123.582, subdivisions 8 and 8a, agreed upon by the participating districts members. Academic offerings shall be provided only under the direction of properly licensed academic supervisory personnel.

(c) In accordance with subdivision 5, clause (b), the center board shall certify to each participating district the amount of funds assessed to the district as its proportionate share required for the conduct of the educational programs, payment of indebtedness, and all other proper expenses of the center.

(d) The center board shall employ and contract with necessary qualified teachers and administrators and may discharge the same for cause pursuant to section 125.12. The authority for selection and employment of a director shall be vested in the center board. Notwithstanding the provisions of section 125.12, subdivision 6a or 6b, no individual shall have a right to employment as a director based on seniority or order of employment by the center. The board may employ and discharge other necessary employees and may contract for other services deemed necessary.

(e) The center board may provide an educational program for secondary and adult vocational phases of instruction. The high school phase of its educational program shall be offered as a component of the comprehensive curriculum offered by each of the participating school districts. Graduation shall be from the student's resident high school district. Insofar as applicable, sections 123.35 to 123.40, shall apply.

(f) The center board may prescribe rates of tuition for attendance in its programs by adults and nonmember district secondary students.

Sec. 26. Minnesota Statutes 1994, section 123.351, subdivision 5, is amended to read:

Subd. 5. [FINANCING.] (a) Any center board established pursuant to this section is a public corporation and agency and may receive and disburse federal, state, and local funds made available to it. No participating school district or member shall have any additional individual liability for the debts or obligations of the center except that assessment which has been certified as its proportionate share in accordance with subdivision 5, clause (b) and subdivision 4, clauses (a) and (c). A member of the center board shall have such liability as is applicable to a member of an independent school district board. Any property, real or personal, acquired or owned by the center board for its purposes shall be exempt from taxation by the state or any of its political subdivisions.

(b) The center board 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 its proportionate share of any and all expenses. This share shall be based upon an equitable distribution formula agreed upon by the participating districts. Each participating district shall remit its assessment to the center board within 30 days after receipt. The assessments shall be paid within the maximum levy limitations of each participating district.

Sec. 27. Minnesota Statutes 1994, section 123.3514, subdivision 3, is amended to read:

Subd. 3. [DEFINITIONS.] For purposes of this section, an "eligible institution" means a Minnesota public post-secondary institution, a private, nonprofit two-year trade and technical school granting associate degrees, an opportunities industrialization center accredited by the north central association of colleges and schools, or a private, residential, two-year or four-year, liberal arts, degree-granting college or university located in Minnesota. "Course" means a course or program. "Pupil" means a student receiving instruction under section 120.101.

Sec. 28. Minnesota Statutes 1994, section 123.3514, subdivision 4, is amended to read:

Subd. 4. [AUTHORIZATION; NOTIFICATION.] Notwithstanding any other law to the contrary, an 11th or 12th grade pupil enrolled in a public school or an American Indian-controlled tribal contract or grant school eligible for aid under section 124.86, except a foreign exchange pupil enrolled in a district under a cultural exchange program, may apply to an eligible institution, as defined in subdivision 3, to enroll in nonsectarian courses offered by that post-secondary institution. If an institution accepts a secondary pupil for enrollment under this section, the institution shall send written notice to the pupil, the pupil's school or school district, and the commissioner of education within ten days of acceptance. The notice shall indicate the course and hours of enrollment of that pupil. If the pupil enrolls in a course for post-secondary credit, the institution shall notify the pupil about payment in the customary manner used by the institution.

Sec. 29. Minnesota Statutes 1994, section 123.3514, subdivision 4a, is amended to read:

Subd. 4a. [COUNSELING.] To the extent possible, the school or school district shall provide counseling services to pupils and their parents or guardian before the pupils enroll in courses under this section to ensure that the pupils and their parents or guardian are fully aware of the risks and possible consequences of enrolling in post-secondary courses. The school or school district shall provide information on the program including who may enroll, what institutions and courses are eligible for participation, the decision-making process for granting academic credits, financial arrangements for tuition, books and materials, eligibility criteria for transportation aid, available support services, the need to arrange an appropriate schedule, consequences of failing or not completing a course in which the pupil enrolls, the effect of enrolling in this program on the pupil's ability to complete the required high school graduation requirements, and the academic and social responsibilities that must be assumed by the pupils and their parents or guardian. The person providing counseling shall encourage pupils and their parents or guardian to also use available counseling services at the post-secondary institutions before the quarter or semester of enrollment to ensure that anticipated plans are appropriate.

Prior to enrolling in a course, the pupil and the pupil's parents or guardian must sign a form that must be provided by the school or school district and may be obtained from a post-secondary institution stating that they have received the information specified in this subdivision and that they understand the responsibilities that must be assumed in enrolling in this program. The department of education shall, upon request, provide technical assistance to a school or school district in developing appropriate forms and counseling guidelines.

Sec. 30. Minnesota Statutes 1994, section 123.3514, subdivision 4e, is amended to read:

Subd. 4e. [COURSES ACCORDING TO AGREEMENTS.] An eligible pupil, according to subdivision 4, may enroll in a nonsectarian course taught by a secondary teacher or a post-secondary faculty member and offered at a secondary school, or another location, according to an agreement between a public school board and the governing body of an eligible public post-secondary system or an eligible private post-secondary institution, as defined in subdivision 3. All provisions of this section shall apply to a pupil, public school board, school district, and the governing body of a post-secondary institution, except as otherwise provided.

Sec. 31. Minnesota Statutes 1994, section 123.3514, subdivision 5, is amended to read:

Subd. 5. [CREDITS.] (a) 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.

(b) A school district shall grant academic credit to a pupil enrolled in a course for secondary credit if the pupil successfully completes the course. Seven quarter or 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 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 commissioner. The commissioner's decision regarding the number of credits shall be final.

(c) 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.

(d) 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.

(e) A school or school district may not charge a pupil tuition or a similar fee for secondary credits earned under this section.

Sec. 32. Minnesota Statutes 1994, section 123.3514, subdivision 6c, is amended to read:

Subd. 6c. [FINANCIAL ARRANGEMENTS FOR COURSES PROVIDED ACCORDING TO AGREEMENTS.] (a) The agreement between a public 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 public 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. 33. [123.582] [SERVICE COOPERATIVES.]

Subdivision 1. [ESTABLISHMENT OF SERVICE COOPERATIVES.] (a) Ten service cooperatives, hereafter designated as SCs, are established. Geographical boundaries for each SC shall coincide with those identified in governor's executive orders 8, dated September 1, 1971, and

59, dated May 29, 1973, issued pursuant to the regional development act of 1969, Minnesota Statutes, sections 462.381 to 462.397, with the following exceptions:

- (1) development regions one and two shall be combined to form a single SC;
- (2) development regions six east and six west shall be combined to form a single SC; and
- (3) development regions seven east and seven west shall be combined to form a single SC.

(b) The SC shall cooperate with the regional development commission for the region with which its boundaries coincide but shall not be responsible to nor governed by that regional development commission.

(c) Two or more identified SCs may, upon approval by a majority of the members in each affected SC, be combined and administered as a single SC.

Subd. 2. [PURPOSE OF SC.] The primary purposes of designation as a SC shall be to perform planning on a regional basis and to assist in meeting specific needs of clients in participating governmental units which could be better provided by a SC than by the members themselves. The SC shall provide those programs and services which are determined, pursuant to subdivision 8, to be priority needs of the particular region and shall assist in meeting special needs which arise from fundamental constraints upon individual members.

Subd. 3. [MEMBERSHIP AND PARTICIPATION.] Full membership in a SC shall be limited to public school districts, cities, counties, and other governmental units, but nonvoting memberships shall be available to nonpublic school administrative units and other partnership agencies or organizations within the SC. A school district, city, county, or other governmental unit or nonprofit organization may belong to one or more SCs. Participation in programs and services provided by the SC shall be discretionary. No school district, city, county, or other governmental unit shall be compelled to participate in these services under authority of this section. Nonpublic school students and personnel are encouraged to participate in programs and services to the extent allowed by law.

Subd. 4. [GOVERNING BOARD.] (a) The care, management, and control of a SC shall be vested in a board of directors composed of not less than six nor more than 15 members. A majority of the members of the SC board of directors shall be current members of school boards of participating public school districts. Election of the school board members to the SC board of directors shall be by vote of all current school board members of participating public school districts with each school board member having one vote. The remaining board members may be representatives at large appointed by the board members or elected as representatives by other participating agencies, such as cities, counties, or other governmental units.

(b) The election timeline shall be compatible with those for school board members and shall be addressed within the bylaws of each SC.

(c) A vacancy on the SC board which results in an unexpired term may be filled by appointment by the SC board of directors until such vacancy can be filled at the next board election.

(d) At the organizational meeting, the SC board shall choose its officers and conduct any other necessary organizational business. The SC board may, at its discretion, appoint up to three members at large to the SC board as ex officio, nonvoting members of the board and shall encourage the advisory participation of a cross-section of school and agency personnel within the SC to the extent allowed by law.

(e) The officers of the SC board shall be a chair, vice-chair, clerk, and treasurer, no two of whom when possible shall be from the same agency.

(f) A member of the SC board shall have the same liability applicable to a member of an independent school board or other elected governmental officials.

Subd. 5. [DUTIES AND POWERS OF SC BOARD OF DIRECTORS.] The board of directors shall have authority to maintain and operate a SC. 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, by June 1 of each year to each participating member, an annual plan which describes the objectives and procedures to be implemented in assisting in resolution of the needs of the SC.

(b) The SC board of directors shall provide adequate office, service center, and administrative facilities by lease, purchase, gift, or otherwise.

(c) The SC board of directors shall 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 applicable provisions of law. SC staff and personnel may participate in retirement programs and any other programs available to public school staff and personnel.

(d) The SC board of directors may appoint special advisory committees composed of superintendents, central office personnel, building principals, teachers, parents, lay persons, and representatives from cities, counties, and other public or governmental agencies.

(e) The SC board of directors may employ service area personnel pursuant to licensure and certification standards developed by the appropriate state agency such as the state board and the state board of teaching.

(f) The SC board of directors may enter into contracts with school boards of local districts including school districts outside the SC area.

(g) The SC board of directors may enter into contracts with other public and private agencies and institutions to provide administrative staff and other personnel as necessary to furnish and support the agreed upon programs and services.

(h) The SC board of directors shall exercise all powers and carry out all duties delegated to it by members under provisions of the SC bylaws. The SC board of directors shall be governed, when not otherwise provided, by applicable laws of the state.

(i) The SC board of directors shall submit an annual evaluation report of the effectiveness of programs and services to the members by September 1 of each year following the previous June 30 in which the programs and services were provided.

(j) The SC board is encouraged to establish cooperative, working relationships and partnerships with post-secondary educational institutions, other public agencies, business, and industry.

Subd. 6. [APPOINTMENT OF AN ADVISORY COUNCIL.] There may be advisory councils selected to give advice and counsel to the SC board of directors. The councils may be composed of representatives from public and nonpublic schools, cities, counties, and other governmental units.

Subd. 7. [EDUCATIONAL PROGRAMS AND SERVICES.] The board of directors of each SC shall submit annually a plan to the members. The plan shall identify the programs and services which are suggested for implementation by the SC during the following year and shall contain components of long-range planning determined by the SC. These programs and services may include, but are not limited to, the following areas:

- (1) administrative services;
- (2) curriculum development;
- (3) data processing;
- (4) distance learning;
- (5) evaluation and research;
- (6) staff development;
- (7) media and technology centers;

- (8) publication and dissemination of materials;
- (9) pupil personnel services;
- (10) planning;
- (11) secondary, post-secondary, community, adult, and adult vocational education;
- (12) teaching and learning services, including services for students with special talents and special needs;
- (13) employee personnel services;
- (14) vocational rehabilitation;
- (15) health, diagnostic, and child development services and centers;
- (16) leadership or direction in early childhood and family education;
- (17) community services;
- (18) shared time programs;
- (19) fiscal services and risk management programs;
- (20) technology planning, training, and support services;
- (21) health and safety services;
- (22) student academic challenges; and
- (23) cooperative purchasing services.

Subd. 8. [TECHNICAL ASSISTANCE.] Insofar as possible, service cooperatives shall make technical assistance for long-range planning available to school districts upon request and shall establish a common database for local and regional decision making.

Subd. 9. [FINANCIAL SUPPORT FOR THE SERVICE COOPERATIVES.] (a) Financial support for SC programs and services shall be provided by participating members with private, state, and federal financial support supplementing as available. The SC 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, nonpublic school administrative unit, city, county, and other governmental unit its proportionate share of all expenses. This share shall be based upon the extent of participation by each school district, nonpublic school administrative unit, city, county, or other governmental unit and shall be in the form of a service fee. Each participating school district, nonpublic school administrative unit, city, county, or other governmental unit shall remit its assessment to the SC board as provided in the SC bylaws. The assessments shall be paid within the maximum levy limitations of each participating member. No participating member shall have any additional liability for the debts or obligations of the SC except that assessment which has been certified as its proportionate share and any other liability the member assumes under section 123.35, subdivision 19b.

(b) Any property acquired by the SC 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 SC is dissolved, its property must be distributed to the members at the time of the dissolution.

(c) A member may elect to withdraw participation in the SC by a majority vote of its full board membership and upon compliance with the applicable withdrawal provisions of the SC organizational agreement. The withdrawal shall be effective on the June 30 following receipt by the board of directors of written notification of the withdrawal by February 1 of the same year. Notwithstanding the withdrawal, the proportionate share of any expenses already certified to the withdrawing member for the SC shall be paid to the SC board.

(d) The SC 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 the members.

(e) The SC is a public corporation and agency and as such, no earnings or interests of the SC may inure to the benefit of an individual or private entity.

Subd. 10. [ANNUAL MEETING.] Each SC shall conduct a meeting at least annually for its members.

Sec. 34. Minnesota Statutes 1994, section 123.7991, subdivision 2, is amended to read:

Subd. 2. [STUDENT TRAINING.] (a) Each school district shall provide public school pupils enrolled in grades kindergarten through 12 10 with age-appropriate school bus safety training. The training shall be results-oriented and shall consist of both classroom instruction and practical training using a school bus. Upon completing the training, a student shall be able to demonstrate knowledge and understanding of at least the following competencies and concepts:

- (1) transportation by school bus is a privilege and not a right;
- (2) district policies for student conduct and school bus safety;
- (3) appropriate conduct while on the school bus;
- (4) the danger zones surrounding a school bus;
- (5) procedures for safely boarding and leaving a school bus;
- (6) procedures for safe vehicle-lane street or road crossing; and
- (7) school bus evacuation and other emergency procedures.

(b) Each nonpublic school located within the district shall provide all nonpublic school pupils enrolled in grades kindergarten through 10 who are transported by school bus at public expense and attend school within the district's boundaries with training as required in paragraph (a). The school district shall make a bus available for the practical training if the district transports the nonpublic students. Each nonpublic school shall provide the instruction.

(c) Student school bus safety training shall commence during school bus safety week. All students enrolled in grades kindergarten through 3 who are transported by school bus and are enrolled during the first or second week of school must demonstrate achievement of the school bus safety training competencies by the end of the third week of school. All students enrolled in grades 4 through 10 who are transported by school bus and are enrolled during the first or second week of school must demonstrate achievement of the competencies by the end of the sixth week of school. Students enrolled in grades kindergarten through 10 who enroll in a school after the first second week of school and are transported by school bus shall undergo school bus safety training and demonstrate achievement of the school bus safety competencies within three four weeks of the first day of attendance. The pupil transportation safety director in each district must certify to the commissioner of education annually by October 15 that all students transported by school bus within the district have satisfactorily demonstrated knowledge and understanding of the school bus safety competencies according to this section or provide an explanation for a student's failure to demonstrate the competencies. The principal or other chief administrator of each nonpublic school must certify annually to the public transportation safety director of the district in which the school is located that all of the school's students transported by school bus at public expense have received training. A school district may deny transportation to a student who fails to demonstrate the competencies, unless the student is unable to achieve the competencies due to a disability, or to a student who attends a nonpublic school that fails to provide training as required by this subdivision.

(e) (d) A school district and a nonpublic school with students transported by school bus at public expense must, to the extent possible, provide kindergarten pupils with bus safety training before the first day of school.

(d) (e) A school district and a nonpublic school with students transported by school bus at public expense must also provide student safety education for bicycling and pedestrian safety.

(f) A school district and a nonpublic school with students transported by school bus at public expense must make reasonable accommodations for the school bus, bicycle, and pedestrian safety training of pupils known to speak English as a second language and pupils with disabilities.

Sec. 35. Minnesota Statutes 1994, section 123.7991, subdivision 3, is amended to read:

Subd. 3. [MODEL TRAINING PROGRAM.] The commissioner of education shall develop a comprehensive model school bus safety training program for pupils who ride the bus that includes bus safety curriculum for both classroom and practical instruction, methods for assessing attainment of school bus safety competencies, and age-appropriate instructional materials. The program must be adaptable for use by students with disabilities.

Sec. 36. Minnesota Statutes 1994, section 123.805, subdivision 1, is amended to read:

Subdivision 1. [COMPREHENSIVE POLICY.] Each school district shall develop and implement a comprehensive, written policy governing pupil transportation safety, including transportation of nonpublic school students, when applicable. The policy shall, at minimum, contain:

- (1) provisions for appropriate student bus safety training under section 123.7991;
- (2) rules governing student conduct on school buses and in school bus loading and unloading areas;
- (3) a statement of parent or guardian responsibilities relating to school bus safety;
- (4) provisions for notifying students and parents or guardians of their responsibilities and the rules;
- (5) an intradistrict system for reporting school bus accidents or misconduct, a system for dealing with local law enforcement officials in cases of criminal conduct on a school bus, and a system for reporting accidents, crimes, incidents of misconduct, and bus driver dismissals to the department of public safety under section 169.452;
- (6) a discipline policy to address violations of school bus safety rules, including procedures for revoking a student's bus riding privileges in cases of serious or repeated misconduct;
- (7) a system for integrating school bus misconduct records with other discipline records;
- (8) a statement of bus driver duties;
- (9) planned expenditures for safety activities under section 123.799 and, where applicable, provisions governing bus monitor qualifications, training, and duties;
- (10) rules governing the use and maintenance of type III vehicles, drivers of type III vehicles, qualifications to drive a type III vehicle, qualifications for a type III vehicle, and the circumstances under which a student may be transported in a type III vehicle;
- (11) operating rules and procedures;
- (12) provisions for annual bus driver in-service training and evaluation;
- (13) emergency procedures; ~~and~~
- (14) a system for maintaining and inspecting equipment;
- (15) requirements of the school district, if any, that exceed state law minimum requirements for school bus operations; and
- (16) requirements for basic first aid training, which shall include the Heimlich maneuver and procedures for dealing with obstructed airways, shock, bleeding, and seizures.

School districts are encouraged to use the model policy developed by the Minnesota school boards association, the department of public safety, and the department of education, as well as the current edition of the "National Standards for School Buses and Operations" published by the National Safety Council, in developing safety policies. Each district shall submit a copy of its policy under this subdivision to the school bus safety advisory committee no later than August 1, 1994, ~~and review and make appropriate amendments annually by August 1.~~ Each district shall review its policy annually and make appropriate amendments, which must be submitted to the school bus safety advisory committee within one month of approval by the school board.

Sec. 37. Minnesota Statutes 1994, section 123.805, subdivision 2, is amended to read:

Subd. 2. [SCHOOL TRANSPORTATION SAFETY DIRECTOR.] Each school board shall designate a school transportation safety director to oversee and implement pupil transportation safety policies. The director shall have day-to-day responsibility for pupil transportation safety within the district, including transportation of nonpublic school children when provided by the district.

Sec. 38. Minnesota Statutes 1994, section 124.225, subdivision 8m, is amended to read:

Subd. 8m. [TRANSPORTATION SAFETY AID.] A district's transportation safety aid equals the district's reserved revenue for transportation safety under subdivision 7f for that school year. Failure of a school district to comply with the reporting requirements of section 123.7991, 123.805, 169.452, 169.4582, or 171.321, subdivision 5, may result in a withholding of that district's transportation safety aid for that school year.

Sec. 39. Minnesota Statutes 1994, section 124.248, is amended to read:

124.248 [REVENUE FOR AN ~~OUTCOME-BASED~~ A RESULTS-ORIENTED CHARTER SCHOOL.]

Subdivision 1. [GENERAL EDUCATION REVENUE.] General education revenue shall be paid to ~~an outcome-based~~ a charter school as though it were a school district. The general education revenue for each pupil unit is the state average general education revenue per pupil unit, calculated without compensatory revenue, plus compensatory revenue as though the school were a school district.

Subd. 1a. [TRANSPORTATION REVENUE.] Transportation revenue shall be paid to a charter school that provides transportation services according to section 120.064, subdivision 15, as though it were a school district. Transportation aid shall equal transportation revenue.

(a) For the first two years that a charter school is providing transportation services, the regular transportation allowance for the charter school shall be equal to the regular transportation allowance for the school district in which the charter school is located. For the third year of transportation services and later fiscal years, the predicted base cost for the charter school shall be equal to the predicted base cost for the school district in which the charter school is located.

(b) For the first two years that a charter school is providing transportation services, the nonregular transportation revenue equals the charter school's actual cost in the current school year for nonregular transportation services, minus the amount of regular transportation revenue attributable to FTE's in the handicapped category in the current school year. For the third year of transportation services and later fiscal years, the nonregular transportation revenue shall be computed according to section 124.225, subdivision 7d, paragraph (b).

Subd. 2. [CAPITAL EXPENDITURE ~~EQUIPMENT~~ EQUIPMENT REVENUE.] (a) Capital expenditure equipment aid and capital expenditure facilities aid shall be paid to an outcome-based a charter school according to section 124.245, subdivision 6, as though it were a school district.

(b) Capital expenditure equipment aid shall equal capital expenditure equipment revenue. Notwithstanding section 124.244, subdivision 4, an outcome-based a charter school may use the revenue for any purpose related to the school.

(c) Capital expenditure facilities aid shall equal capital expenditure facilities revenue. To compute capital expenditure facilities aid according to section 124.245, subdivision 6, paragraph

(b), the capital expenditure facilities revenue for a charter school equals \$128 times the number of pupil units.

Subd. 3. [SPECIAL EDUCATION AND LIMITED ENGLISH PROFICIENCY AID.] Special education aid shall be paid to ~~an outcome-based~~ a charter school according to section 124.32 as though it were a school district. The charter school may charge tuition to the district of residence as provided in section 120.17, subdivision 4. Limited English proficiency programs aid shall be paid to a charter school according to section 124.273 as though it were a school district. The outcome-based charter school shall allocate its special education levy equalization revenue to the resident districts of the pupils attending the outcome-based charter school as though it were a cooperative, as provided in section 124.321, subdivision 2, paragraph (a), ~~clause clauses (1) and (3).~~ The districts of residence shall levy as though they were participating in a cooperative, as provided in section 124.321, subdivision 3.

Subd. 4. [OTHER AID, GRANTS, REVENUE.] (a) ~~An outcome-based~~ A charter school is eligible to receive other aids, grants, and revenue according to chapters 120 to 129, as though it were a school district except that, notwithstanding section 124.195, subdivision 3, the payments shall be of an equal amount on each of the 23 payment dates unless ~~an outcome-based~~ a charter school is in its first year of operation in which case it shall receive on its first payment date 15 percent of its cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter the sum of which shall be 85 percent of the cumulative amount guaranteed. 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. A charter school may apply for and directly receive federal money.

(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, and federal money may be used only for the planning and operational start-up costs of an outcome-based a charter 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~~ In addition to capital expenditure facilities revenue under subdivision 2, a charter 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.

~~Subd. 5. [USE OF STATE MONEY.] Money received from the state may not be used to purchase land or buildings. The school may own land and buildings if obtained through nonstate sources.~~

Sec. 40. Minnesota Statutes 1994, section 125.12, subdivision 3, is amended to read:

Subd. 3. [PROBATIONARY PERIOD.] The first three consecutive years of a teacher's first teaching experience in Minnesota in a single school district shall be deemed to be a probationary period of employment, and after completion thereof, the probationary period in each school district in which the teacher is thereafter employed shall be one year. ~~The school site management team, or the school board if there is no school site management team,~~ shall adopt a plan for written evaluation of teachers during the probationary period ~~according to subdivision 3a or 3b.~~ Evaluation ~~by the peer review committee charged with evaluating probationary teachers under subdivision 3a~~ shall occur at least three times each year for a teacher performing services on 120 or more school days, at least two times each year for a teacher performing services on 60 to 119 school days, and at least one time each year for a teacher performing services on fewer than 60 school days. Days devoted to parent-teacher conferences, teachers' workshops, and other staff development opportunities and days on which a teacher is absent from school shall not be included in determining the number of school days on which a teacher performs services. During the probationary period any annual contract with any teacher may or may not be renewed as the school board, ~~after consulting with the peer review committee charged with evaluating probationary teachers under subdivision 3a,~~ shall see fit; provided, however, that the school board shall give any such teacher whose contract it declines to renew for the following school year

written notice to that effect before June 1. If the teacher requests reasons for any nonrenewal of a teaching contract, the school board shall give the teacher its reason in writing, including a statement that appropriate supervision was furnished describing the nature and the extent of such supervision furnished the teacher during the employment by the board, within ten days after receiving such request. The school board may, after a hearing held upon due notice, discharge a teacher during the probationary period for cause, effective immediately, under section 123.35, subdivision 5.

Sec. 41. [125.612] [RETIREMENT INCENTIVES.]

(a) A school board may offer early retirement incentives to licensed and nonlicensed staff of the school district who are under the age of 65. The early retirement incentive that the board may offer is the employer payment of the premiums for continued health insurance coverage under paragraph (b).

This incentive may only be offered to employees who agree to terminate active employment with the school district. The board must determine the staff to whom the incentive is offered. Unilateral implementation of this section by a school board is not an unfair labor practice under chapter 179A.

(b) The board may offer a former employee who is at least age 50 continued employer-paid health insurance coverage. To be eligible for employer-paid health insurance under this section, the former employee must agree not to return to work in any capacity for the district that will provide the insurance coverage or any successor district. Coverage may not extend beyond age 65 or the end of the first month in which the employee is eligible for employer-paid health insurance coverage from a new employer. For purposes of this section, "employer-paid health insurance coverage" means medical, hospitalization, or health insurance coverage provided through an insurance company that is licensed to do business in the state and for which the employing unit pays more than one-half of the cost of the insurance premiums.

Sec. 42. Minnesota Statutes 1994, section 126.031, subdivision 1, is amended to read:

Subdivision 1. [INSTRUCTION REQUIRED.] Every public elementary and secondary school ~~shall~~ may provide an instructional program in chemical abuse and the prevention of chemical dependency. The school districts shall involve parents, students, health care professionals, state department staff, and other members of the community with a particular interest in chemical dependency prevention in developing the curriculum.

Sec. 43. Minnesota Statutes 1994, section 126.15, subdivision 2, is amended to read:

Subd. 2. [APPOINTMENT OF MEMBERS.] Unless the parents or guardian of a pupil object in writing to the school authorities to the appointment of the pupil on a school safety patrol, it is lawful for any pupil over nine years of age to be appointed and designated as a member thereof, provided that in any school in which there are no pupils who have attained such age any pupil in the highest grade therein may be so appointed and designated. School authorities may also appoint and designate nonpupil adults as members of a school safety patrol on a voluntary or for-hire basis.

Sec. 44. Minnesota Statutes 1994, section 126.22, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE PROGRAMS.] (a) A pupil who is eligible according to subdivision 2 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 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, may enroll in any public elementary or secondary education program. However, a person who is eligible according to subdivision 2, clause (b), may enroll only if the school board has adopted a resolution approving the enrollment.

(d) A pupil who is eligible under subdivision 2, 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 serving school district to provide educational services.

(e) A pupil who is 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. 45. Minnesota Statutes 1994, section 126.70, is amended to read:

126.70 [STAFF DEVELOPMENT PROGRAM.]

Subdivision 1. [STAFF DEVELOPMENT COMMITTEE.] A school board shall use the revenue authorized in section 124A.29 for in-service education for programs under section 126.77, subdivision 2, or for staff development plans under this section. The board must establish a staff development committee to develop the plan, ~~advise a assist site decision-making team about teams in developing a site plan consistent with the goals of the plan,~~ and evaluate staff development efforts at the site level. A majority of the advisory committee must be teachers representing various grade levels, subject areas, and special education. The advisory committee must also include nonteaching staff, parents, and administrators. Districts 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 must include ~~education the staff development outcomes under subdivision 2a, the means to achieve the outcomes, and procedures for evaluating progress at each school site toward meeting education outcomes.~~

Subd. 2a. [STAFF DEVELOPMENT OUTCOMES.] ~~(a)~~ The staff development committee shall adopt a staff development plan for improving student achievement of education outcomes. The plan must be consistent with education outcomes that the school board determines. ~~The plan shall include activities that enhance staff skills for achieving the following outcomes~~ The plan shall include on-going staff development activities that contribute toward continuous improvement in achievement of the following goals:

~~(1) foster readiness for learning for all pupils~~ improve student achievement of state and local education standards in all areas of the curriculum;

~~(2) increase pupils' educational progress by using appropriate outcomes and personal learning goals and by encouraging pupils and their parents to assume responsibility for their education~~ effectively meet the needs of a diverse student population, including at-risk children, children with disabilities, and gifted children, within the regular classroom and other settings;

~~(3) meet pupils' individual needs by using alternative instructional opportunities, accommodations, modifications, after school child care programs, and family and community resources~~ provide an inclusive curriculum for a racially, ethnically, and culturally diverse student population that is consistent with the state education diversity rule and the district's education diversity plan;

~~(4) effectively meet the needs of children with disabilities within the regular classroom and other settings by improving the knowledge of school personnel about the legal and programmatic requirements affecting students with disabilities, and by improving staff ability to collaborate, consult with one another, and resolve conflicts; and~~ improve staff ability to collaborate and consult with one another and to resolve conflicts;

~~(5) provide equal educational opportunities for all students that are consistent with the school desegregation/integration and inclusive education policies adopted by school districts and approved by the state.~~

~~(b) The staff development committee is strongly encouraged to include in its plan activities for achieving the following outcomes:~~

~~(1) facilitate organizational changes by enabling a site based team composed of pupils, parents, school personnel, representatives of children with disabilities, and community members who generally reflect the racial composition of the school to address the pupils' needs;~~

~~(2) evaluate the effectiveness of education policies, processes, and products through appropriate evaluation procedures that include multiple criteria and indicators;~~

~~(3) provide effective mentorship oversight and peer review of probationary, continuing contract, and nonprobationary teachers;~~

~~(4) assist elementary and secondary students in learning to resolve conflicts in effective, nonviolent ways;~~

~~(5) effectively teach and model violence prevention policy and curricula that address issues of sexual, racial, and religious harassment; and~~

~~(6) provide challenging instructional activities and experiences, including advanced placement and international baccalaureate programs, that recognize and cultivate students' advanced abilities and talents. effectively teach and model violence prevention policy and curriculum that address issues of harassment and teach nonviolent alternatives for conflict resolution;~~

~~(6) provide teachers and other members of site-based management teams with appropriate management and financial management skills; and~~

~~(7) enhance teachers' ability to provide instruction through an integrated curriculum and within the framework of the profiles of learning as proposed by the state board of education.~~

Sec. 46. Minnesota Statutes 1994, section 126.78, subdivision 2, is amended to read:

Subd. 2. [GRANT APPLICATION.] To be eligible to receive a grant, a school district, an education district, an ECSU, or a group of districts that cooperate for a particular purpose must submit an application to the commissioner in the form and manner and according to the timeline established by the commissioner. The application must describe how the applicant will: (1) continue or integrate into its existing K-12 curriculum a program for violence prevention that contains the program components listed in section 126.77; (2) collaborate with local organizations involved in violence prevention and intervention; and (3) structure the program to reflect the characteristics of the children, their families and the community involved in the program. The commissioner may require additional information from the applicant. When reviewing the applications, the commissioner shall determine whether the applicant has met the requirements of this subdivision.

Sec. 47. [127.311] [GOOD FAITH EXCEPTION.]

A violation of the technical provisions of the pupil fair dismissal act of 1974, made in good faith, is not a defense to a disciplinary procedure under the act unless the pupil can demonstrate actual prejudice as a result of the violation.

Sec. 48. Minnesota Statutes 1994, section 127.40, is amended to read:

127.40 [DEFINITIONS.]

Subdivision 1. [REMOVAL FROM CLASS.] "Removal from class" and "removal" mean any actions taken by a teacher, principal, or other school district employee to prohibit a pupil from attending a class or activity period for a period of time not to exceed ~~three class or activity periods~~ five days, pursuant to procedures established in the school district discipline policy adopted by the school board pursuant to section 127.41.

Subd. 2. [CLASS PERIOD.] "Class period" or "activity period" means, ~~in secondary grades, instruction for a given course of study. A class period or activity period means, in elementary grades, a period of time not to exceed one hour, regardless of the subject of instruction~~ a period of time as defined in the district's written discipline policy.

Subd. 3. [SCHOOL SITE MEDIATION BOARD.] "School site mediation board" means a board representative of parents of students in the building, staff, and students that shall have the responsibilities as defined in section 127.411. The principal or other person having general control and supervision of the school, shall serve as an ex officio member of the board.

Subd. 4. [SCHOOL-BASED OMBUDSPERSON.] "School-based ombudsperson" means an administrator, a teacher, a parent, or a student representative who shall have the responsibilities as outlined in section 127.412.

Sec. 49. Minnesota Statutes 1994, section 127.41, is amended to read:

127.41 [DISCIPLINE AND REMOVAL OF STUDENTS FROM CLASS.]

Subdivision 1. [REQUIRED POLICY.] ~~Prior to the beginning of the 1984-1985 school year~~ Each school board shall adopt a written districtwide school discipline policy which shall include written rules of conduct for pupils students, minimum consequences for violations of the rules, and grounds and procedures for removal of pupils a student from class. The policy shall be developed with the participation of administrators, teachers, employees, pupils, parents, community members, and such other individuals or organizations as the board determines appropriate. A school site council may adopt additional provisions to the policy subject to the approval of the school board.

Subd. 2. [GROUNDS FOR REMOVAL FROM CLASS.] The policy shall establish the various grounds for which a pupil student may be removed from a class in the district for a period of time pursuant to the procedures specified in the policy. The grounds in the policy shall include at least the following provisions as well as other grounds determined appropriate by the board:

(a) willful conduct which materially and substantially disrupts the rights of others to an education;

(b) willful conduct which endangers school district employees, the pupil or other pupils student or other students, or the property of the school;

(c) willful violation of any rule of conduct specified in the discipline policy adopted by the board.

Subd. 3. [POLICY COMPONENTS.] The policy shall include at least the following components:

(a) rules governing pupil student conduct and procedures for informing pupils students of the rules;

(b) the grounds for removal of a pupil student from a class;

(c) the authority of the classroom teacher to remove pupils students from the classroom pursuant to procedures and rules established in the district's policy;

(d) the procedures for removal of a pupil student from a class by a teacher, school administrator, or other school district employee;

(e) the period of time for which a pupil student may be removed from a class, which may not exceed three five class periods for a violation of a rule of conduct;

(f) provisions relating to the responsibility for and custody of a pupil student removed from a class;

(g) the procedures for return of a pupil student to the specified class from which the pupil student has been removed;

(h) the procedures for notifying pupils and parents or guardians a student and the student's parents or guardian of violations of the rules of conduct and of resulting disciplinary actions;

(i) any procedures determined appropriate for encouraging early involvement of parents or guardians in attempts to improve a pupil's student's behavior;

(j) any procedures determined appropriate for encouraging early detection of behavioral problems;

(k) any procedures determined appropriate for referring pupils a student in need of special education services to those services;

(1) the procedures for consideration of whether there is a need for a further assessment or of whether there is a need for a review of the adequacy of a current individual education plan of a pupil student with a disability who is removed from class; and

(m) procedures for detecting and addressing chemical abuse problems of pupils a student while on the school premises;

(n) the minimum consequences for violations of the code of conduct; and

(o) procedures for immediate and appropriate interventions tied to violations of the code.

Sec. 50. [127.411] [SCHOOL SITE MEDIATION BOARD.]

Subdivision 1. [BOARD ALLOWED.] A school district or school site council may establish a school site mediation board. The board shall consist of equal numbers of staff and parents and, in the case of secondary schools, student representatives. Members shall be representative of the school community and shall be selected by a method as determined in the district's discipline policy.

Subd. 2. [PURPOSES AND DUTIES.] The board shall mediate issues in dispute at the school site related to the implementation of district and school site codes of conduct under sections 127.40 to 127.413, and the application of the codes to a student.

Sec. 51. [127.412] [OMBUDSPERSON SERVICE.]

A school district or school site council may establish an ombudsperson service for students, parents, and staff. The service shall consist of an administrator, a student, a parent, and a teacher. The school site shall notify students, parents, and staff of the availability of the service. The service shall provide advocacy for enforcement of the codes of conduct and the procedures to remediate disputes related to implementation of the code of conduct and the goals of the school in maintaining an orderly learning environment for all students.

Sec. 52. [127.413] [NOTIFICATION.]

Representatives of the school board and the exclusive representative of the teachers shall discuss issues related to notification prior to placement in classrooms of students with histories of violent behavior and any need for intervention services or conflict resolution or training for staff in such cases.

Sec. 53. Minnesota Statutes 1994, section 127.42, is amended to read:

127.42 [REVIEW OF POLICY.]

The principal and the licensed employees or other person having general control and supervision of the school, and representatives of parents, students, and staff in a school building shall confer at least annually to review the discipline policy and to assess whether the policy has been enforced. Each school board shall conduct an annual review of the districtwide discipline policy.

Sec. 54. Minnesota Statutes 1994, section 128B.08, is amended to read:

128B.08 [REPORTS TO LEGISLATURE.]

Before ~~December 1~~ January 15 of each odd-numbered year, the council must submit a report to the legislature on the school established by this chapter. The report must document the success or failure of the school.

Sec. 55. Minnesota Statutes 1994, section 128B.10, subdivision 1, is amended to read:

Subdivision 1. [EXTENSION.] This chapter is repealed July 1, ~~1995~~ 1997.

Sec. 56. [136D.93] [OTHER MEMBERSHIP AND POWERS.]

In addition to the districts listed in sections 136D.21, 136D.71, and 136D.81, the agreement of

an intermediate school district established under this chapter may provide for the membership of other school districts and cities, counties, and other governmental units. In addition to the powers listed in sections 136D.25, 136D.73, and 136D.84, an intermediate school board may provide the services defined in section 123.582, subdivisions 8 and 8a.

Sec. 57. Minnesota Statutes 1994, section 169.01, subdivision 6, is amended to read:

Subd. 6. [SCHOOL BUS.] "School bus" means a motor vehicle used to transport pupils to or from a school defined in section 120.101, or to or from school-related activities, by the school or a school district, or by someone under an agreement with the school or a school district. A school bus does not include a motor vehicle transporting children to or from school for which parents or guardians receive direct compensation from a school district, a motor coach operating under charter carrier authority, or a transit bus providing services as defined in section 174.22, subdivision 7, or a vehicle otherwise qualifying as a type III vehicle under paragraph (5), when the vehicle is properly registered and insured and being driven by an employee or agent of a school district for nonscheduled emergency transportation. A school bus may be type A, type B, type C, or type D, or type III as follows:

(1) A "type A school bus" is a conversion or body constructed upon a van-type compact truck or a front-section vehicle, with a gross vehicle weight rating of 10,000 pounds or less, designed for carrying more than ten persons.

(2) A "type B school bus" is a conversion or body constructed and installed upon a van or front-section vehicle chassis, or stripped chassis, with a gross vehicle weight rating of more than 10,000 pounds, designed for carrying more than ten persons. Part of the engine is beneath or behind the windshield and beside the driver's seat. The entrance door is behind the front wheels.

(3) A "type C school bus" is a body installed upon a flat back cowl chassis with a gross vehicle weight rating of more than 10,000 pounds, designated for carrying more than ten persons. All of the engine is in front of the windshield and the entrance door is behind the front wheels.

(4) A "type D school bus" is a body installed upon a chassis, with the engine mounted in the front, midship or rear, with a gross vehicle weight rating of more than 10,000 pounds, designed for carrying more than ten persons. The engine may be behind the windshield and beside the driver's seat; it may be at the rear of the bus, behind the rear wheels, or midship between the front and rear axles. The entrance door is ahead of the front wheels.

(5) Type III school buses and type III Head Start buses are restricted to passenger cars, station wagons, vans, and buses having a maximum manufacturer's rated seating capacity of ten people, including the driver, and a gross vehicle weight rating of 10,000 pounds or less. In this subdivision, "gross vehicle weight rating" means the value specified by the manufacturer as the loaded weight of a single vehicle. A "type III school bus" and "type III Head Start bus" must not be outwardly equipped and identified as a type A, B, C, or D school bus or type A, B, C, or D Head Start bus.

Sec. 58. Minnesota Statutes 1994, section 169.21, subdivision 2, is amended to read:

Subd. 2. [RIGHTS IN ABSENCE OF SIGNALS.] (a) Where traffic-control signals are not in place or in operation the driver of a vehicle shall yield the right-of-way, slowing down or stopping if need be to so yield, to a pedestrian crossing the roadway within a crosswalk but no pedestrian shall suddenly leave a curb or other place of safety and walk or run into the path of a vehicle which is so close that it is impossible for the driver to yield. This provision shall not apply under the conditions as otherwise provided in this subdivision.

(b) When any vehicle is stopped at a marked crosswalk or at any unmarked crosswalk at an intersection to permit a pedestrian to cross the roadway, the driver of any other vehicle approaching from the rear shall not overtake and pass the stopped vehicle.

(c) It is unlawful for any person to drive a motor vehicle through a column of school children crossing a street or highway or past a member of a school safety patrol or adult crossing guard, while the member of the school safety patrol or adult crossing guard is directing the movement of children across a street or highway and while the school safety patrol member or adult crossing

guard is holding an official signal in the stop position. A person who violates this paragraph is guilty of a misdemeanor. A person who violates this paragraph a second or subsequent time within one year of a previous conviction under this paragraph is guilty of a gross misdemeanor.

Sec. 59. Minnesota Statutes 1994, section 169.444, subdivision 2, is amended to read:

Subd. 2. [VIOLATIONS BY DRIVERS; PENALTIES.] (a) A person who fails to stop a vehicle or to keep it stopped, as required in subdivision 1, is guilty of a misdemeanor punishable by a fine of not less than \$300.

(b) A person is guilty of a gross misdemeanor if the person fails to stop a motor vehicle or to keep it stopped, as required in subdivision 1, and commits either or both of the following acts:

(1) passes or attempts to pass the school bus in a motor vehicle on the right-hand, passenger-door side of the bus; or

(2) passes or attempts to pass the school bus in a motor vehicle when a school child is outside of and on the street or highway used by the school bus or on the adjacent sidewalk.

Sec. 60. Minnesota Statutes 1994, section 169.4502, subdivision 4, is amended to read:

Subd. 4. [COLOR.] Fenders may be painted black. The hood may be painted nonreflective black or nonreflective yellow. The grill may be manufacturer's standard color or chrome.

Sec. 61. Minnesota Statutes 1994, section 169.4503, is amended by adding a subdivision to read:

Subd. 10a. [EMERGENCY EQUIPMENT; FIRST AID KITS.] A first aid kit and a body fluids cleanup kit is required regardless of the age of the vehicle. They must be contained in removable, moisture- and dust-proof containers mounted in an accessible place within the driver's compartment of the school bus and must be marked to indicate their identity and location.

Sec. 62. Minnesota Statutes 1994, section 169.451, is amended by adding a subdivision to read:

Subd. 5. [RANDOM SPOT INSPECTIONS.] In addition to the annual inspection, the Minnesota state patrol has authority to conduct random, unannounced spot inspections of any school bus or Head Start bus being operated within the state at the location where the bus is kept when not in operation to ascertain whether its construction, design, equipment, and color comply with all provisions of law, including the Minnesota school bus equipment standards in sections 169.4501 to 169.4504.

Sec. 63. [169.4511] [SCHOOL BUS ACCIDENTS; REINSPECTION.]

Subdivision 1. [POSTCRASH INSPECTION.] A peace officer responding to an accident involving a school bus or Head Start bus must immediately notify the state patrol if the accident results in death or serious personal injury on the school bus, or property damage to the school bus of an apparent extent of more than \$4,400. No person shall drive or knowingly permit or cause to be driven, for the purpose of transporting students, any school bus or Head Start bus after such an accident unless the vehicle:

(1) has been inspected by the Minnesota state patrol and the state patrol has determined that the vehicle may safely be operated; or

(2) a waiver has been granted under subdivision 2.

A violation of this section is a misdemeanor.

Subd. 2. [WAIVER.] A state trooper or designee of the Minnesota state patrol called to the scene of an accident by a responding peace officer under subdivision 1 may waive the inspection requirement of subdivision 1 if the trooper or state patrol designee determines that a postcrash inspection is not needed or cannot be accomplished without unreasonable delay. The trooper or state patrol designee granting a waiver must provide to the driver of the school bus for which the waiver is granted a written statement that the inspection has been waived. The written statement must include the incident report number assigned to the accident by the state patrol.

Sec. 64. Minnesota Statutes 1994, section 169.452, is amended to read:

169.452 [ACCIDENT AND SERIOUS INCIDENT REPORTING.]

The department of public safety shall develop uniform definitions of a school bus accident, an incident of serious misconduct, and an incident that results in personal injury or death. The department shall determine what type of information on school bus accidents and incidents, including criminal conduct, and bus driver dismissals for cause should be collected and develop a uniform accident and incident reporting form to collect those data, including data relating to type III vehicles, statewide. In addition to the form, the department shall have an alternative method of reporting that allows school districts to use computer technology to provide the required information. School districts shall report the information required by the department using either format. Data collected with this reporting form shall be analyzed to help develop accident, crime, and misconduct prevention programs. This section is not subject to chapter 14.

Sec. 65. Minnesota Statutes 1994, section 169.454, subdivision 5, is amended to read:

Subd. 5. [FIRST AID KIT.] A minimum of a ten-unit first aid kit and a body fluids cleanup kit is required. ~~The bus~~ They must ~~have a~~ be contained in removable, moisture- and dust-proof ~~first aid kit~~ containers mounted in an accessible place within the driver's compartment and must be marked to indicate ~~its~~ their identity and location.

Sec. 66. Minnesota Statutes 1994, section 169.454, is amended by adding a subdivision to read:

Subd. 13. [EXEMPTION.] When a vehicle otherwise qualifying as a type III vehicle under section 169.01, subdivision 6, paragraph (5), whether owned and operated by a school district or privately owned and operated, is used to transport school children in a nonscheduled emergency situation, it shall be exempt from the vehicle requirements of this section and the licensing requirements of section 171.321, if the vehicle is properly registered and insured and operated by an employee or agent of a school district with a valid driver's license.

Sec. 67. Minnesota Statutes 1994, section 171.01, subdivision 21, is amended to read:

Subd. 21. [SCHOOL BUS.] "School bus" means a motor vehicle used to transport pupils to or from a school defined in section 120.101, or to or from school-related activities, by the school or a school district or by someone under an agreement with the school or a school district. A school bus does not include a motor vehicle transporting children to or from school for which parents or guardians receive direct compensation from a school district, a motor coach operating under charter carrier authority, ~~or~~ a transit bus providing services as defined in section 174.22, subdivision 7, or a vehicle otherwise qualifying as a type III vehicle under section 169.01, subdivision 6, paragraph (5), when the vehicle is properly registered and insured and being driven by an employee or agent of a school district for nonscheduled emergency transportation.

Sec. 68. Minnesota Statutes 1994, section 171.18, subdivision 1, is amended to read:

Subdivision 1. [OFFENSES.] The commissioner may suspend the license of a driver without preliminary hearing upon a showing by department records or other sufficient evidence that the licensee:

(1) has committed an offense for which mandatory revocation of license is required upon conviction;

(2) has been convicted by a court for violating a provision of chapter 169 or an ordinance regulating traffic and department records show that the violation contributed in causing an accident resulting in the death or personal injury of another, or serious property damage;

(3) is an habitually reckless or negligent driver of a motor vehicle;

(4) is an habitual violator of the traffic laws;

(5) is incompetent to drive a motor vehicle as determined in a judicial proceeding;

(6) has permitted an unlawful or fraudulent use of the license;

(7) has committed an offense in another state that, if committed in this state, would be grounds for suspension;

(8) has committed a violation of section 169.444, subdivision 2, paragraph (a), within five years of a prior conviction under that section;

(9) has committed a violation of section 171.22, except that the commissioner may not suspend a person's driver's license based solely on the fact that the person possessed a fictitious or fraudulently altered Minnesota identification card;

(10) has failed to appear in court as provided in section 169.92, subdivision 4; or

(11) has failed to report a medical condition that, if reported, would have resulted in cancellation of driving privileges.

However, an action taken by the commissioner under clause (2) or (5) must conform to the recommendation of the court when made in connection with the prosecution of the licensee.

Sec. 69. Minnesota Statutes 1994, section 171.321, subdivision 3, is amended to read:

Subd. 3. [STUDY OF APPLICANT.] (a) Before issuing or renewing a school bus endorsement, the commissioner shall conduct a criminal and driver's license records check of the applicant. The commissioner may also conduct the check at any time while a person is so licensed. The check shall consist of a criminal records check of the state criminal records repository and a check of the driver's license records system. If the applicant has resided in Minnesota for less than five years, the check shall also include a criminal records check of information from the state law enforcement agencies in the states where the person resided during the five years before moving to Minnesota, and of the national criminal records repository including the criminal justice data communications network. The applicant's failure to cooperate with the commissioner in conducting the records check is reasonable cause to deny an application or cancel a school bus endorsement. The commissioner may not release the results of the records check to any person except the applicant.

(b) The commissioner may issue to an otherwise qualified applicant a temporary school bus endorsement, effective for no more than 120 days, upon presentation of (1) an affidavit by the applicant that the applicant has not been convicted of a disqualifying offense and (2) a criminal history check from each state of residence for the previous five years. The criminal history check may be conducted and prepared by any public or private source acceptable to the commissioner.

Sec. 70. Minnesota Statutes 1994, section 171.321, subdivision 4, is amended to read:

Subd. 4. [TRAINING.] No person shall drive a class A, B, C, or D school bus when transporting school children to or from school or upon a school-related trip or activity without having demonstrated sufficient skills and knowledge to transport students in a safe and legal manner. A bus driver must have training or experience that allows the driver to meet at least the following competencies:

- (1) safely operate the type of school bus the driver will be driving;
- (2) understand student behavior, including issues relating to students with disabilities;
- (3) ~~ensure~~ encourage orderly conduct of students on the bus and handle incidents of misconduct appropriately;
- (4) know and understand relevant laws, rules of the road, and local school bus safety policies;
- (5) handle emergency situations; and
- (6) safely load and unload students; ~~and~~
- ~~(7) demonstrate proficiency in first aid and cardiopulmonary resuscitation procedures.~~

The commissioner of public safety, in conjunction with the commissioner of education, shall develop a comprehensive model school bus driver training program and model assessments for

school bus driver training competencies, which are not subject to chapter 14. A school district may use alternative assessments for bus driver training competencies with the approval of the commissioner of public safety.

Sec. 71. Minnesota Statutes 1994, section 171.321, subdivision 5, is amended to read:

Subd. 5. [ANNUAL EVALUATION.] A school ~~district~~ district's pupil transportation safety director, the chief administrator of a nonpublic school, or a private contractor shall ~~evaluate each bus driver~~ certify annually to assure the commissioner of public safety that, at minimum, each school bus driver ~~continues to meet~~ meets the school bus driver training competencies under subdivision 4 and shall report the number of hours of in-service training completed by each driver. A school district, nonpublic school, or private contractor also shall provide ~~at least eight hours of~~ in-service training annually to each school bus driver. ~~As part of the annual evaluation,~~ A district, nonpublic school, or private contractor also shall check the license of each person who transports students for the district with the National Drivers Register or the department of public safety annually. ~~A school district, nonpublic school, or private contractor shall certify annually to the commissioner of public safety that each driver has received eight hours of in-service training and has met the training competencies~~ The school board must approve and forward the competency certification and in-service report to the commissioner of public safety.

Sec. 72. Minnesota Statutes 1994, section 171.3215, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) As used in this section, the following terms have the meanings given them.

(b) "School bus driver" means a person possessing a school bus driver's endorsement on a valid Minnesota driver's license or a person possessing a valid Minnesota driver's license who drives a vehicle with a seating capacity of ten or less persons used as a school bus.

(c) "Disqualifying offense" includes any felony offense, any misdemeanor, gross misdemeanor, or felony violation of chapter 152, or any violation under section 609.3451, 609.746, subdivision 1, or 617.23, ~~or a fourth moving violation within a three-year period.~~

(d) "Head Start bus driver" means a person possessing a valid Minnesota driver's license:

- (1) with a passenger endorsement, who drives a Head Start bus;
- (2) with a school bus driver's endorsement, who drives a Head Start bus; or
- (3) who drives a vehicle with a seating capacity of ten or fewer persons used as a Head Start bus.

Sec. 73. Minnesota Statutes 1994, section 171.3215, subdivision 2, is amended to read:

Subd. 2. [CANCELLATION FOR DISQUALIFYING OFFENSE.] Within ten days of receiving notice under section 631.40, subdivision 1a, or otherwise receiving notice for a nonresident driver, that a school bus driver has been convicted of a disqualifying offense, the commissioner shall permanently cancel the school bus driver's endorsement on the offender's driver's license and in the case of a nonresident, the driver's privilege to operate a school bus in Minnesota. ~~Within ten days of receiving notice under section 631.40, subdivision 1a, or otherwise receiving notice for a nonresident driver, that a school bus driver has been convicted of a gross misdemeanor, or a violation of section 169.121 or, 169.129, or a similar statute or ordinance from another state, and within ten days of revoking a school bus driver's license under section 169.123, the commissioner shall cancel the school bus driver's endorsement on the offender's driver's license or the nonresident's privilege to operate a school bus in Minnesota for five years. After five years, a school bus driver may apply to the commissioner for reinstatement. Even after five years, cancellation of a school bus driver's endorsement or a nonresident's privilege to operate a school bus in Minnesota for a conviction violation under section 169.121, 169.123, or 169.129, or a similar statute or ordinance from another state, shall remain in effect until the driver provides proof of successful completion of an alcohol or controlled substance treatment program. For a first offense, proof of completion is required only if treatment was ordered as part of a chemical use assessment. Within ten days of receiving notice under section 631.40, subdivision 1a, or otherwise receiving notice for a nonresident driver, that a school bus driver has been convicted of a fourth~~

moving violation in the last three years, the commissioner shall cancel the school bus driver's endorsement on the offender's driver's license or the nonresident's privilege to operate a school bus in Minnesota until one year has elapsed since the last conviction. A school bus driver who has no new convictions after one year may apply for reinstatement. Upon canceling the offender's school bus driver's endorsement, the commissioner shall immediately notify the licensed offender of the cancellation in writing, by depositing in the United States post office a notice addressed to the licensed offender at the licensed offender's last known address, with postage prepaid thereon.

Sec. 74. Minnesota Statutes 1994, section 171.3215, subdivision 3, is amended to read:

Subd. 3. [BACKGROUND CHECK.] Before issuing or renewing a driver's license with a school bus driver's endorsement, the commissioner shall conduct an investigation to determine if the applicant has been convicted of committing a disqualifying offense, four moving violations in the previous three years, a violation of section 169.121 or, 169.129, or a similar statute or ordinance from another state, a gross misdemeanor, or if the applicant's driver's license has been revoked under section 169.123. The commissioner shall not issue a new bus driver's endorsement and shall not renew an existing bus driver's endorsement if the applicant has been convicted of committing a disqualifying offense. The commissioner shall not issue a new bus driver's endorsement and shall not renew an existing bus driver's endorsement if, within the previous five years, the applicant has been convicted of committing a violation of section 169.121 or, 169.129, or a similar statute or ordinance from another state, a gross misdemeanor, or if the applicant's driver's license has been revoked under section 169.123, or if, within the previous three years, the applicant has been convicted of four moving violations. An applicant who has been convicted of violating section 169.121 or, 169.129, or a similar statute or ordinance from another state, or who has had a license revocation under section 169.123 within the previous ten years must show proof of successful completion of an alcohol or controlled substance treatment program in order to receive a bus driver's endorsement. For a first offense, proof of completion is required only if treatment was ordered as part of a chemical use assessment. A school district or contractor that employs a nonresident school bus driver must conduct a background check of the employee's driving record and criminal history in both Minnesota and the driver's state of residence. Convictions for disqualifying offenses, gross misdemeanors, a fourth moving violation within the previous three years, or violations of section 169.121, 169.129, or a similar statute or ordinance in another state, must be reported to the department of public safety.

Sec. 75. Minnesota Statutes 1994, section 631.40, subdivision 1a, is amended to read:

Subd. 1a. [CERTIFIED COPY OF DISQUALIFYING OFFENSE CONVICTIONS SENT TO PUBLIC SAFETY AND SCHOOL DISTRICTS.] When a person is convicted of committing a disqualifying offense, as defined in section 171.3215, subdivision 1, a gross misdemeanor, a fourth moving violation within a three-year period, or a violation of section 169.121 or 169.129, the court shall determine whether the offender is a school bus driver as defined in section 171.3215, subdivision 1, whether the offender possesses a school bus driver's endorsement on the offender's driver's license and in what school districts the offender drives a school bus. If the offender is a school bus driver or possesses a school bus driver's endorsement, the court administrator shall send a certified copy of the conviction to the department of public safety and to the school districts in which the offender drives a school bus within ten days after the conviction.

Sec. 76. Laws 1965, chapter 705, section 1, subdivision 3, is amended to read:

Subd. 3. [CONTRACTS FOR SERVICES.] The converted district ~~shall~~ may contract with the city of Saint Paul for ~~such facilities as are~~ furnished by the civil service bureau, and, unless the board and city governing body each adopt a resolution declaring that a particular function would be ~~most~~ more efficiently and effectively handled separately, the board shall contract on a pro rata cost basis with the city for ~~such facilities and services as are~~ provided by the purchasing department, comptroller, legal department, and election and other services supplied by the city, provided, however, that the board may contract for other legal services when the interests of the district and the city are in conflict in any legal matter, and provided further that the board may contract for architectural services for the planning and construction of new school buildings when funds have been made available for their construction ~~of such school buildings.~~

Sec. 77. Laws 1965, chapter 705, section 1, subdivision 4, is amended to read:

Subd. 4. As of July 1, 1965, the organization, operation, maintenance and conduct of the affairs of the converted district shall be governed by general laws relating to independent districts, except as otherwise provided in Extra Session Laws 1959, Chapter 71, as amended, and all special laws and charter provisions relating only to the converted district are repealed. Where an existing pension law is applicable to employees of the special district such law shall continue to be applicable in the same manner and to the same extent to employees of the converted district. General laws applicable to independent school districts wholly or partly within cities of the first class shall not be applicable to the converted district. The provision of the statutes applicable only to teachers retirement fund associations in cities of the first class, limiting the amount of annuity to be paid from public funds, limiting the taxes to be levied to carry out the plan of such associations, and limiting the amount of annuities to be paid to beneficiaries, all as contained in Minnesota Statutes, Section 135.24, shall not be applicable to such converted district, but the statutes applicable to such special district prior to the conversion shall continue to be applicable and the pension plan in operation prior to the conversion shall continue in operation until changed in accordance with law, and the teacher tenure law applicable to the special district shall continue to apply to the converted district in the same manner and to the same extent to teachers in the converted district; provided further, where existing civil service provisions of any law or charter are applicable to special district employees, such provision ~~shall~~ may continue to be applicable in the same manner and to the same extent to employees of the converted district, at such time as the board and city governing body each adopt a resolution declaring that civil service bureau (city human resources department) functions would be more efficiently and effectively administered separately in each jurisdiction. Notwithstanding any contrary provision of Extra Session Laws 1959, Chapter 71, as amended, if there was in the special district a teachers retirement fund association operating and existing under the provisions of Laws 1909, Chapter 343, and all acts amendatory thereof, then such teachers retirement fund association shall continue to exist and operate in the converted district under and to be subject to the provisions of Laws 1909, Chapter 343, and all acts amendatory thereof, to the same extent and in the same manner as before the conversion, and, without limiting the generality of the foregoing, such teachers retirement fund association shall continue, after the conversion as before the conversion, to certify to the same authorities the amount necessary to raise by taxation in order to carry out its retirement plan, and it shall continue, after the conversion as before the conversion, to be the duty of said authorities to include in the tax levy for the ensuing year a tax in addition to all other taxes sufficient to produce so much of the sums so certified as said authorities shall approve, and such teachers retirement fund association shall not be subject after the conversion to any limitation on payments to any beneficiary from public funds or on taxes to be levied to carry out the plan of such association to which it was not subject before the conversion.

Sec. 78. Laws 1992, chapter 499, article 11, section 9, as amended by Laws 1994, chapter 647, article 5, section 17, is amended to read:

Sec. 9. [LAND TRANSFER.]

Subdivision 1. [PERMITTED.] (a) Notwithstanding Minnesota Statutes, chapters 94 and 103F or any other law to the contrary, the state of Minnesota may convey the land described in paragraph (b) to independent school district No. 656, Faribault.

(b) The land which may be conveyed under paragraph (a) is legally described in general as follows:

All that part of the Southeast Quarter of the Southwest Quarter (SE 1/4 of SW 1/4) and all that part of the Southwest Quarter of the Southeast Quarter (SW 1/4 of SE 1/4), all in Section 29, Township 110 North, Range 20 West, in the City of Faribault, Rice County, Minnesota, owned by the state of Minnesota or any department or division thereof.

or

~~All that part of the Northwest Quarter of the Southwest Quarter (NW 1/4 of SW 1/4) of Section 28, and of the Northeast Quarter of the Southeast Quarter (NE 1/4 of SE 1/4) of Section 29, all in Township 110 North, Range 20 West, Rice County, Minnesota, owned by the State of Minnesota or any department or division thereof.~~

(c) ~~A more precise legal description in substantial conformance with the description in~~

paragraph (b) must be provided by the grantee in the instruments of conveyance. Because of the topography of the site, and the need to relocate Parshall street, Faribault, to accommodate the construction of a new elementary school, independent school district No. 656, Faribault, may exchange two small parcels, 2.5 to 4.5 acres each, of the land described in paragraph (b) for parcels of comparable value, contiguous to the land. In addition, independent school district No. 656, Faribault, is purchasing a parcel of about 4.7 acres immediately south of the land described in paragraph (b). A portion of the land is to be dedicated for the relocation of Parshall street.

(d) The state may convey the land described in paragraph (b), without reverter, to independent school district No. 656, Faribault, so that the land transfers may occur. Once the transfers have occurred and there is a unified parcel for the new elementary school, independent school district No. 656, Faribault, shall convey the entire parcel back to the state, and, the state shall convey this unified parcel back to independent school district No. 656, Faribault, with the right of reverter to the state.

(e) Both the precise legal descriptions and the instruments of conveyance must be approved as to form by the attorney general.

Subd. 2. [CONSIDERATION.] The consideration for the conveyance permitted by subdivision 1 is the amount of \$1.

Subd. 3. [PURPOSE.] The land permitted to be conveyed under subdivision 1 is to be used as part of a site for an elementary school.

Subd. 4. [TITLE REVERTS TO STATE.] ~~If the lands described in subdivision 1 are~~ If the unified parcel in subdivision 1, paragraph (d), conveyed by the state to independent school district No. 656, Faribault, is not used for a public purpose, or upon discontinuance of such use, the title for the property shall revert to the state.

Sec. 79. Laws 1993, chapter 224, article 12, section 39, is amended to read:

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.

(e) Minnesota Rules, parts ~~3510.0100; 3510.0200; 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; 3510.8500; 3510.8600; 3510.8700; 3510.9000; 3510.9100; 3517.0100; and 3517.0120,~~ are repealed.

Sec. 80. Laws 1993, chapter 224, article 12, section 41, is amended to read:

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. Section 39, paragraph (e), is effective July 1, 1996.

Sec. 81. Laws 1994, chapter 647, article 3, section 25, is amended to read:

Sec. 25. [REPORTS OF INCIDENTS OF MISBEHAVIOR IN SCHOOLS.]

(a) For the 1994-1995 and 1995-1996 school years, each school district shall use a standardized form or alternative aggregate reporting format developed by the commissioner of education to report to the commissioner all incidents of misbehavior that result in the suspension or expulsion of students under Minnesota Statutes, sections 127.26 to 127.39. The standardized reporting form, which the commissioner may coordinate with the reporting form required under Minnesota Statutes, section 121.207, shall include the following information:

(1) a description of each incident of misbehavior that leads to the suspension or expulsion of the student including, where appropriate, a description of the dangerous weapon as defined in Minnesota Statutes, section 609.02, subdivision 6, involved in the incident;

(2) information about the suspended or expelled student, other than the student's name, including the student's age, whether the student is a student of color, and the number of times the student has been suspended or expelled previously and for what misbehavior;

(3) whether the student has or had an individualized learning plan (IEP) under Minnesota Statutes, section 120.17, and, if the student has or had an IEP, whether the misbehavior resulting in suspension or expulsion was a manifestation of the student's disabling condition;

(4) the actions taken by school officials to respond to the incident of misbehavior; and

(5) the duration of the suspension or expulsion.

(b) School districts shall use the standardized form or alternative aggregate reporting format to transmit the information described in paragraph (a) to the commissioner biannually by February 1 and July 1, beginning February 1, 1995, and ending July 1, 1996. The commissioner shall compile and analyze the data and present to the education committees of the legislature an interim report by January 1, 1996, and a final report by February 1, 1997.

(c) Based on the data collected, the department shall make recommendations to the legislature by March 15, 1995, for changes in the pupil fair dismissal act.

Sec. 82. Laws 1994, chapter 647, article 7, section 15, is amended to read:

Sec. 15. [TEACHER PREPARATION CURRICULUM.]

(a) Consistent with Laws 1993, chapter 224, article 12, section 34, the state board of teaching, with the assistance of ~~organizations representing diverse cultures~~, the state American Indian education committee shall ~~decide whether or not to~~ include in the curriculum for preparing all beginning elementary and social studies teachers a course of study of ~~anthropology that encompasses a study of the indigenous people of the midwest, and a study of the history of the indigenous people that encompasses a study of the Minnesota area in precolonial times through the twentieth century,~~ government, and culture of Minnesota based American Indian tribes.

(b) Consistent with Laws 1993, chapter 224, article 12, section 34, the state board of teaching shall ensure that the human relations curriculum of all teacher preparation programs includes components of American Indian language, history, government, and culture.

Sec. 83. [COURSE FEES.]

Notwithstanding Minnesota Statutes, section 120.74, subdivision 1, for any district exceeding its expenditure limitations under section 121.917, as computed as of June 30 of the prior school year, for the 1995-1996 school year only a school board may approve the charging of a fee for an elective secondary course if there is an insufficient number of students to financially justify the course and the course can only be offered if a fee is charged. The course shall be approved for graduation credits if it would be offered for credit if a fee was not charged.

Sec. 84. [BRAILLE COMPETENCY STANDARD.]

A teacher licensed by the board of teaching under Minnesota Rules, part 8700.5503, prior to July 1, 1996, to provide instruction to children who are visually disabled, shall meet the braille competency standards established by the board of teaching effective for licenses issued July 1, 1996, and later. A teacher licensed prior to July 1, 1996, must be certified in the braille competency standards by the board of teaching no later than July 1, 2000.

Sec. 85. [FUND TRANSFERS.]

Subdivision 1. [CHATFIELD.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 227, Chatfield, may permanently transfer up to \$50,000 from the facilities account to the equipment account in its capital expenditure fund.

Subd. 2. [DETROIT LAKES.]

Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 22, Detroit Lakes, may permanently transfer an amount not to exceed \$325,000 from its general fund to its capital expenditure fund for acquiring computers and related technology needs.

Subd. 3. [EDINA.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 273, Edina, may permanently transfer up to \$482,432 from the bus purchase account to the undesignated fund balance account in its transportation fund.

Subd. 4. [GARY.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, independent school district No. 523, Gary, may permanently transfer the balances in its debt service fund and its disabled access account in the capital expenditure fund to the general fund of the successor school district of independent school district Nos. 526, Twin Valley, and 523, Gary.

Subd. 5. [GLENCOE.] Notwithstanding Minnesota Statutes, section 121.912, on June 30, 1995, independent school district No. 422, Glencoe, may permanently transfer up to \$125,000 from its debt redemption fund to the capital expenditure fund.

Subd. 6. [GRANADA-HUNTLEY-EAST CHAIN.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 2536, Granada-Huntley-East Chain, may permanently transfer up to \$100,000 from its capital expenditure facilities account in the capital expenditure fund to its general fund.

Subd. 7. [HERMAN-NORCROSS.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 264, Herman-Norcross, may permanently transfer up to \$73,000 from the bus purchase account to the general fund without making a levy reduction.

Subd. 8. [LITTLE FALLS.] Notwithstanding Minnesota Statutes, sections 121.912, subdivision 1; and 124A.03, subdivision 2, in fiscal years 1996 through 2005, independent school district No. 482, Little Falls, may transfer up to \$233 per actual pupil unit per year from its general fund to its capital expenditure fund.

Subd. 9. [MENTOR.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 604, Mentor, may permanently transfer up to \$160,000 from its capital expenditure fund to its general fund.

Subd. 10. [NEW PRAGUE.] Notwithstanding Minnesota Statutes, section 121.912, on June 30, 1995, independent school district No. 721, New Prague, may permanently transfer up to \$70,000 from its general fund to its capital expenditure fund.

Subd. 11. [PELICAN RAPIDS.] Notwithstanding Minnesota Statutes, section 121.912, on June 30, 1995, independent school district No. 548, Pelican Rapids, may permanently transfer up to \$200,000 from its general fund to its capital expenditure fund.

Subd. 12. [PIPESTONE.] Notwithstanding Minnesota Statutes, sections 121.912 and 475.61, subdivision 4, on June 30, 1995, independent school district No. 583, Pipestone, may permanently transfer up to \$190,000 from its debt redemption fund to its capital expenditure fund.

Subd. 13. [RUSH CITY.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 139, Rush City, may permanently transfer up to \$100,000 from its transportation fund to its capital expenditure fund.

Subd. 14. [ST. CLOUD.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, independent school district No. 742, St. Cloud, may permanently transfer up to \$500,000 of referendum revenue received under Minnesota Statutes, section 124A.03, each year for fiscal years 1996, 1997, 1998, and 1999 from the general fund to the capital expenditure fund for purchasing technology for instructional use.

Subd. 15. [SWANVILLE.] Notwithstanding Minnesota Statutes, section 121.912, on June 30, 1995, independent school district No. 486, Swanville, may permanently transfer up to \$100,000 from the bus purchase account to its general fund without making a levy reduction.

Subd. 16. [TRUMAN.] Notwithstanding Minnesota Statutes, sections 121.912 and 121.9121, on June 30, 1995, independent school district No. 458, Truman, may permanently transfer up to \$77,000 from the bus purchase account to the capital expenditure fund for handicapped accessibility remodeling without making a levy reduction.

Subd. 17. [TWIN VALLEY.] Notwithstanding Minnesota Statutes, sections 121.912, 121.9121, 124.243, subdivision 8, independent school district No. 526, Twin Valley, may permanently transfer the balances in its health and safety account and its disabled access account in the capital expenditure fund to the general fund of the successor school district of independent school district Nos. 526, Twin Valley, and 523, Gary.

Sec. 86. [LAKE PARK-AUDUBON CONSOLIDATION PROVISION.]

Notwithstanding Minnesota Statutes, sections 122.23 and 205A.12, independent school district No. 21, Audubon, and independent school district No. 24, Lake Park, as part of an agreement to consolidate according to section 122.23, may agree to provide for two multimember election districts, with each district entitled to elect three members of the board of the consolidated district.

Sec. 87. [LITCHFIELD LEASE LEVY.]

Notwithstanding the instructional purposes limitation of Minnesota Statutes, section 124.91, subdivision 1, independent school district No. 465, Litchfield, may apply to the commissioner of education to make an additional capital levy under Minnesota Statutes, section 124.91, subdivision 1, to rent or lease a building or land for administrative purposes. The levy may not exceed the amount necessary to obtain space similar in size and quality to the office space already vacated for instructional purposes.

Sec. 88. [FISHER HEALTH AND SAFETY AND HANDICAPPED ACCESS REVENUE USE.]

Notwithstanding Minnesota Statutes, section 124.83, subdivision 6, or 124.84, independent school district No. 600, Fisher, may use capital health and safety revenue or handicapped access and fire safety revenue, or both, to purchase portable classrooms. Any proceeds from the subsequent sale of portable classrooms purchased with the revenue shall be placed in the appropriate account in the capital fund and shall be used to adjust revenue in that account.

Sec. 89. [GOODRIDGE HEALTH AND SAFETY REVENUE USE.]

Notwithstanding Minnesota Statutes, section 124.83, subdivision 6, independent school district No. 561, Goodridge, may use capital health and safety revenue to purchase portable classrooms. Any proceeds from the subsequent sale of portable classrooms purchased with health and safety revenue shall be placed in the district's health and safety account in the capital fund and shall be used to adjust health and safety revenue.

Sec. 90. [BYRON LEVY REDUCTION.]

Notwithstanding Minnesota Statutes, section 121.912, subdivision 1, if independent school district No. 531, Byron, discontinues operation of its bus fleet, or a portion thereof, and transfers the account balance from the transportation fund, the district may spread the required levy reduction for capital levies according to Minnesota Statutes, sections 124.243, 124.244, and 124.83, over a five-year period beginning with 1995 levies payable in 1996.

Sec. 91. [ASKOV CAPITAL LOAN.]

The liability for the capital loan granted to independent school district No. 588, Askov in 1982, if not repaid at the end of 30 years, is satisfied and discharged and interest on the loan ceases.

Sec. 92. [MEDFORD SCHOOL DISTRICT LAND SALE.]

Notwithstanding Minnesota Statutes, section 121.912, 123.36, subdivision 13, independent school district No. 763, Medford, may deposit the proceeds from a sale of approximately nine acres of land adjacent to the east of its football/baseball complex in Medford into its general fund.

Sec. 93. [SUCCESSOR TO ECSUS.]

Each service cooperative established under section 33, is a continuation of the ECSU it replaces. The service cooperative is the legal successor in all respects of the ECSU, without need of further proceedings of any kind. The personnel of the ECSU become personnel of the service cooperative, retaining all their rights and benefits. All property, obligations, assets, and liabilities of the ECSU become the property, obligations, assets, and liabilities of the service cooperative.

Sec. 94. [ECSU/SC INSURANCE POOLS.]

An ECSU or successor service cooperative shall:

(1) provide all financial information that deals with revenues and expenses on behalf of local school districts that have pooled for insurance purposes;

(2) provide an accounting of the two percent administrative fee that is returned to each ECSU or SC by Blue Cross/Blue Shield; and

(3) provide information regarding the usage and limitations of premium reserve accounts and the interest earnings thereof.

Sec. 95. [PSEO STUDY.]

The legislative audit commission is asked to request that the office of the legislative auditor conduct a study of the post-secondary enrollment options program under Minnesota Statutes, section 123.3514, including an assessment of the number of students participating, their demographic characteristics, the types of courses being taken, the fiscal impact of the program, program compliance, and whether the program is responsive to parents, students, and teacher input.

Sec. 96. [SARTELL CAPITAL LOAN.]

Notwithstanding any law to the contrary, the board of independent school district No. 748, Sartell, may, by resolution, raise the level of indebtedness of the district by an amount equal to the outstanding capital loan on June 30, 1995. This indebtedness may only be used to refund the loan. This does not constitute an impairment of any obligations issued by the district prior to the enactment of this act.

Sec. 97. [GREENBUSH, MIDDLE RIVER EARLY START.]

Notwithstanding Minnesota Statutes, section 126.12, subdivision 1, the reorganized district composed of independent school district Nos. 678, Greenbush and 440, Middle River, may begin school in 1995 prior to Labor Day.

Sec. 98. [DEVELOPMENT OF STUDENT BILL OF RIGHTS AND RESPONSIBILITIES.]

Members of the senate and house education committees will participate in development of a Minnesota student bill of rights and responsibilities by the YMCA youth in government during its 1995 session. Legislators and YMCA participants shall collaborate with students involved in project 120, governor's scholars, the student council association, and other student groups. Draft proposals will be circulated and reviewed at each elementary, middle, and secondary school site in the state.

Sec. 99. [PPST TASK FORCE.]

The board of teaching shall convene a task force to consider authentic and qualitative assessments for teachers and alternative processes by which the skills examination requirement under Minnesota Statutes, section 125.05, subdivision 1a, might be met for persons who fail the examination. The board shall present their recommendations to the education committees of the legislature by February 15, 1996.

Sec. 100. [COMBINED FINANCIAL STATEMENT.]

For fiscal year 1996, independent school district Nos. 209, Kensington; 262, Barret; 263, Elbow Lake; and 265, Hoffman, may submit a combined audited financial statement to comply with the requirement of Minnesota Statutes, section 121.908, subdivision 3. The individual districts must also submit separate uniform financial accounting and reporting standards data for fiscal year 1995, according to Minnesota Statutes, section 121.908, subdivisions 2 and 3.

Sec. 101. [REPEALER.]

Minnesota Statutes 1994, sections 3.198; 121.93; 121.931; 121.933; and 123.58, are repealed.

Laws 1992, chapter 499, article 7, section 27, is repealed.

Sections 2, subdivision 15; and 39, subdivision 1a, are repealed effective July 1, 1996.

Sec. 102. [EFFECTIVE DATE.]

Section 20 applies to contracts to take effect on or after July 1, 1995.

Sections 78, 85, 88, 89, 90, 91, and 94 are effective the day following final enactment.

Section 76 is effective July 1, 1997, if the governing body of the city of Saint Paul and the governing body of independent school district No. 625 have approved it and complied with Minnesota Statutes, section 645.021, subdivision 3, before January 1, 1996. Section 77 does not abrogate language in bargaining unit agreements in existence on March 31, 1995, that references city of St. Paul civil service rules.

ARTICLE 6 TECHNOLOGY

Section 1. Minnesota Statutes 1994, section 16B.465, is amended to read:

16B.465 [STATEWIDE TELECOMMUNICATIONS ACCESS ROUTING SYSTEM.]

Subdivision 1. [CREATION.] The statewide telecommunications access routing system provides voice, data, video, and other telecommunications transmission services to state agencies; educational institutions, including public schools as defined in section 120.05, nonpublic schools as defined in section 120.101, and private colleges; public corporations; and state political subdivisions. It is not a telephone company for purposes of chapter 237. It shall not resell or sublease any services or facilities to nonpublic entities except it may serve private schools and colleges. The commissioner has the responsibility for planning, development, and operations of a statewide telecommunications access routing system in order to provide cost-effective telecommunications transmission services to system users.

Subd. 2. [ADVISORY COUNCIL.] The statewide telecommunications access and routing system is managed by the commissioner. Subject to section 15.059, subdivisions 1 to 4, the commissioner shall appoint an advisory council to provide advice in implementing and operating a statewide telecommunications access and routing system. The council shall represent the users of STARS services and shall include representatives of higher education, public and private schools, state agencies, and political subdivisions.

Subd. 3. [DUTIES.] The commissioner, after consultation with the council, shall:

(1) provide voice, data, video, and other telecommunications transmission services to the state and to political subdivisions through an account in the intertechnologies revolving fund;

(2) manage vendor relationships, network function, and capacity planning in order to be responsive to the needs of the system users;

- (3) set rates and fees for services;
- (4) approve contracts relating to the system;
- (5) develop the system plan, including plans for the phasing of its implementation and maintenance of the initial system, and the annual program and fiscal plans for the system; and
- (6) develop a plan for interconnection of the network with private colleges and public and private schools in the state.

Subd. 4. [PROGRAM PARTICIPATION.] (a) The commissioner may require the participation of state agencies, the state board of education, and the governing boards of the state universities, the community colleges, and the technical colleges, and may request the participation of the board of regents of the University of Minnesota, in the planning and implementation of the network to provide interconnective technologies. The commissioner shall establish reimbursement rates in cooperation with the commissioner of finance to be billed to participating agencies and educational institutions sufficient to cover the operating, maintenance, and administrative costs of the system.

(b) A direct appropriation made to an educational institution for usage costs associated with the STARS network must only be used by the educational institution for payment of usage costs of the network as billed by the commissioner of administration. The post-secondary appropriations may be shifted between systems as required by unanticipated usage patterns. An intersystem transfer must be requested by the appropriate system and may be made only after review and approval by the commissioner of finance, in consultation with the commissioner of administration.

Subd. 6. [REVOLVING FUND.] Money appropriated for the statewide telecommunications access routing system and fees for telecommunications services must be deposited in an account in the intertechnologies revolving fund. Money in the account is appropriated annually to the commissioner to operate telecommunications services.

Subd. 7. [EXEMPTION.] The system is exempt from the five-year limitation on contracts set by section 16B.07, subdivision 2.

Sec. 2. [120.0112] [STATE GOALS FOR SYSTEMIC CHANGE USING TECHNOLOGICAL ADVANCES.]

The general framework outcomes for technology use in education are:

- (1) all Minnesota educational institutions, libraries, and communities will have access to local, state, and worldwide instructional resources databases;
- (2) development of policies and procedures that assure instructional resource availability to successfully help students achieve education excellence and state standards;
- (3) databases are accessible within each district and on the Internet; and
- (4) development of policies, procedures, and systems that stimulate and promote teacher and student curriculum and learning collaboration.

Sec. 3. [121.613] [MINNESOTA SCIENCE AND MATHEMATICS FOUNDATION.]

Subdivision 1. [CREATION OF FOUNDATION.] There is created the Minnesota science and mathematics foundation. The purpose of the foundation shall be to increase the participation and achievement of all elementary and secondary students in mathematics and science education in Minnesota. The foundation's objectives shall include aiding in the implementation of science and mathematics standards, and coordinating public and private sector efforts to improve science and mathematics teaching and learning on a statewide basis. The foundation shall be a nonprofit organization.

Subd. 2. [BOARD OF DIRECTORS.] The board of directors of the foundation shall consist of representatives from the public and nonpublic elementary, secondary, and post-secondary institutions that work in the areas of science and mathematics, business and industry, state

government, and related science and mathematics institutions of applied research and instruction. Once established, the initial board shall determine the permanent size of the board, the length of terms, the replacement process, and the requirements for members. The board may change these requirements from time to time as necessary.

Subd. 3. [FOUNDATION PROGRAMS.] The foundation may develop programs or sponsor activities to increase the participation and achievement of students in elementary and secondary science and mathematics education. These may include, but are not limited to:

(1) advancing educational policies and practices that promote mathematical and scientific literacy for all Minnesota students;

(2) strengthening the preparation of new teachers of science and mathematics and expanding the knowledge and skills of practicing teachers throughout their careers;

(3) increasing public knowledge of and support for high standards and the importance of quality science and mathematics education for all Minnesota students; and

(4) coordinating the communication between various providers of focused instruction in science and mathematics.

Subd. 4. [POWERS AND DUTIES.] The foundation may:

(1) receive money, grants, and in-kind goods or services from nonstate sources for the purposes of the foundation, without complying with section 7.09, subdivision 1;

(2) enter into contracts subject to chapter 16B;

(3) establish, affiliate, or enter into agreements with a separate nonprofit corporation under Minnesota and federal law to discharge its duties and responsibilities as set forth herein, subject to the provisions of chapter 317A; and

(4) determine procedures and expenditures for making grants to educational institutions and nonprofit organizations in furtherance of the foundation's purpose.

Subd. 5. [FOUNDATION STAFF.] The foundation board shall appoint the executive director of the foundation to serve in the unclassified service. The executive director shall perform duties and have responsibilities prescribed by the foundation board. The foundation shall employ staff, retain consultants, and execute agreements with other parties necessary to carry out the purpose of the foundation. The employees shall serve in the unclassified service and be supervised by the executive director.

Subd. 6. [PRIVATE FUNDING.] The foundation may seek private or federal resources to supplement the available public money. All money received shall be administered by the board of directors.

Subd. 7. [APPROPRIATION.] There shall be annually appropriated to the foundation all amounts received by the foundation pursuant to this section. Any money appropriated to the department of education for the purposes of the foundation shall be transferred to the foundation during the biennium for which it was appropriated. Any balance in the first year does not cancel but is available in the second year. The department of education shall act as a fiscal agent for the foundation.

Sec. 4. [121.614] [MATHEMATICS AND SCIENCE GRANTS FOR INSTRUCTIONAL SCHOLARSHIPS.]

Subdivision 1. [ELIGIBILITY.] Funds for scholarships may be made available to a school designed and established for advanced instruction in mathematics, science, and technology, if it meets the following conditions:

(1) is operated by a nonprofit, nonsectarian corporation formed under chapter 317A;

(2) the operating corporation offers a residential program;

(3) each year, to the extent applications allow, residential students from the state must be selected equally from each congressional district;

(4) the school is financially responsible for all educational programs required of students;

(5) required educational programs not directly provided by the school must be provided through contract with other educational agencies without additional charge to students; and

(6) any additional fees for residential or other purposes charged to scholarship recipients must not exceed the amount charged under section 129C.10, subdivision 3, paragraphs (n) and (o).

Subd. 2. [SCHOLARSHIPS.] Scholarships for students attending the school are available up to an amount equal to the sum of the costs of instruction and residential programs per pupil attending the program under chapter 129C, less the revenue received for the student under subdivision 3. The amount of the scholarship may differ, based on the residential status of the student. The amount determined under chapter 129C, shall be computed by the board established under that chapter.

Subd. 3. [GENERAL EDUCATION.] The school shall receive revenue for all students enrolled at the school in the same way as revenue is paid under section 124.248, subdivisions 1 and 2. The payment schedule shall be the same as under section 124.248, subdivision 4, paragraph (a).

Sec. 5. Minnesota Statutes 1994, 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 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 \$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 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 to which the levy is attributable; 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.

(d) The revenue in the first year after reorganization for a district that has reorganized under section 122.22, 122.23, or 122.241 to 122.247 shall be the greater of:

(1) the revenue computed for the reorganized district under paragraph (a), or

(2)(i) for two districts that reorganized, 75 percent of the revenue computed as if the districts involved in the reorganization were separate, or

(ii) for three or more districts that reorganized, 50 percent of the revenue computed as if the districts involved in the reorganization were separate.

(e) The revenue in paragraph (d) is increased by the difference between the initial revenue and ITV lease costs for leases that had been entered into by the preexisting districts on the effective date of the consolidation or combination and with a term not exceeding ten years. This increased revenue is only available for the remaining term of the lease. However, in no case shall the revenue exceed the amount available had the preexisting districts received revenue separately.

Sec. 6. Minnesota Statutes 1994, section 237.065, is amended to read:

237.065 [RATES FOR SPECIAL SERVICE TO SCHOOLS.]

Each telephone company, including a company that has developed an incentive plan under section 237.625, that provides local telephone service in a service area that includes a public school that has classes within the range from kindergarten to 12th grade shall provide, upon request, additional service to the school that is sufficient to ensure access to basic telephone service from each classroom and other areas within the school, as determined by the school board. Each company shall set a flat rate for this additional service that is less than the company's flat rate for an access line for a business and the same as or greater than the company's flat rate for an access line for a residence in the same local telephone service exchange. When a company's flat rates for businesses and residences are the same, the company shall use the residential rate for service to schools under this section. The rate required under this section is available only for a school that installs additional service that includes access to basic telephone service from each classroom and other areas within the school, as determined by the school board.

Sec. 7. [TELECOMMUNICATIONS COORDINATION; PURPOSE.]

The purpose of sections 8 to 12 is to facilitate the coordination of telecommunications among schools and school districts, post-secondary institutions, and libraries, to expand the availability of a broad range of courses and degrees to students throughout the state, to share information resources to improve access, quality, and efficiency by enhancing and expanding the use of telecommunications, and other instructional technologies.

Sec. 8. [MINNESOTA EDUCATION TELECOMMUNICATIONS COUNCIL.]

The Minnesota education telecommunications council is established. The membership shall consist of three representatives from the University of Minnesota; three representatives of the higher education board; one representative of the higher education coordinating board; one representative appointed by the private college council; eight representatives selected by the commissioner of education, at least one of which must come from each of the six regions; a representative from the information policy office; one member each from the senate and the house of representatives selected by the subcommittee on committees of the committee on rules and administration of the senate and the speaker of the house; and two representatives of libraries, one representing regional public multitype libraries and one representing community libraries, selected by the governor. The council shall:

(1) develop a statewide vision and plans for the use of distance learning technologies and provide leadership in implementing the use of such technologies;

(2) develop educational policy relating to telecommunications;

(3) determine priorities for use;

(4) oversee coordination of networks for post-secondary campuses, K-12 education, and regional and community libraries;

(5) require the use of the statewide telecommunications access and routing system where operationally, technically, and economically feasible in order to maximize the state's telecommunication resources; and

(6) determine priorities for grant funding proposals.

The council shall consult with representatives of the telecommunication industry in implementing this section.

Sec. 9. [REGIONAL COORDINATION.]

Subdivision 1. [GRANTS.] The higher education coordinating board and the department of education shall award grants to regional organizations to coordinate and manage regional telecommunications arrangements.

Subd. 2. [APPLICATION PROCESS.] The council shall develop and publicize the process by which regional organizations may apply for grants. The telecommunications council shall review and comment on the proposals.

Subd. 3. [CRITERIA.] The telecommunications council shall evaluate proposals using the following criteria:

(1) evidence of cooperative arrangements with other post-secondary institutions, school districts, and community and regional libraries in the geographic region;

(2) plans for shared classes and programs;

(3) avoidance of network duplication;

(4) evidence of efficiencies to be achieved in delivery of instruction due to use of telecommunications;

(5) a plan for development of a list of all courses available in the region for delivery at a distance;

(6) a plan for coordinating and scheduling courses; and

(7) a plan for evaluation of costs, access, and outcomes.

Sec. 10. [REGIONAL LINKAGES.]

Subdivision 1. [GRANTS.] The higher education coordinating board and the department of education shall award grants to regional organizations to establish or complete telecommunications links between organizations within regions.

The regional organizations shall use the statewide telecommunications access and routing system where operationally, technically, and economically feasible in order to maximize the state's telecommunication resources.

Subd. 2. [APPLICATION PROCESS.] The Minnesota telecommunications council shall develop and publicize the process by which regional organizations may apply for grants. The telecommunications council shall review and comment on the proposals.

Subd. 3. [CRITERIA.] The Minnesota telecommunications council shall evaluate proposals using the following criteria:

(1) evidence of cooperative arrangements with other post-secondary institutions, school districts, ECSUs, and education districts, and regional and community libraries in the geographic region;

(2) plans for shared classes and programs;

(3) evidence of efficiencies to be achieved in delivery of instruction due to use of telecommunications; and

(4) evidence of a formal governing structure.

Subd. 4. [REGIONAL ORGANIZATIONS.] Members of regional organizations are defined to include school districts, higher education institutions, and community and regional libraries.

Subd. 5. [REGIONS.] Regions are defined to match as closely as possible the geographic boundary of the higher education telecommunication regions unless a district or districts or a regional public library system can demonstrate to the telecommunication council that greater service and better efficiency is possible in another region.

Sec. 11. [TELECOMMUNICATIONS GRANTS.]

Subdivision 1. [PROGRAM.] A telecommunications grant program is established to underwrite the cost of establishing telecommunications links between school districts, post-secondary institutions, and community and regional libraries. The application must be made by a regional organization.

Subd. 2. [APPLICATION.] The application must be made to the Minnesota telecommunications council in a form and manner specified by the council. The council shall determine grant awardees.

Subd. 3. [CRITERIA.] To qualify for a grant, the application must include at least the following:

(1) that the proposed connection and system will meet the statewide standards, is capable of interconnectivity with MNet, and employs an open network architecture;

(2) how the regional members will connect to the higher education telecommunication system;

(3) the telecommunications vendor that was selected to provide services over the connection and the cost of ongoing services; and

(4) other information, as needed, to ensure that connections are coordinated, meet state standards, are cost effective, and that service is provided in an efficient and cost-effective manner to maintain the interconnectivity goal.

Sec. 12. [GRANT LIMITATIONS; PROPOSALS.]

Subdivision 1. [REGIONAL COORDINATION GRANTS.] Regional grants shall be used for planning, coordinating, and implementing the learning network of Minnesota. State money for regional organization shall not exceed 50 percent of the cost.

Subd. 2. [REGIONAL LINKAGE GRANTS.] Linkage grants shall be used to establish or complete telecommunication links among members of regional organizations. State money for the linkage grants shall not exceed 90 percent of the cost.

Subd. 3. [INTERREGION GRANTS.] The council may expend funds to pay for interregional linkages between regional hubs and MnNet's main hub in St. Paul.

Sec. 13. [TALENTED STUDENT PROGRAM NEEDS ASSESSMENT.]

The commissioner of education shall conduct a needs assessment to determine whether the talented youth program in south central Minnesota, or a similar program, should be available throughout the state to serve talented junior and senior high school students. The commissioner shall report the findings to the education committees of the legislature by February 1, 1996.

Sec. 14. [INSTRUCTIONAL TRANSFORMATION THROUGH TECHNOLOGY GRANTS.]

Subdivision 1. [ESTABLISHMENT; PURPOSE.] A grant program is established to help school districts work together and with higher education institutions, businesses, local government units, libraries, and community organizations in order to facilitate individualized learning and manage information by employing technological advances, especially computers and related products. Recipients shall use grant proceeds to:

(1) enhance teaching and learning productivity through the use of technology;

(2) develop individual learner classroom-based teaching and learning systems that can be aggregated into site, district, and state frameworks;

(3) develop personalized learning plans designed to give learners more responsibility for their learning success and change the role of teacher to learning facilitator;

(4) match and allocate resources;

(5) create a curriculum environment that is multiplatform;

(6) provide user and contributor access to electronic libraries;

(7) schedule activities;

(8) automate progress reports;

(9) increase collaboration between school districts and sites, and with businesses, higher education institutions, libraries, and local government units;

(10) correlate state-defined outcomes to curriculum units for each student;

(11) increase accountability through a reporting system; and

(12) provide technical support, project evaluation, dissemination services, and replication.

Subd. 2. [ELIGIBILITY; APPLICATION.] A grant applicant must be a school district or a group of school districts that demonstrates collaboration with libraries, businesses, and higher education institutions. Community organizations and local government units may also be involved. The commissioner of education shall prescribe the form and manner of applications. The commissioner may award grants to applicants likely to meet the outcomes in subdivision 1. The commissioner shall ensure that business partners do not participate in more than one grant award.

Subd. 3. [REPORTING.] A grant recipient shall report to the commissioner annually at a time specified by the commissioner on the extent to which it is meeting the outcomes specified in subdivision 1.

Sec. 15. [APPROPRIATIONS.]

Subdivision 1. [REGIONAL LINKAGE GRANTS.] For the regional linkage grants:

<u>\$8,272,000</u>	<u>.....</u>	<u>1996</u>
<u>\$8,272,000</u>	<u>.....</u>	<u>1997</u>

Appropriations in this section do not cancel and are available until June 30, 1997. \$120,000 of this appropriation is available to the department of education to implement sections 8 to 12.

Subd. 2. [STATE AGENCY LIBRARIES.] For maintaining and upgrading the online computer-based library catalog system in state agency libraries:

<u>\$40,000</u>	<u>.....</u>	<u>1996</u>
<u>\$40,000</u>	<u>.....</u>	<u>1997</u>

Any balance in the first year does not cancel and is available in the second year. These amounts are added to amounts included in the appropriation for the department of education budget that are for the same purpose.

Subd. 3. [INFORMS GRANTS.] For grants to continue the internet access for Minnesota schools project (InforMNS):

<u>\$400,000</u>	<u>.....</u>	<u>1996</u>
<u>\$400,000</u>	<u>.....</u>	<u>1997</u>

Subd. 4. [ITV GRANT; CROMWELL.] For a grant to independent school district No. 95, Cromwell:

<u>\$125,000</u>	<u>.....</u>	<u>1996</u>
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The grant must be used to construct an interactive television transmission line. This appropriation is only available to the extent it is matched by the district with local and nonlocal sources.

Subd. 5. [SCIENCE AND MATHEMATICS FOUNDATION.] For transfer to the foundation under section 121.613:

<u>\$1,650,000</u>	<u>.....</u>	<u>1996</u>
<u>\$1,650,000</u>	<u>.....</u>	<u>1997</u>

\$168,100 of the appropriation in 1996 and \$336,000 of the appropriation in 1997 must be available for scholarships under section 121.614. The department shall assess the adequacy of this scholarship support and include this information in the budget documents for the 1998-99 biennium. \$30,000 of the appropriation in 1996 and \$30,000 in 1997 is for the south central Minnesota talented youth program.

Subd. 6. [ITV LEVY AID.] For ITV levy aid:

<u>\$2,573,000</u>	.....	<u>1996</u>
<u>\$3,814,000</u>	.....	<u>1997</u>

The 1996 appropriation includes \$473,000 for 1995 and \$2,100,000 for 1996.

The 1997 appropriation includes \$370,000 for 1996 and \$3,444,000 for 1997.

Subd. 7. [INSTRUCTIONAL TRANSFORMATION THROUGH TECHNOLOGY GRANTS.] For grants according to section 14:

<u>\$4,056,000</u>	.....	<u>1996</u>
<u>\$4,056,000</u>	.....	<u>1997</u>

The commissioner shall give priority to grant applicants that match private sector contributions, involve multiple school districts, and involve graduation rule pilot sites.

Sec. 16. [REPEALER.]

Laws 1993, First Special Session chapter 2, article 5, sections 1; 3; 4; 5; and 6, are repealed.

Laws 1993, First Special Session, chapter 2 article 5, section 2, as amended by Laws 1994, chapter 532, article 2, section 13, is repealed.

ARTICLE 7

STATE EDUCATION AGENCIES

Section 1. Minnesota Statutes 1994, section 121.11, subdivision 7c, is amended to read:

Subd. 7c. [RESULTS-ORIENTED GRADUATION RULE.] (a) 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 ninth grade in the 1996-1997 school year. 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.

(b) Assessments used to measure knowledge required by all students for graduation must be developed according to the most current version of professional standards for educational testing.

(c) The content of the graduation rule must differentiate between minimum competencies and rigorous standards. When fully implemented, the requirements for high school graduation in Minnesota, including both basic requirements and the required profile of learning, shall include a broad range of academic experience and accomplishment necessary to achieve the goal of preparing students to function effectively as purposeful thinkers, effective communicators, self-directed learners, productive group participants, and responsible citizens.

(d) The state board shall periodically review and report on the assessment process and student achievement with the expectation of raising the standards and expanding high school graduation requirements.

(e) The state board shall report to the legislature annually by January 15 on its progress in developing and implementing the graduation requirements until such time as all the graduation requirements are implemented.

Sec. 2. Minnesota Statutes 1994, section 124C.07, is amended to read:

124C.07 [COMPREHENSIVE ARTS PLANNING PROGRAM.]

The ~~department of education~~ Minnesota center for arts education shall prescribe the form and manner of application by one or more school districts to be designated as a site to participate in the comprehensive arts planning program. Up to 30 sites may be selected. The ~~department of~~

~~education center~~ shall designate sites in consultation with the Minnesota alliance for arts in education, ~~the Minnesota center for arts education~~, and the Minnesota state arts board.

Sec. 3. Minnesota Statutes 1994, section 124C.08, subdivision 2, is amended to read:

Subd. 2. [CRITERIA.] The 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 evaluate its involvement in the program;

(6) a willingness by the district to adopt a long-range plan for arts education in the district; and

~~(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 1994, section 128A.02, subdivision 1, is amended to read:

Subdivision 1. [TO MANAGE GOVERN.] The state board of education ~~must manage~~ shall govern the state academy for the deaf and the state academy for the blind.

Sec. 5. Minnesota Statutes 1994, section 128A.02, subdivision 3, is amended to read:

Subd. 3. [MOST BENEFICIAL, LEAST RESTRICTIVE.] The state board must do what is necessary to provide the most beneficial and least restrictive program of education for each pupil at the academies who is handicapped by visual disability or ~~hearing impairment~~ deafness.

Sec. 6. Minnesota Statutes 1994, section 128A.021, is amended to read:

128A.021 [RESOURCE CENTER: HEARING AND VISUALLY IMPAIRED CENTERS; DEAF OR HARD OF HEARING AND BLIND OR VISUALLY IMPAIRED.]

Subdivision 1. [ALSO FOR MULTIPLY DISABLED.] ~~A resource center~~ Resource centers for the hearing impaired, visually impaired, and deaf or hard of hearing, and the blind or visually impaired, each also serving multiply disabled pupils is, are established at the state academies.

Subd. 2. [PROGRAMS.] The resource ~~center~~ centers must offer summer institutes and like programs throughout the state for ~~hearing impaired, visually impaired deaf or hard of hearing, blind or visually impaired, and multiply disabled pupils.~~ The resource ~~center~~ centers must also offer workshops for teachers, and leadership development for teachers.

A program offered through the resource ~~center~~ centers must promote and develop education programs offered by school districts or other organizations. The program must assist school districts or other organizations to develop innovative programs.

Subd. 3. [PROGRAMS BY NONPROFITS.] The resource ~~center~~ centers may contract to have nonprofit organizations provide programs through the resource ~~center~~ centers.

Subd. 4. [ADVISORY COUNCIL.] ~~The advisory council for the academies is the advisory council for the resource center.~~

Sec. 7. Minnesota Statutes 1994, section 128A.022, subdivision 1, is amended to read:

Subdivision 1. [PERSONNEL.] The state board of education may employ central administrative staff members and other personnel necessary to provide and support programs and services ~~in~~ at each academy.

Sec. 8. Minnesota Statutes 1994, section 128A.022, subdivision 6, is amended to read:

Subd. 6. [STUDENT TEACHERS AND PROFESSIONAL TRAINEES.] (a) The state board may enter into agreements with ~~teacher-preparing~~ teacher preparation institutions for student teachers to get practical experience at the academies. A licensed teacher must provide appropriate supervision of each student teacher.

(b) The state board may enter into agreements with accredited higher education institutions for certain student trainees to get practical experience at the academies. The students must be preparing themselves in a professional field that provides special services to children with a disability in school programs. To be a student trainee in a field, a person must have completed at least two years of an approved program in the field. A person who is licensed or registered in the field must provide appropriate supervision of each student trainee.

Sec. 9. Minnesota Statutes 1994, section 128A.024, subdivision 4, is amended to read:

Subd. 4. [EDUCATION WITH PUPILS WITHOUT A DISABILITY.] The academies must provide opportunities for their pupils to be educated with pupils without a disability. A pupil's opportunities must be consistent with the pupil's individual education plan or individual family service plan and assessment.

Sec. 10. Minnesota Statutes 1994, section 128A.025, subdivision 1, is amended to read:

Subdivision 1. [ACADEMIES' ADMINISTRATOR.] The position of the ~~residential academies'~~ chief administrator at each academy is in the unclassified service.

Sec. 11. Minnesota Statutes 1994, section 128A.025, subdivision 2, is amended to read:

Subd. 2. [TEACHER STANDARDS.] A teacher or administrator at the academies is subject to the licensure standards of the board of teaching ~~and~~ or the state board of education.

Sec. 12. Minnesota Statutes 1994, section 128A.026, is amended to read:

128A.026 [~~STATE BOARD RULES~~ ADOPTED PROCEDURES.]

Subdivision 1. [SUBJECTS.] The ~~rules of the~~ state board of education ~~authorized in section 128A.02~~ must establish procedures for:

- (1) admission, including short-term admission, to the academies;
- (2) discharge from the academies;
- (3) decisions on a pupil's program at the academies; and
- (4) evaluation of a pupil's progress at the academies.

Subd. 2. [MINIMUM CONTENT.] The discharge procedures must include reasonable notice to the child's district of residence. The procedures ~~set out in the rules~~ must guarantee a pupil and the pupil's parent or guardian appropriate safeguards. The safeguards must include a review of the placement determination made under sections 120.17 and 128A.05 and the right to participate in educational program decisions.

Subd. 3. [NOT CONTESTED CASE.] A proceeding about admission to or discharge from the academies or about a pupil's program or progress at the academies is not a contested case under section 14.02. The proceeding is governed instead by the rules of the state board ~~described in this section~~ governing special education.

Sec. 13. Minnesota Statutes 1994, section 128A.05, subdivision 1, is amended to read:

Subdivision 1. [TWO KINDS.] There are two kinds of admission to the academies.

(a) A pupil who is deaf ~~or hearing-impaired~~, hard of hearing, or blind-deaf, may be admitted to the academy for the deaf. A pupil who is visually blind or visually impaired, blind-deaf, or multiply handicapped may be admitted to the academy for the blind. For a pupil to be admitted, two decisions must be made under section 120.17.

(1) It must be decided by the individual education planning team that education in regular or special education classes in the pupil's district of residence cannot be achieved satisfactorily because of the nature and severity of the hearing deafness or visual blindness or visual impairment respectively.

(2) It must be decided by the individual education planning team that the academy provides the most appropriate placement within the least restrictive alternative for the pupil.

(b) A deaf or ~~hearing-impaired~~ hard of hearing child or a visually impaired pupil may be admitted to get socialization skills or on a short-term basis for skills development.

Sec. 14. Minnesota Statutes 1994, section 128A.05, subdivision 2, is amended to read:

Subd. 2. [MULTIPLY HANDICAPPED.] This section does not prevent a pupil with handicaps in addition to being

(1) deaf or ~~hearing-impaired~~ hard of hearing, or

(2) blind or visually impaired

from attending the academy for the deaf or the academy for the blind, respectively.

Sec. 15. Minnesota Statutes 1994, section 134.155, is amended to read:

134.155 [LIBRARIANS 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 126.82, shall award grants for professional development programs to recruit and educate people of color in the field of library science or information management. Grant applicants must be a public library jurisdiction with a growing minority population working in collaboration with an accredited institution of higher education with a library education program in the state of Minnesota.

Subd. 3. [PROGRAM REQUIREMENTS.] (a) A grant recipient shall recruit people of color to be ~~librarians~~ library staff in public libraries and provide support in linking program participants with jobs in the recipient's library jurisdiction.

(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~~ may recruit high school students, undergraduate students, or 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 people of color enrolled in ~~an accredited~~ a library education program to help cover the costs of tuition, student fees, supplies, and books. Stipend awards must be based upon a student's financial need and students must apply for any additional financial aid for which they are eligible 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 work in the grantee library jurisdiction for at least two years after graduation if the student acquires a master's degree and at least three years after graduation if the student acquires both a bachelor's and a master's degree while participating in the program. If no full-time position is available in the

library jurisdiction, the student may fulfill the work requirement in another Minnesota public library.

(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 persons of color in librarianship;

(2) whether grant recipients will establish or have a mentoring program for persons of color; and

(3) whether grant recipients will provide a library internship for persons of color while participating in this program.

Sec. 16. Minnesota Statutes 1994, section 134.351, subdivision 4, is amended to read:

Subd. 4. [GOVERNANCE.] (a) In any area where the boundaries of a proposed multicounty, multitype library system coincide with the boundaries of the regional library system or district, the regional library system or district board shall be designated as the governing board for the multicounty, multitype library system. In any area where a proposed multicounty, multitype library system encompasses more than one regional library system or district, the governing board of the multicounty, multitype library system shall consist of nine members appointed by the cooperating regional library system or district boards from their own membership in proportion to the population served by each cooperating regional library system or district. In each multicounty, multitype library system there shall be established an advisory committee consisting of two representatives of public libraries, two representatives of school media services, one representative of special libraries, one representative of public supported academic libraries, and one representative of private academic libraries. The advisory committee shall recommend needed policy to the system governing board.

(b) Upon recommendation from its advisory committee, a multitype library cooperation system governing board may choose to reconstitute the governance of the multitype system by the creation of a combined board which replaces the previous governing board and advisory committee. A combined board shall consist of five or seven citizens, not employed in library or information services, and four library or information service workers. The constituent regional public library system boards shall select the citizen members from the at-large population of the region. In any area where a multicounty, multitype library system encompasses more than one regional public library system, cooperating regional system boards shall appoint citizen members of the combined board members in proportion to the population of each cooperating regional system. The combined board members who are library and information workers shall be selected, one from each type of library: academic, public, school, and special. Governing board members of the combined board shall serve two-year terms for no more than three successive terms with the members of the first combined board serving one- and two-year terms as determined by lot with a simple majority serving for two years. Elections shall be pursuant to the adopted bylaws of the multitype system and may provide additional requirements to those in this section. New combined governing boards shall take effect at the beginning of the fiscal year, July 1, and shall continue the authority, ownership, and obligations of the previously constituted multitype system in its region.

Sec. 17. Laws 1993, chapter 224, article 8, section 21, subdivision 1, is amended to read:

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

Sec. 18. [APPROPRIATIONS; DEPARTMENT OF EDUCATION.]

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. [DEPARTMENT.] For the department of education:

<u>\$23,050,000</u>	<u>.....</u>	<u>1996</u>
<u>\$21,703,000</u>	<u>.....</u>	<u>1997</u>

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

(b) \$21,000 each year is from the trunk highway fund.

(c) \$522,000 each year is for the academic excellence foundation.

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 1996 does not cancel but is available in 1997. The amount carried forward must not be used to establish a larger annual base appropriation for later fiscal years.

(d) \$204,000 each year is for the state board of education.

(e) \$227,000 each year is for the board of teaching.

(f) \$869,000 each year is for educational effectiveness programs according to Minnesota Statutes, sections 121.602 and 121.608.

(g) \$60,000 each year is for contracting with the state fire marshal to provide the services required according to Minnesota Statutes, section 121.1502.

(h) \$400,000 each year is for health and safety management assistance contracts under Minnesota Statutes, section 124.83.

(i) The expenditures of federal grants and aids as shown in the biennial budget document are approved and appropriated and shall be spent as indicated.

(j) 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.

(k) The department of education shall develop a performance report on the quality of its programs and services. The report must be consistent with the process specified in Minnesota Statutes, sections 15.90 to 15.92. The goals, objectives, and measures of this report must be developed in cooperation with the chairs of the finance divisions of the education committees of the house of representatives and senate, the department of finance, and the office of legislative auditor. The report prepared in 1995 must include a complete set of goals, objectives, and measures for the department. The report presented in 1996 and subsequent years must include data to indicate the progress of the department in meeting its goals and objectives.

The department of education must present a plan for a biennial report on the quality and performance of key education programs in Minnesota's public early childhood, elementary, middle, and secondary education programs. To the extent possible, the plan must be consistent with Minnesota Statutes, sections 15.90 to 15.92. The department must consult with the chairs of the finance divisions of the education committees of the house of representatives and senate, the department of finance, and the office of legislative auditor in developing this plan. The plan for this report must be presented in 1995 and the first biennial report presented in 1996.

(l) The commissioner of education shall perform a facilities standards evaluation of public elementary and secondary facilities in the state. This evaluation shall include a measure of the following:

- (1) the physical condition of education facilities;
- (2) the level of utilization relative to the capacity of education facilities;
- (3) the intensity of technological use in both administrative and instructional areas in education facilities;
- (4) the alignment between education programs in place and the structure of education facilities;
and
- (5) an estimate of facility construction over the next decade.

This evaluation may be based on a sample of facilities but must include geographic breakdowns of the state.

The commissioner shall recommend to the 1996 legislature standards for the review and comment process under Minnesota Statutes, section 121.15. The standards must integrate the use of technology, both current and potential, flexible scheduling, and program adjustments relative to implementation of the graduation rule.

(m) \$120,000 is for a feasibility and design study to develop a statewide student performance accountability report. The department must identify and assess the current availability of critical data-based information about student performance and feasibility of using information from the existing sources, recommend additional data-based elements and data collection strategies that will provide for ongoing assessment of educational reform and improvement, and recommend methods for improving the coordination and dissemination of local accountability reports as part of a statewide reporting system. The study must include a statewide implementation and budget plan. The study process must involve other government units, school and citizen leaders, and members of higher education concerned with the education and development of children and youth. It must also consider ways to access the research and development capacity of institutions of higher education in Minnesota. The commissioner shall report the results of the study to the education committees of the legislature and the state board of education by February 1, 1996.

(n) \$1,000,000 in fiscal year 1996 is for grants to special school district No. 1, Minneapolis, and independent school district No. 625, St. Paul, for after school enrichment pilot programs targeted towards junior high and middle school students. These programs shall be developed collaboratively with city government, park boards, family services collaboratives, and any other community organizations offering similar programming. Any balance remaining in the first year does not cancel but is available in the second year.

(o) In addition to the department of education appropriation, \$188,000 each year is appropriated from the special revenue fund for the graduation rule. The department appropriation is to be used to fund continued assessment and standards development and piloting; to broaden public understanding through communication; to continue development of learning benchmarks; for ongoing statewide assessment efforts; to develop system performance standards; and to provide technical assistance to schools throughout the state. The appropriation from the special revenue fund is to be used for appropriate development efforts in health-related standards and assessments. 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 these development areas. Notwithstanding Minnesota

Statutes, section 15.53, subdivision 2, the commissioner of education may contract with a school district for a period no longer than five consecutive years for the services of an educator to work in the development, implementation, or both, of the graduation rule. The commissioner may contract for services and expertise as necessary for development and implementation of the graduation standards. Notwithstanding any law to the contrary, the contracts are not subject to the contract certification procedures of the commissioner of administration or of Minnesota Statutes, chapter 16B, and are not subject to or included in any spending limitations on contracts.

(p) \$500,000 in 1996 and \$250,000 in 1997 is for transition aid for information support.

(q) \$600,000 each year is to restore reductions in aid payments under Minnesota Statutes, section 273.1398, made to school districts as prescribed by Minnesota Statutes 1994, section 124.2139, related to the district's fiscal year 1984 payroll for coordinated plan members of the public employees retirement association who were technical college employees.

Subd. 3. [BASIC SUPPORT GRANTS.] For basic support grants according to Minnesota Statutes, sections 134.32 to 134.35:

<u>\$7,819,000</u>	<u>.....</u>	<u>1996</u>
<u>\$7,819,000</u>	<u>.....</u>	<u>1997</u>

The 1996 appropriation includes \$1,172,000 for 1995 and \$6,646,150 for 1996.

The 1997 appropriation includes \$1,172,850 for 1996 and \$6,646,150 for 1997.

Subd. 4. [MULTICOUNTY, MULTITYPE LIBRARY SYSTEMS.] For grants according to Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

<u>\$527,000</u>	<u>.....</u>	<u>1996</u>
<u>\$527,000</u>	<u>.....</u>	<u>1997</u>

The 1996 appropriation includes \$79,000 for 1995 and \$447,950 for 1996.

The 1997 appropriation includes \$79,050 for 1996 and \$447,950 for 1997.

Subd. 5. [LIBRARIANS OF COLOR.] For the librarians of color program according to Minnesota Statutes, section 134.155:

<u>\$48,000</u>	<u>.....</u>	<u>1996</u>
<u>\$48,000</u>	<u>.....</u>	<u>1997</u>

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

Subd. 6. [CHILDREN'S LIBRARY SERVICES GRANTS.] For grants for collaborative programs to strengthen library services to children, young people, and their families:

<u>\$43,000</u>	<u>.....</u>	<u>1996</u>
<u>\$43,000</u>	<u>.....</u>	<u>1997</u>

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

Sec. 19. [APPROPRIATIONS; FARIBAULT ACADEMIES.]

The sums indicated in this section are appropriated from the general fund to the department of education for the Faribault academies for the fiscal years designated:

<u>\$8,075,000</u>	<u>.....</u>	<u>1996</u>
<u>\$8,075,000</u>	<u>.....</u>	<u>1997</u>

Any balance in the first year does not cancel but is available in 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 academies must assess their progress in meeting the 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. 20. [APPROPRIATIONS; MINNESOTA CENTER FOR ARTS EDUCATION.]

The sums indicated in this section are appropriated from the general fund to the Minnesota center for arts education for the fiscal years designated:

\$5,288,000	.....	1996
\$5,288,000	.....	1997

Of the fiscal year 1996 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 \$121,000 is for further development of the partners: arts and school for students (PASS) program, including pilots. Of the fiscal year 1997 appropriation, \$225,000 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.

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

The Minnesota center for arts education may establish full-time, part-time, or seasonal positions as necessary to carry out assigned responsibilities and missions. 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. 21. [REPEALER.]

Minnesota Statutes 1994, sections 128A.02, subdivisions 2, 4, and 5; and 128A.03, are repealed.

ARTICLE 8

PROPERTY TAX FREEZE

Section 1. [PAY 1996 PROPERTY TAX FREEZE.]

Subdivision 1. [PROGRAM TOTAL LIMIT.] Notwithstanding a bill styled as S.F. No. 1570 or similar provision if enacted, the determination of property tax levies for school districts for payable year 1996 shall be determined under this section. Except as provided in subdivision 2, the commissioner of education shall compute the levies for payable year 1996 under Minnesota Statutes, chapters 124, 124A, 136C, 136D, and this act, whichever is applicable.

Subd. 2. [ADJUSTMENTS.] Notwithstanding Minnesota Statutes, section 124.918, subdivisions 3 and 5, or any other law to the contrary, the commissioner shall make adjustments under Minnesota Statutes, section 124.918, subdivision 5, for levies payable in 1996 only for final data received by the department. No other adjustments shall be made to levies in payable year 1996 unless authorized under this section.

Subd. 3. [DEFINITIONS.] (a) The term "aid reduced levies" means the sum of the following levies:

(1) all levies under Minnesota Statutes, chapters 124, 124A, 124B, and this act for which an aid entitlement is calculated equal to the difference between the revenue entitlement and the authorized levy;

(2) levies authorized for statutory obligations under Minnesota Statutes, section 124.912, subdivision 1, excluding obligations for judgments under Minnesota Statutes, section 127.05;

(3) unequalized referendum levies under Minnesota Statutes, section 124A.03, subdivision 1i;

(4) desegregation levies under Minnesota Statutes, section 124.912, subdivisions 2 and 3;

(5) school restructuring levy under Minnesota Statutes, section 126.019;

(6) health insurance levy under Minnesota Statutes, section 124.916, subdivision 1, and Laws 1993, chapter 224, article 8, section 18;

(7) health benefits levy under Minnesota Statutes, section 124.916, subdivision 2;

(8) Minneapolis retirement levy and additional retirement levies under Minnesota Statutes, section 124.916, subdivision 3;

(9) ice arena levy under Minnesota Statutes, section 124.912, subdivision 7;

(10) excess transportation levy under Minnesota Statutes, section 124.226, subdivision 5;

(11) contract transportation levy under Minnesota Statutes, section 124.226, subdivision 7;

(12) bus purchase levy under Minnesota Statutes, section 124.226, subdivision 6;

(13) leased school in other district levy under Minnesota Statutes, section 124.226, subdivision 2;

(14) post-secondary transportation levy under Minnesota Statutes, section 124.226, subdivision 8;

(15) transportation off-formula levy adjustment under Minnesota Statutes, section 124.226, subdivision 3;

(16) extended day levy under Minnesota Statutes, section 124.2716;

(17) abatement levy under Minnesota Statutes, section 124.912, subdivision 9, paragraph (a), clause (1); and

(18) final levy adjustments authorized under Minnesota Statutes, section 124.918, subdivision 5, and subdivision 2 of this section.

(b) The term "revenue reduced levies" means the sum of the following levies:

(1) operating debt levies under Minnesota Statutes, sections 121.915; 122.531, subdivision 4a; 124.914; Laws 1992, chapter 499, article 7, sections 16 and 17; and this act;

(2) crime levy under Minnesota Statutes, section 124.912, subdivision 6, and this act;

(3) severance levies under Minnesota Statutes, sections 120.08, subdivision 3; 122.531, subdivision 9; 122.535, subdivision 6; 124.2725, subdivision 15; 124.4945; Laws 1989, chapter 329, article 13, section 18; and this act;

(4) consolidation/transition levies under Minnesota Statutes, sections 122.247, subdivision 3; 122.533; and Laws 1992, chapter 499, article 6, section 35;

(5) outplacement levy under Minnesota Statutes, section 124.912, subdivision 8;

(6) advance abatement levy under Minnesota Statutes, section 124.912, subdivision 9, paragraph (a), clause (2);

(7) abatement interest levy under Minnesota Statutes, section 124.912, subdivision 9, paragraph (a), clause (3);

(8) Minneapolis health insurance subsidy under Minnesota Statutes, section 124.916, subdivision 4;

(9) judgment levy under Minnesota Statutes, sections 124.912, subdivision 1, and 127.05;

(10) consolidation/retirement incentives levy under Minnesota Statutes, section 124.2726, subdivision 3;

(11) community education grandfather levy under Minnesota Statutes, section 124.2714;

(12) home visiting levy under Minnesota Statutes, section 124.2711, subdivision 5;

(13) adult basic education levy under Minnesota Statutes, section 124.2601, subdivision 4;

(14) adults with disabilities levy under Minnesota Statutes, section 124.2715, subdivision 3;

(15) disabled access levy under Minnesota Statutes, section 124.84, subdivision 3;

(16) cooperative building repair levy under Minnesota Statutes, section 124.91, subdivision 4;

(17) levy for local share of technical college construction under Minnesota Statutes, section 136C.411; and

(18) adjustments made to levies payable in 1995, except those authorized under Minnesota Statutes, section 124.918, subdivision 5.

Subd. 4. [PROPERTY TAX FREEZE AID.] If the sum of the aid reduced levies for taxes payable in 1996 for a district exceeds the sum of the aid reduced levies actually certified by the district for taxes payable in 1995, the commissioner shall reduce the district's general education levy limitation for taxes payable in 1996 by the lesser of:

(1) the difference in the aid reduced levies; or

(2) the difference in the total levies.

An amount of state aid equal to the levy reduction shall be paid to each district according to Minnesota Statutes, section 124.195. Unless otherwise directly appropriated in this act, the amount necessary to make these payments is appropriated in fiscal year 1997 from the general fund to the commissioner of education.

Subd. 5. [PROPERTY TAX FREEZE LEVY ADJUSTMENT.] If the sum of the revenue reduced levies for taxes payable in 1996 for a district exceeds the sum of the revenue reduced levies actually certified by the district for taxes payable in 1995, the commissioner shall reduce the district's general fund levy limitation for taxes payable in 1996 by the lesser of:

(1) the difference in the revenue reduced levies; or

(2) the difference in the total levies.

Notwithstanding Minnesota Statutes, section 121.912, a district may transfer an amount not to exceed the amount of the levy reduction from the community service or capital expenditure fund to the general fund.

Subd. 6. [LEVY FOR TACONITE PAYMENTS.] Notwithstanding Minnesota Statutes, section 124.918, subdivision 8, a school district's levy reduction as otherwise authorized under that subdivision for the 1996-1997 school year shall be no less than it was for the prior year. The general education aid reduction for the 1996-1997 school year shall be governed by Minnesota Statutes, section 124A.035, subdivision 5, and the levy reduction as dictated by this section.

Subd. 7. [HEALTH AND SAFETY REVENUE LIMIT.] Revenue for health and safety capital under Minnesota Statutes, section 124.83, for fiscal year 1997 shall not exceed \$44,000,000. The commissioner shall establish criteria for prioritizing health and safety project applications by districts not to exceed this amount.

Subd. 8. [HANDICAPPED ACCESS AND FIRE SAFETY REVENUE LIMIT.] Notwithstanding Minnesota Statutes, section 124.84, subdivisions 3 and 4, a school district's levy authority for purposes of Minnesota Statutes, section 124.84, subdivisions 1 and 2, for taxes payable in 1996 shall not exceed the amount certified for taxes payable in 1995.

Subd. 9. [BONDS.] (a) Notwithstanding Minnesota Statutes, section 124.239, after March 30, 1995, no school district can sell bonds under that section the debt service payments of which would require a levy first becoming payable in 1996 or authorize a levy under Minnesota Statutes, section 124.239, subdivision 5, paragraph (b), that is not pursuant to a plan adopted prior to March 30, 1995. This restriction shall not apply to:

(1) refunding bonds sold to refund bonds originally sold before March 30, 1995; or

(2) bonds for which the amount of the levy first becoming due in 1996 would not exceed the amount by which the school district's total levy for debt service on bonds for taxes payable in 1996 prior to issuance of those bonds is less than the municipality's total levy for debt service for bonds for taxes payable in 1995.

(b) For purposes of this section, bonds will be deemed to have been sold before March 30, 1995, if:

(1) an agreement has been entered into between the school district and a purchaser or underwriter for the sale of the bonds by that date;

(2) the issuing school district is a party to contract or letter of understanding entered into before March 30, 1995, with the federal government that requires the school district to pay for a project, and the project will be funded with the proceeds of the bonds; or

(3) the proceeds of the bonds will be used to fund a project or acquisition with respect to which the school district has entered into a contract with a builder or supplier before March 30. Debt service payments due on bonds described in this paragraph during calendar year 1996 will be paid by the state. The amount of those payments must be repaid by the school district to the state in three equal annual installments beginning in 1997. No interest will be due on those payments if timely paid by June 15 of the year due.

Subd. 10. [LEVY FOR LEASE PURCHASE OR INSTALLMENT BUYS.] (a) Except as provided in paragraphs (b) and (c), notwithstanding Minnesota Statutes, section 124.91, subdivision 3, after March 30, 1995, no school district may enter into an installment contract or a lease purchase agreement the levy for which would first become payable in 1996 unless the district's total levy for installment contracts and lease purchase agreements for taxes payable in 1996, including the levy for the new obligation, would not exceed its levy for that purpose for taxes payable in 1995.

(b) The limitation in paragraph (a) does not apply to an installment contract entered into before July 1, 1995, if it:

(1) relates to a high school construction project that was approved by the commissioner of education under Minnesota Statutes, section 121.15, before July 1, 1994; and

(2) relates, at least in part, to bids awarded between September 8, 1994, and February 21, 1995. Payments due on installment contracts described in this paragraph during calendar year 1996 will be paid by the state. The amount of those payments will be repaid by the school district to the state in three equal annual installments beginning in 1997. No interest will be due on those payments if timely paid by June 15 of the year due.

(c) For purposes of this section, installment contracts or lease purchase agreements will be deemed to have been entered into before March 30, 1995, if:

(1) an agreement has been entered into between the school district and a lessor or seller by that date;

(2) the school district is a party to contract or letter of understanding entered into before March 30, 1995, with the federal government that requires the school district to pay for a project, and the project will be funded with the proceeds of the installment contracts or lease purchase agreements; or

(3) the installment contracts or lease purchase agreements will be used to fund a project or acquisition with respect to which the school district has entered into a contract with a builder or supplier before March 30.

Payments due on installment contracts or lease purchase agreements described in this paragraph during calendar year 1996 will be paid by the state. The amount of those payments must be repaid by the school district to the state in three equal annual installments beginning in 1997. No interest will be due on those payments if timely paid by June 15 of the year due.

Subd. 11. [REFERENDUM LEVY.] (a) Except as provided in paragraph (b) or (c), notwithstanding Minnesota Statutes, section 124A.03, subdivision 2 or 2b, or 124B.03, subdivision 2, no referendum conducted after March 30, 1995, under those sections may authorize a levy first becoming payable in 1996.

(b) A referendum may authorize such a levy if the referendum provides for continuation of a referendum levy that terminates beginning with taxes payable in 1996. If the terminated levy had been based on net tax capacity, the referendum relating to taxes payable in 1996 must be based on net tax capacity and the ballot shall state the estimated referendum tax rate based on net tax capacity for taxes levied in 1996, notwithstanding Minnesota Statutes, section 124A.03, subdivisions 2 and 2a. To the extent the referendum relates to taxes payable in 1997 and subsequent years, the levies for those years are subject to Minnesota Statutes, sections 124A.03, subdivision 2a, and 124A.0311, subdivision 3, and the ballot and notice shall also state the estimated referendum tax rate as a percentage of market value for taxes levied in 1997.

(c) A referendum may authorize such a levy if the levy required under the referendum would not result in an increase for taxes payable in 1996 in the total levy for all purposes imposed by the school district over the total levy imposed by the district for taxes payable in 1995.

Subd. 12. [REFERENDUM AUTHORITY; CONVERSION.] Notwithstanding Minnesota Statutes, section 124A.0311, subdivisions 2 and 3, no school district may convert its referendum authority currently authorized to be levied against net tax capacity to referendum authority authorized to be levied against referendum market value effective for taxes payable in 1996.

Subd. 13. [LEVY AUTHORITY EXTENSION.] Notwithstanding Minnesota Statutes, section 124.531, subdivision 4a; 124.84, subdivisions 3 and 4; and 124.912, subdivision 9, remaining levy authority under these sections is extended by one year."

Delete the title and insert:

"A bill for an act relating to education; prekindergarten through grade 12; providing for general education revenue; transportation; special and targeted needs programs; community programs; facilities; organization and cooperation; other education programs; miscellaneous provisions; technology libraries; state agencies; imposing limits on property taxes; providing for appointments; appropriating money; amending Minnesota Statutes 1994, sections 6.62, subdivision 1; 13.43, subdivision 2; 16B.465; 120.062, subdivision 9; 120.064; 120.101, subdivision 5c, and by adding a subdivision; 120.17, subdivision 3b, and by adding a subdivision; 120.73, subdivision 1; 120.74, subdivision 1; 120.75, subdivision 1; 121.11, subdivision 7c; 121.15, subdivision 6; 121.16, by adding a subdivision; 121.207, subdivisions 2 and 3; 121.702, by adding a subdivision; 121.705; 121.706; 121.707, subdivisions 2, 3, 4, 6, and 7; 121.708; 121.709; 121.710; 121.8355, subdivision 2; 121.885, subdivisions 1 and 4; 121.904, subdivisions 4a and 4c; 121.912, subdivisions 1, 1b, and 6; 121.932; 121.935; 121.936; 122.21, subdivision 4; 122.532, subdivision 3a; 122.91, subdivisions 1, 2, and 2a; 122.92, subdivision 1; 122.93, subdivision 1; 122.94, subdivision 1; 123.34, by adding a subdivision; 123.35, subdivisions 19a and 19b; 123.351, subdivisions 1, 3, 4, and 5; 123.3514, subdivisions 3, 4, 4a, 4e, 5, 6c, 7, 8, and by adding a subdivision; 123.39, subdivisions 1 and 6; 123.70, subdivision 8; 123.76; 123.78, subdivisions 1, 2, and 3; 123.79, subdivision 1, and by adding a subdivision; 123.7991, subdivisions 2 and 3; 123.805, subdivisions 1 and 2; 124.06; 124.155, subdivision 2; 124.17,

subdivisions 1, 2f, and by adding a subdivision; 124.195, subdivisions 10, 11, and by adding a subdivision; 124.214, subdivisions 2 and 3; 124.223; 124.225, subdivisions 1, 3a, 7b, 7d, 7f, 8a, 8l, 8m, and 9; 124.226, subdivisions 3, 4, and 9; 124.243, subdivision 2; 124.244, subdivision 1; 124.2445; 124.248; 124.261, subdivision 1; 124.2725, subdivisions 1, 3, 4, and 15; 124.2726, subdivisions 1, 2, and 4; 124.2727, subdivision 6d; 124.2728, subdivision 1; 124.273, by adding subdivisions; 124.32, subdivisions 6, 7, and 10; 124.321; 124.322; 124.323, by adding a subdivision; 124.431, subdivision 2; 124.573, subdivision 3; 124.574, subdivision 9, and by adding subdivisions; 124.83, subdivision 4; 124.84, subdivision 3; 124.91, subdivisions 3 and 5; 124.912, subdivision 1; 124.916, subdivision 2; 124.918, subdivisions 1 and 2; 124.95, subdivisions 2, 4, and 6; 124.961; 124A.03, subdivisions 1c, 1g, 1h, and 2; 124A.22, subdivisions 1, 2, 3, 4, 4a, 4b, 6, 6a, 8a, 9, and by adding subdivisions; 124A.225, subdivision 1; 124A.23, subdivisions 1 and 4; 124A.24; 124A.29; 124C.07; 124C.08, subdivision 2; 124C.45, subdivision 1; 124C.46, subdivision 2; 124C.48, subdivision 1; 124C.60, subdivision 1; 125.12, subdivision 3; 125.62, subdivision 7; 126.031, subdivision 1; 126.15, subdivision 2; 126.22, subdivisions 2, 3, 3a, and 8; 126.23; 126.237; 126.49, by adding a subdivision; 126.70; 126.78, subdivision 2; 126B.01; 126B.03, subdivisions 2 and 3; 127.40; 127.41; 127.42; 128A.02, subdivisions 1 and 3; 128A.021; 128A.022, subdivisions 1 and 6; 128A.024, subdivision 4; 128A.025, subdivisions 1 and 2; 128A.026; 128A.05, subdivisions 1 and 2; 128B.08; 128B.10, subdivision 1; 134.155; 134.351, subdivision 4; 169.01, subdivision 6; 169.21, subdivision 2; 169.444, subdivision 2; 169.4502, subdivision 4; 169.4503, by adding a subdivision; 169.451, by adding a subdivision; 169.452; 169.454, subdivision 5, and by adding a subdivision; 171.01, subdivision 21; 171.18, subdivision 1; 171.321, subdivisions 3, 4, and 5; 171.3215, subdivisions 1, 2, and 3; 237.065; 268.06, subdivision 27; 275.065, subdivision 1; 275.60; 469.1831, subdivision 4; and 631.40, subdivision 1a; Laws 1965, chapter 705, section 1, subdivisions 3 and 4; Laws 1992, chapter 499, article 11, section 9, as amended; Laws 1993, chapter 224, article 8, section 21, subdivision 1; section 22, subdivision 12, as amended; and article 12, sections 39 and 41; Laws 1994, chapter 587, article 3, section 19, subdivision 1; and chapter 647, articles 3, section 25; and 7, section 15; proposing coding for new law in Minnesota Statutes, chapters 120; 121; 123; 124; 125; 126B; 127; 136D; 145; and 169; repealing Minnesota Statutes 1994, sections 3.198; 121.702, subdivision 9; 121.703; 121.912, subdivisions 7 and 8; 121.93; 121.931; 121.933; 123.3514, subdivision 9; 123.37, subdivision 1b; 123.58; 124.17, subdivisions 1b, 1d, and 1e; 124.225, subdivisions 1, 3a, 7a, 7b, 7d, 7e, 8a, 8k, 8m, and 10; 124.226; 124.243; 124.244; 124.2455; 124.273, subdivisions 1b and 2c; 124.32, subdivisions 1b, 1c, 1d, 1f, 2, 2b, 3a, and 10; 124.573, subdivisions 1, 2, 2b, 2e, 2f, 3a, and 5a; 124.574, subdivisions 2b, 3, 4, and 4a; 124.83; 124.91, subdivision 2; 124.912, subdivisions 2, 7, and 8; 124.914, subdivisions 2, 3, and 4; 124.916, subdivision 2; 124.962; 124A.22, subdivisions 4, 4a, and 4b; 124A.26; 124A.27, subdivision 11; 125.05, subdivision 7; 125.231, subdivision 2; 126.019; 126B.02; 126B.03, subdivision 1; 126B.04; 126B.05; 128A.02, subdivisions 2, 4, and 5; and 128A.03; Laws 1992, chapter 499, article 7, section 27; Laws 1993, First Special Session chapter 2, article 5, sections 1; 2, as amended; 3; 4; 5; and 6."

And when so amended the bill do pass and be re-referred to the Committee on Taxes and Tax Laws. Amendments adopted. Report adopted.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 877 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
877	949				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Mr. Merriam from the Committee on Finance, to which was re-referred

S.F. No. 47: A bill for an act relating to human services; authorizing the commissioner of public safety to issue certain cards to program clients; authorizing therapy providers to represent clients at agency hearings; changing the state share of certain program costs; authorizing assistance transaction card fees; modifying ICF/MR client classification requirements; authorizing an hourly job-coach rate for day training services; modifying the chemical dependency treatment fund allocation; establishing an Indian elders coordinator position; authorizing mental retardation waived services in an unlicensed facility under certain conditions; authorizing children's mental health transition services to persons over 18 years of age under certain conditions; modifying allocation procedures for the child care funds; establishing a local match percentage for child care funds; establishing a public assistance lien under certain circumstances; making Minnesota family investment plan participants subject to fraud statutes; modifying program disqualification requirements; strengthening lien enforcement provisions; modifying income and asset allowance provisions and other provisions relating to medical assistance; requiring a plan to restructure alternative care and otherwise modifying alternative care and waived service programs; modifying the traumatic brain injury program; making technical modifications in nursing facility reimbursement and reporting; requiring recommendations on a new ICF/MR reimbursement system; modifying asset allowances under general assistance medical care; requiring various studies and reports; providing MA payment for persons with special needs in state operated services; providing elderly housing with supportive services; amending Minnesota Statutes 1994, sections 16B.08, subdivision 5; 144.0723, subdivisions 1, 2, 3, 4, and 6; 144B.01, subdivision 5; 171.07, by adding a subdivision; 245.4871, by adding a subdivision; 245.4875, by adding a subdivision; 246.56, by adding a subdivision; 252.27, subdivision 1a; 252.275, subdivisions 3, 4, and 8; 252.46, subdivisions 1, 3, and 17; 254B.02, subdivision 1; 254B.05, subdivision 1; 256.014, subdivision 1; 256.015, subdivisions 1 and 2; 256.034, subdivision 1; 256.045, subdivisions 3, 4, and 5; 256.73, subdivision 2; 256.736, subdivision 13; 256.9353, subdivision 8; 256.969, subdivisions 10 and 16; 256.975, by adding a subdivision; 256.98, subdivisions 1 and 8; 256B.042, subdivision 2; 256B.056, subdivision 4; 256B.0575; 256B.059, subdivisions 1, 3, and 5; 256B.0595, subdivisions 1, 2, 3, and 4; 256B.06, subdivision 4; 256B.0625, subdivisions 5, 13a, and 18; 256B.0628, subdivision 2; 256B.0911, subdivisions 2, 2a, and 3; 256B.0913, subdivisions 4, 5, 8, 12, and 14; 256B.0915, subdivisions 3, 5, and by adding a subdivision; 256B.092, by adding a subdivision; 256B.093, subdivisions 1, 2, 3, and by adding a subdivision; 256B.431, subdivision 15, and by adding a subdivision; 256B.432, subdivisions 1, 2, 3, 5, and 6; 256B.501, subdivisions 1, 3g, 8, and by adding subdivisions; 256B.69, subdivision 4; 256D.03, subdivision 3; 256D.05, subdivision 7; 256D.46, subdivisions 1 and 2; 256D.48, subdivision 1; 256F.09; 256H.01, subdivisions 9 and 12; 256H.02; 256H.03, subdivisions 1, 2a, 6, and by adding a subdivision; 256H.08; 256H.11, subdivision 1; 256H.12, subdivision 1, and by adding a subdivision; 256H.15, subdivision 1; 256H.18; 256I.03, subdivision 5, and by adding a subdivision; 256I.04, subdivision 2b; 256I.05, subdivisions 1 and 5; 256I.06, subdivisions 2 and 6; 524.6-207; and 550.37, subdivision 14; Laws 1993, First Special Session chapter 1, article 8, section 30, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 256; and 256B; proposing coding for new law as Minnesota Statutes, chapter 144D; repealing Minnesota Statutes 1994, sections 144.0723, subdivision 5; 252.275, subdivisions 4a and 10; and 256H.03, subdivisions 2 and 5.

Reports the same back with the recommendation that the bill be amended as follows:

Pages 6 and 7, delete sections 6 and 7

Page 7, line 22, delete "1994" and insert "1993"

Page 14, line 8, delete "optimal" and insert "optional"

Page 35, delete section 9

Page 41, line 4, delete "10 to 16, and 19" and insert "9 to 15, and 18"

Page 41, line 8, delete "17" and insert "16" and delete "18" and insert "17"

Page 47, lines 12 and 19, after "256B.0915" insert "or 256B.49"

Page 107, line 30, before "VENDORS" insert "DAY TRAINING AND HABILITATION"

Page 108, after line 17, insert:

"Sections 39 to 43 (256B.432, subdivisions 1, 2, 3, 5, and 6) are effective for ICF/MR rate years beginning after September 30, 1996."

Renumber the sections in sequence

Amend the title as follows:

Page 1, lines 17 and 18, delete "establishing a local match percentage for child care funds;"

Page 2, line 1, delete "256.736, subdivision 13;"

Page 2, line 18, delete "256D.48, subdivision 1;"

Page 2, line 29, delete "chapters 256; and" and insert "chapter"

And when so amended the bill do pass. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. No. 47 was read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 1626, 1478, 787, 927 and 877 were read the second time.

MOTIONS AND RESOLUTIONS

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Mr. Larson introduced--

S.F. No. 1676: A bill for an act relating to the city of Parkers Prairie; appropriating money for damage caused by an explosion.

Referred to the Committee on Metropolitan and Local Government.

Mr. Lessard introduced--

S.F. No. 1677: A bill for an act relating to game and fish; term of short-term licenses; amending Minnesota Statutes 1994, section 97A.411, subdivision 1.

Referred to the Committee on Environment and Natural Resources.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 10:30 a.m. The motion prevailed. The hour of 10:30 a.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

Mr. Betzold imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Richard Keene Smith.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Reports of Committees and Second Reading of Senate Bills.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Report at the Desk be now adopted. The motion prevailed.

Mr. Merriam from the Committee on Finance, to which was re-referred

S.F. No. 557: A bill for an act relating to employment; authorizing the legislative commission on employee relations to modify compensation for certain managerial positions in the higher education board; ratifying certain labor agreements; amending Minnesota Statutes 1994, section 3.855, subdivision 3.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, after line 9, insert:

"Sec. 2. Minnesota Statutes 1994, section 179A.04, subdivision 3, is amended to read:

Subd. 3. [OTHER DUTIES.] (a) The commissioner shall:

(a) (1) provide mediation services as requested by the parties until the parties reach agreement. ~~The commissioner, and~~ may continue to assist parties after they have submitted their final positions for interest arbitration;

(b) (2) issue notices, subpoenas, and orders required by law to carry out duties under sections 179A.01 to 179A.25;

~~(c) maintain a list of arbitrators for referral to employers and exclusive representatives for the resolution of grievance or interest disputes;~~

(d) (3) assist the parties in formulating petitions, notices, and other papers required to be filed with the commissioner;

(4) conduct elections;

(e) (5) certify the final results of any election or other voting procedure conducted under sections 179A.01 to 179A.25;

(f) (6) adopt rules relating to the administration of this chapter; and the conduct of hearings and elections;

~~(g)~~ (7) receive, catalogue, and file, and make available to the public all decisions of arbitrators and panels authorized by sections 179A.01 to 179A.25, all grievance arbitration decisions, and the commissioner's orders and decisions. ~~All decisions catalogued and filed shall be readily available to the public;~~

~~(h)~~ (8) adopt, subject to chapter 14, a grievance procedure ~~to fulfill that fulfills~~ the purposes of section 179A.20, subdivision 4. ~~The grievance procedure shall, does not provide for the services of the bureau of mediation services. The grievance procedure shall be and is available to any employee in a unit not covered by a contractual grievance procedure;~~

~~(i)~~ conduct elections;

~~(j)~~ (9) maintain a schedule of state employee classifications or positions assigned to each unit established in section 179A.10, subdivision 2;

~~(k)~~ (10) collect such fees as are established by rule for empanelment of persons on the labor arbitrator roster maintained by the commissioner or in conjunction with fair share fee challenges;

~~(l)~~ (11) provide technical support and assistance to voluntary joint labor-management committees established for the purpose of improving relationships between exclusive representatives and employers, at the discretion of the commissioner;

~~(m)~~ (12) provide to the parties a list of arbitrators as required by section 179A.16, subdivision 4; and

(13) maintain a list of up to 60 arbitrators for referral to employers and exclusive representatives for the resolution of grievance or interest disputes. Each person on the list must be knowledgeable about collective bargaining and labor relations in the public sector, well versed in state and federal labor law, and experienced in and knowledgeable about labor arbitration. To the extent practicable, the commissioner shall appoint members to the list so that the list is gender and racially diverse.

~~(n)~~ adopt, subject to chapter 14, (b) The commissioner shall make available uniform baseline determination documents and uniform collective bargaining agreement settlement documents applicable to all negotiations between exclusive representatives of appropriate units of public employees and public employers other than townships and prescribe procedures and instructions for completion of the documents. The commissioner ~~must~~ shall, at a minimum, include these individual elements in the uniform baseline determination document: the costs of any increases to the wage schedule; the costs of employees moving through the wage schedule; costs of medical insurance; costs of dental insurance; costs of life insurance; lump sum payments; shift differentials; extracurricular activities; longevity; employer contributions to social security; employer contributions to state or local retirement plans; and contributions to a deferred compensation account. The calculation of the base year must be based on an annualization of the costs provided in the base year contract. The documents must be in the same form as presented by the commissioner to the legislative commission on employee relations on February 17, 1994. A completed uniform collective bargaining agreement settlement document must be presented to the public employer at the time it ratifies a collective bargaining agreement and must be available afterward for inspection during normal business hours at the principal administrative offices of the public employer; and. The commissioner shall provide training and technical assistance to public employers who request it in completing the uniform baseline determination documents and uniform collective bargaining agreement settlement documents. The commissioner shall at least annually inform public employers of their obligations to complete and post these forms and to submit copies of the completed forms to the legislative commission on employee relations.

~~(o)~~ (c) From the names provided by representative organizations, the commissioner shall maintain a list of arbitrators to conduct teacher discharge or termination hearings according to section 125.12 or 125.17. The persons on the list shall must meet at least one of the following requirements:

(1) be a former or retired judge;

(2) be a qualified arbitrator on the list maintained by the bureau;

(3) be a present, former, or retired administrative law judge; or

(4) be a neutral individual who is learned in the law and admitted to practice in Minnesota, who is qualified by experience to conduct these hearings, and who is without bias to either party.

Each year, the Minnesota education association shall provide a list of seven names, the Minnesota federation of teachers a list of seven names, and the Minnesota school boards association a list of 14 names of persons to be on the list. The commissioner may adopt rules about maintaining and updating the list.

Sec. 3. Minnesota Statutes 1994, section 179A.16, subdivision 6, is amended to read:

Subd. 6. [POWERS OF THE ARBITRATOR OR PANEL.] The arbitrator or panel may issue subpoenas requiring the attendance and testimony of witnesses and the production of evidence ~~which~~ that relates to any matter involved in any dispute before it. The arbitrator or panel may administer oaths and affidavits and may examine witnesses. Attendance of witnesses and the production of evidence may be required from any place in the state at any hearing. However, any hearing ~~shall~~ must be held in the county where the principal administrative offices of the employer are located, unless another location is selected by agreement of the parties. In case of refusal to obey a subpoena issued under this section, the district court of the state for the county where the proceeding is pending or where the person who refuses to obey is found, or resides, or transacts business ~~shall~~, on application of the arbitrator or panel, have has jurisdiction to issue an order requiring the person to appear before the panel, to produce evidence, or to give testimony. Failure to obey the order may be punished by the court as a contempt. Posthearing briefs, if any, must be received by the arbitrator within 14 days of the hearing.

Sec. 4. Minnesota Statutes 1994, section 179A.16, subdivision 7, is amended to read:

Subd. 7. [DECISION BY THE ARBITRATOR OR PANEL.] The decision ~~shall~~ must be issued by the arbitrator or a majority vote of the panel. The decision ~~shall~~ must resolve the issues in dispute between the parties as submitted by the commissioner. For principals and assistant principals, the arbitrator or panel ~~shall be~~ is restricted to selecting between the final offers of the parties on each impasse item. For other employees, if the parties agree in writing, the arbitrator or panel ~~shall be~~ is restricted to selecting between the final offers of the parties on each impasse item, or the final offer of one or the other parties in its entirety. In considering a dispute and issuing its decision, the arbitrator or panel shall consider the statutory rights and obligations of public employers to efficiently manage and conduct their operations within the legal limitations surrounding the financing of these operations. The decision ~~shall be~~ is final and binding on all parties.

The arbitrator or panel shall render its decision within 30 days from the date that all arbitration proceedings have concluded. ~~This deadline may be extended only with the approval of the commissioner. The arbitrator or panel may not request that the parties waive their right to have the decision rendered within 30 days, unless the commissioner grants an extension of the deadline. The commissioner shall remove from the roster for six months the name of any arbitrator who does not render the decision within 30 days or within the extension granted by the commissioner.~~ The commissioner shall adopt rules establishing criteria to be followed in determining whether an extension should be granted. The decision must be for the period stated in the decision, except that decisions determining contracts for teacher units are effective to the end of the contract period determined by section 179A.20.

The arbitrator or panel shall send its decision to the commissioner, the appropriate representative of the public employer, and the employees. If any issues submitted to arbitration are settled voluntarily before the arbitrator or panel issues a decision, the arbitrator or panel shall report the settlement to the commissioner.

The parties may, at any time before or after issuance of a decision of the arbitrator or panel, agree upon terms and conditions of employment regardless of the terms and conditions of employment determined by the decision. The parties shall, if so agreeing, execute a written contract or memorandum of contract.

Sec. 5. Minnesota Statutes 1994, section 179A.16, subdivision 8, is amended to read:

Subd. 8. ~~[PAYMENT OF THE ARBITRATOR OR PANEL DATABASE; FEES, CHARGES, AND PER DIEMS.] The arbitrator or panel members shall be paid actual and necessary traveling and other expenses incurred in the performance of their duties plus an allowance of \$180 for each day or part of a day spent considering a dispute. The commissioner shall maintain a database of all fees, charges, and per diems charged by each arbitrator. The database must include the total charges imposed by the arbitrator in the previous six interest arbitration cases. For each arbitration decision rendered by an arbitrator, the arbitrator shall submit a copy of the award and a description of all fees, charges, and per diems assessed to the parties to the commissioner. Data from this database must be available to the public. All costs of the panel shall must be shared equally by the parties to the dispute."~~

Page 3, line 2, before the period, insert ", except that article 1.9, subdivision 4, paragraph (b), as it pertains to technical college administrators, is amended to provide that the employer shall contribute an amount equal to the lesser of 90 percent of the dependent premium of the lowest cost carrier, or the actual dependent premium of the health plan chosen by the excluded administrator" and after the period, insert "Excluded administrators in the community colleges, technical colleges, and the state universities appointed to the higher education board shall not receive any increase in salary until the higher education board has amended its excluded administrators plan to assign all positions in the plan to specific salary ranges."

Page 3, after line 10, insert:

"Sec. 7. [INTEREST ARBITRATORS ROSTER; ABOLISHED.]

The roster of arbitrators maintained by the bureau of mediation services is abolished January 1, 1996. Appointments to a new roster must be made in accordance with Minnesota Statutes, section 179A.04, subdivision 3, paragraph (a), clause (13)."

Page 3, line 12, delete "2" and insert "6"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete "section" and insert "sections"

Page 1, line 7, after "3" insert "; 179A.04, subdivision 3; and 179A.16, subdivisions 6, 7, and 8"

And when so amended the bill do pass. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. No. 557 was read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1110 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1110: A bill for an act relating to human services; appropriating money for the department of human services and health, for the veterans nursing homes board, for the health-related boards, for the council on disability, for the ombudsman for mental health and mental retardation, and for the ombudsman for families; modifying day training and habilitation services; creating the consumer support program; modifying child care programs; defining and including essential persons in determining AFDC eligibility; modifying the Minnesota Supplemental Aid program by making it consistent with the federal SSI program; modifying group residential housing; limiting the admission of certain high-functioning persons to nursing facilities;

modifying hospital inflation and requiring inflation adjustments to reflect prior overpayments; modifying medical assistance disproportionate share payments; establishing hospital peer groups; establishing long-term hospital rates; modifying treatment of certain trusts; modifying treatment of assets and income for institutionalized persons; reducing the pharmacy dispensing fee; establishing pharmacy copayments in medical assistance and general assistance medical care; establishing a service allowance for certain persons denied admission to a nursing facility; increasing reimbursement rates for certain home care services provided in Anoka county; modifying certain intergovernmental transfers; clarifying the county nursing home payment adjustment; requiring a discount in general assistance medical care prepaid contracts; eliminating payment for gender reassignment services under general assistance medical care; providing a two percent rate increase for certain providers; authorizing certain demonstration projects; modifying certain parental fees; modifying medical assistance eligibility criteria for certain disabled children; modifying requirements for personal care assistants and personal care assistant organizations; modifying coverage for personal care services and reducing maximum hours of service; expanding certain services under medical assistance managed care for disabled children; authorizing certain studies; authorizing exceptions to the nursing home moratorium and modifying reimbursements for legislatively-approved exceptions; modifying requirements for hospital-attached nursing facility status; modifying nursing facility reimbursement and inflationary adjustments; establishing a contractual alternative payment system for nursing facilities; modifying reimbursement for intermediate care facilities for persons with mental retardation or related conditions; establishing transition mental health services; modifying chemical dependency treatment programs; providing Faribault and Cambridge regional human services center downsizing agreements; decreasing certain license and permit fees; modifying the licensing and inspecting of hotel, restaurant, and other food and lodging establishments; amending Minnesota Statutes 1994, sections 62A.045; 62A.046; 62A.048; 62A.27; 144.0721, by adding subdivisions; 144.122; 144.226, subdivision 1; 144A.071, subdivision 4a; 144A.33, subdivision 3; 144A.43, subdivision 3; 144A.47; 147.01, subdivision 6; 157.03; 198.003, subdivisions 3 and 4; 245.4882, subdivision 5; 245.4886, by adding a subdivision; 246.18, subdivision 4, and by adding a subdivision; 246.23, subdivision 2; 252.27, subdivision 2a; 252.292, subdivision 4; 252.46, subdivision 6, and by adding a subdivision; 254A.17, subdivision 3; 254B.05, subdivision 4; 256.025, subdivisions 1 and 2; 256.026; 256.73, subdivision 3a; 256.736, subdivisions 3 and 13; 256.74, subdivision 1; 256.9365; 256.9657, subdivision 3; 256.9685, subdivision 1b, and by adding subdivisions; 256.969, subdivisions 1, 9, 24, and by adding subdivisions; 256B.055, subdivision 12; 256B.056, by adding a subdivision; 256B.0575; 256B.0625, subdivisions 8, 8a, 13, 19a, and by adding subdivisions; 256B.0627, subdivisions 1, 2, 4, and 5; 256B.0641, subdivision 1; 256B.0911, subdivisions 4 and 7; 256B.0913, by adding subdivisions; 256B.0915, subdivision 2, and by adding a subdivision; 256B.092, subdivision 4; 256B.15, subdivisions 1a, 2, and by adding a subdivision; 256B.19, subdivisions 1c and 1d; 256B.431, subdivisions 2b, 2j, 17, 23, and by adding subdivisions; 256B.49, subdivision 1, and by adding subdivisions; 256B.501, subdivisions 3, 3c, and by adding a subdivision; 256B.69, subdivisions 4, 5, 6, 9, and by adding subdivisions; 256D.03, subdivisions 3b, 4, and by adding a subdivision; 256D.051, subdivision 6; 256D.36, subdivision 1; 256D.385; 256D.405, subdivision 3; 256D.425, subdivision 1, and by adding a subdivision; 256D.435, subdivisions 1, 3, 4, 5, 6, and by adding a subdivision; 256D.44, subdivisions 1, 2, 3, 4, 5, and 6; 256D.45, subdivision 1; 256D.48, subdivision 1; 256H.03, subdivision 4; 256H.05, subdivision 6; 256I.04, subdivision 3; 256I.05, subdivision 1a; 393.07, subdivision 10; 501B.89, subdivision 1, and by adding a subdivision; and Laws 1993, First Special Session chapter 1, article 8, section 51, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 157; 256; and 256B; proposing coding for new law as Minnesota Statutes, chapter 144D; repealing Minnesota Statutes 1994, sections 38.161; 38.162; 144.0723, subdivision 5; 157.01; 157.02; 157.031; 157.04; 157.045; 157.05; 157.08; 157.12; 157.13; 157.14; 252.47; 256.851; 256B.501, subdivisions 3d, 3e, and 3f; 256D.35, subdivisions 14 and 19; 256D.36, subdivision 1a; 256D.37; 256D.425, subdivision 3; 256D.435, subdivisions 2, 7, 8, 9, and 10; 256D.44, subdivision 7; 256E.06, subdivisions 12 and 13; 256I.04, subdivision 1b; and Minnesota Rules, part 9500.1452, subpart 2, item B.

Mr. Finn moved to amend S.F. No. 1110 as follows:

Page 16, delete lines 49 to 65

Page 201, after line 7, insert:

"Sec. 20. [AH GWAH CHING NURSING HOME.]

Notwithstanding Minnesota Statutes, sections 429.061, subdivision 2, and 435.19, subdivision 2, the commissioner may, by contract with the city of Walker, agree to an assessment for sewer pond repairs which will constitute a valid lien on property now under the management and control of the commissioner of human services currently being used for the Ah Gwah Ching nursing home and the lien hereby authorized may, if not paid when due, be recovered in a civil action against the state or may be enforced as if the property described above were privately owned."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Ms. Berglin moved to amend S.F. No. 1110 as follows:

Page 109, line 24, delete ", approval,"

The motion prevailed. So the amendment was adopted.

Ms. Kiscaden moved to amend S.F. No. 1110 as follows:

Page 30, after line 19, insert:

"Sec. 8. [GENERAL STATEMENT OF POLICY.]

It is the policy of the state of Minnesota that public programs shall be of the highest quality and value and promote fairness. As such, the legislature and governor will apply the following principles, to as great an extent as possible, when developing and reviewing public programs:

(1) where feasible, public programs will provide funds directly to people rather than to funding institutions, agencies, or service providers;

(2) public subsidies will be targeted to people and jurisdictions and other recipients based on need;

(3) where possible, competition will be used as a tool to align institutional self-interest with the public's interest;

(4) subsidies to service providers that mask the cost of public services will be minimized. The prices of public goods as reflected in taxes and other revenues will, to as great an extent as possible, reflect the true costs of providing those goods;

(5) where feasible, spending reforms will attempt to meet public responsibilities through nongovernmental entities with which people already have relationships of mutual obligation; and

(6) spending reforms will give preference to investment-type spending over consumption-type spending and stress the importance of long-term economic growth and the development of physical and human capital.

Sec. 9. [HEALTH AND HUMAN SERVICES SPENDING REFORM COUNCIL.]

Subdivision 1. [DUTIES; MEMBERSHIP.] The health and human services spending reform council shall develop legislation for improvements in health and human services programs.

The council shall make its recommendations on spending changes to the legislature by September 15, 1995. The council shall make monthly progress reports to the finance committee of the senate and the ways and means committee of the house of representatives.

The council consists of four members. The majority caucus of the house of representatives and senate shall each appoint one member and the minority caucus of the house of representatives and senate shall each appoint one member. The council shall appoint a chair from among its members.

Subd. 2. [SCOPE OF WORK.] The council's report to the legislature must include specific

recommendations and draft legislation for change in the programs listed in subdivision 1 consistent with the principles described in section 8 and must include a plan for implementing the changes, an estimate of the fiscal impact of the changes, and assessment of the impact of such changes on program goals, service levels, and other information as considered appropriate by the council.

Subd. 3. [PRINCIPLES TO BE APPLIED.] In making its recommendations and drafting legislation, the council must apply the broad principles of spending reform described in section 8.

Subd. 4. [STAFF.] Executive branch departments and agencies and legislative staff, including the revisor of statutes, shall provide administrative staff assistance when requested by the council.

Subd. 5. [AGENCY COOPERATION.] The commissioners of the executive branch departments and agencies shall, upon request by the council, provide data and other information that is collected or possessed by their agencies and that is necessary or useful in conducting the study and preparing the report required by this section.

This section is effective the day following final enactment and expires on September 15, 1995."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

CALL OF THE SENATE

Mr. Samuelson imposed a call of the Senate for the balance of the proceedings on S.F. No. 1110. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Kiscaden amendment.

The roll was called, and there were yeas 26 and nays 39, as follows:

Those who voted in the affirmative were:

Belanger	Kiscaden	Lesewski	Ourada	Stevens
Berg	Kleis	Limmer	Pappas	Terwilliger
Day	Knutson	Merriam	Pariseau	
Frederickson	Kramer	Neuville	Robertson	
Johnson, D.E.	Laidig	Oliver	Runbeck	
Johnston	Larson	Olson	Scheevel	

Those who voted in the negative were:

Anderson	Finn	Krentz	Morse	Riveness
Beckman	Flynn	Kroening	Murphy	Sams
Berglin	Hanson	Langseth	Novak	Samuelson
Bertram	Hottinger	Lessard	Piper	Spear
Betzold	Janezich	Marty	Pogemiller	Stumpf
Chandler	Johnson, D.J.	Metzen	Price	Vickerman
Chmielewski	Johnson, J.B.	Moe, R.D.	Ranum	Wiener
Cohen	Kelly	Mondale	Reichgott Junge	

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

Ms. Berglin moved to amend S.F. No. 1110 as follows:

Page 15, after line 40, insert:

"[MENTAL HEALTH COLLABORATIVE.] Mental health grants available for children formerly served under the TEFRA program shall be distributed and administered by a children's mental health collaborative where a collaborative exists."

The motion prevailed. So the amendment was adopted.

S.F. No. 1110 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 63 and nays 2, as follows:

Those who voted in the affirmative were:

Beckman	Frederickson	Kroening	Neuville	Robertson
Belanger	Hanson	Laidig	Novak	Runbeck
Berg	Janezich	Langseth	Oliver	Sams
Berglin	Johnson, D.E.	Larson	Olson	Samuelson
Bertram	Johnson, D.J.	Lesewski	Ourada	Scheevel
Betzold	Johnson, J.B.	Lessard	Pappas	Spear
Chandler	Johnston	Limmer	Pariseau	Stevens
Chmielewski	Kelly	Merriam	Piper	Stumpf
Cohen	Kiscaden	Metzen	Pogemiller	Terwilliger
Day	Kleis	Moe, R.D.	Price	Vickerman
Dille	Knutson	Mondale	Ranum	Wiener
Finn	Kramer	Morse	Reichgott Junge	
Flynn	Krentz	Murphy	Riveness	

Ms. Anderson and Mr. Marty voted in the negative.

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

MOTIONS AND RESOLUTIONS - CONTINUED

SUSPENSION OF RULES

Mr. Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to S.F. No. 47 and that the rules of the Senate be so far suspended as to give S.F. No. 47, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

S.F. No. 47: A bill for an act relating to human services; authorizing the commissioner of public safety to issue certain cards to program clients; authorizing therapy providers to represent clients at agency hearings; changing the state share of certain program costs; authorizing assistance transaction card fees; modifying ICF/MR client classification requirements; authorizing an hourly job-coach rate for day training services; modifying the chemical dependency treatment fund allocation; establishing an Indian elders coordinator position; authorizing mental retardation waived services in an unlicensed facility under certain conditions; authorizing children's mental health transition services to persons over 18 years of age under certain conditions; modifying allocation procedures for the child care funds; establishing a public assistance lien under certain circumstances; making Minnesota family investment plan participants subject to fraud statutes; modifying program disqualification requirements; strengthening lien enforcement provisions; modifying income and asset allowance provisions and other provisions relating to medical assistance; requiring a plan to restructure alternative care and otherwise modifying alternative care and waived service programs; modifying the traumatic brain injury program; making technical modifications in nursing facility reimbursement and reporting; requiring recommendations on a new ICF/MR reimbursement system; modifying asset allowances under general assistance medical care; requiring various studies and reports; providing MA payment for persons with special needs in state operated services; providing elderly housing with supportive services; amending Minnesota Statutes 1994, sections 16B.08, subdivision 5; 144.0723, subdivisions 1, 2, 3, 4, and 6; 144B.01, subdivision 5; 171.07, by adding a subdivision; 245.4871, by adding a subdivision; 245.4875, by adding a subdivision; 246.56, by adding a subdivision; 252.27, subdivision 1a; 252.275, subdivisions 3, 4, and 8; 252.46, subdivisions 1, 3, and 17; 254B.02, subdivision 1; 254B.05, subdivision 1; 256.014, subdivision 1; 256.015, subdivisions 1 and 2; 256.034,

subdivision 1; 256.045, subdivisions 3, 4, and 5; 256.73, subdivision 2; 256.9353, subdivision 8; 256.969, subdivisions 10 and 16; 256.975, by adding a subdivision; 256.98, subdivisions 1 and 8; 256B.042, subdivision 2; 256B.056, subdivision 4; 256B.0575; 256B.059, subdivisions 1, 3, and 5; 256B.0595, subdivisions 1, 2, 3, and 4; 256B.06, subdivision 4; 256B.0625, subdivisions 5, 13a, and 18; 256B.0628, subdivision 2; 256B.0911, subdivisions 2, 2a, and 3; 256B.0913, subdivisions 4, 5, 8, 12, and 14; 256B.0915, subdivisions 3, 5, and by adding a subdivision; 256B.092, by adding a subdivision; 256B.093, subdivisions 1, 2, 3, and by adding a subdivision; 256B.431, subdivision 15, and by adding a subdivision; 256B.432, subdivisions 1, 2, 3, 5, and 6; 256B.501, subdivisions 1, 3g, 8, and by adding subdivisions; 256B.69, subdivision 4; 256D.03, subdivision 3; 256D.05, subdivision 7; 256D.46, subdivisions 1 and 2; 256F.09; 256H.01, subdivisions 9 and 12; 256H.02; 256H.03, subdivisions 1, 2a, 6, and by adding a subdivision; 256H.08; 256H.11, subdivision 1; 256H.12, subdivision 1, and by adding a subdivision; 256H.15, subdivision 1; 256H.18; 256I.03, subdivision 5, and by adding a subdivision; 256I.04, subdivision 2b; 256I.05, subdivisions 1 and 5; 256I.06, subdivisions 2 and 6; 524.6-207; and 550.37, subdivision 14; Laws 1993, First Special Session chapter 1, article 8, section 30, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 256B; proposing coding for new law as Minnesota Statutes, chapter 144D; repealing Minnesota Statutes 1994, sections 144.0723, subdivision 5; 252.275, subdivisions 4a and 10; and 256H.03, subdivisions 2 and 5.

Ms. Berglin moved to amend S.F. No. 47 as follows:

Page 39, after line 28, insert:

"Section 1. Minnesota Statutes 1994, section 144A.071, subdivision 2, is amended to read:

Subd. 2. [MORATORIUM.] The commissioner of health, in coordination with the commissioner of human services, shall deny each request for new licensed or certified nursing home or certified boarding care beds except as provided in subdivision 3 or 4a, or section 144A.073. "Certified bed" means a nursing home bed or a boarding care bed certified by the commissioner of health for the purposes of the medical assistance program, under United States Code, title 42, sections 1396 et seq.

The commissioner of human services, in coordination with the commissioner of health, shall deny any request to issue a license under section 252.28 and chapter 245A to a nursing home or boarding care home, if that license would result in an increase in the medical assistance reimbursement amount.

In addition, the commissioner of health must not approve any construction project whose cost exceeds \$500,000, or 25 percent of the facility's appraised value, whichever is less, unless:

(a) any construction costs exceeding the lesser of \$500,000 or 25 percent of the facility's appraised value are not added to the facility's appraised value and are not included in the facility's payment rate for reimbursement under the medical assistance program; or

(b) the project:

(1) has been approved through the process described in section 144A.073;

(2) meets an exception in subdivision 3 or 4a;

(3) is necessary to correct violations of state or federal law issued by the commissioner of health;

(4) is necessary to repair or replace a portion of the facility that was ~~destroyed~~ damaged by fire, lightning, or other hazards provided that the provisions of subdivision 4a, clause (a), are met;

(5) as of May 1, 1992, the facility has submitted to the commissioner of health written documentation evidencing that the facility meets the "commenced construction" definition as specified in subdivision 1a, clause (d), or that substantial steps have been taken prior to April 1, 1992, relating to the construction project. "Substantial steps" require that the facility has made arrangements with outside parties relating to the construction project and include the hiring of an architect or construction firm, submission of preliminary plans to the department of health or documentation from a financial institution that financing arrangements for the construction project have been made; or

(6) is being proposed by a licensed nursing facility that is not certified to participate in the medical assistance program and will not result in new licensed or certified beds.

Prior to the final plan approval of any construction project, the commissioner of health shall be provided with an itemized cost estimate for the project construction costs. If a construction project is anticipated to be completed in phases, the total estimated cost of all phases of the project shall be submitted to the commissioner and shall be considered as one construction project. Once the construction project is completed and prior to the final clearance by the commissioner, the total project construction costs for the construction project shall be submitted to the commissioner. If the final project construction cost exceeds the dollar threshold in this subdivision, the commissioner of human services shall not recognize any of the project construction costs or the related financing costs in excess of this threshold in establishing the facility's property-related payment rate.

The dollar thresholds for construction projects are as follows: for construction projects other than those authorized in clauses (1) to (6), the dollar threshold is \$500,000 or 25 percent of appraised value, whichever is less. For projects authorized after July 1, 1993, under clause (1), the dollar threshold is the cost estimate submitted with a proposal for an exception under section 144A.073, plus inflation as calculated according to section 256B.431, subdivision 3f, paragraph (a). For projects authorized under clauses (2) to (4), the dollar threshold is the itemized estimate project construction costs submitted to the commissioner of health at the time of final plan approval, plus inflation as calculated according to section 256B.431, subdivision 3f, paragraph (a).

The commissioner of health shall adopt emergency or permanent rules to implement this section or to amend the emergency rules for granting exceptions to the moratorium on nursing homes under section 144A.073. The authority to adopt emergency rules continues to December 30, 1992.

Sec. 2. Minnesota Statutes 1994, section 144A.071, subdivision 4a, is amended to read:

Subd. 4a. [EXCEPTIONS FOR REPLACEMENT BEDS.] It is in the best interest of the state to ensure that nursing homes and boarding care homes continue to meet the physical plant licensing and certification requirements by permitting certain construction projects. Facilities should be maintained in condition to satisfy the physical and emotional needs of residents while allowing the state to maintain control over nursing home expenditure growth.

The commissioner of health in coordination with the commissioner of human services, may approve the renovation, replacement, upgrading, or relocation of a nursing home or boarding care home, under the following conditions:

(a) to license or certify beds in a new facility constructed to replace a facility or to make repairs in an existing facility that was destroyed or damaged after June 30, 1987, by fire, lightning, or other hazard provided:

(i) destruction was not caused by the intentional act of or at the direction of a controlling person of the facility;

(ii) at the time the facility was destroyed or damaged the controlling persons of the facility maintained insurance coverage for the type of hazard that occurred in an amount that a reasonable person would conclude was adequate;

(iii) the net proceeds from an insurance settlement for the damages caused by the hazard are applied to the cost of the new facility or repairs;

(iv) the new facility is constructed on the same site as the destroyed facility or on another site subject to the restrictions in section 144A.073, subdivision 5;

(v) the number of licensed and certified beds in the new facility does not exceed the number of licensed and certified beds in the destroyed facility; and

(vi) the commissioner determines that the replacement beds are needed to prevent an inadequate supply of beds as defined in subdivision 3, paragraph (a).

Project construction costs incurred for repairs authorized under this clause shall not be considered in the dollar threshold amount defined in subdivision 2;

(b) to license or certify beds that are moved from one location to another within a nursing home facility, provided the total costs of remodeling performed in conjunction with the relocation of beds does not exceed 25 percent of the appraised value of the facility or \$500,000, whichever is less;

(c) to license or certify beds in a project recommended for approval under section 144A.073;

(d) to license or certify beds that are moved from an existing state nursing home to a different state facility, provided there is no net increase in the number of state nursing home beds;

(e) to certify and license as nursing home beds boarding care beds in a certified boarding care facility if the beds meet the standards for nursing home licensure, or in a facility that was granted an exception to the moratorium under section 144A.073, and if the cost of any remodeling of the facility does not exceed 25 percent of the appraised value of the facility or \$500,000, whichever is less. If boarding care beds are licensed as nursing home beds, the number of boarding care beds in the facility must not increase beyond the number remaining at the time of the upgrade in licensure. The provisions contained in section 144A.073 regarding the upgrading of the facilities do not apply to facilities that satisfy these requirements;

(f) to license and certify up to 40 beds transferred from an existing facility owned and operated by the Amherst H. Wilder Foundation in the city of St. Paul to a new unit at the same location as the existing facility that will serve persons with Alzheimer's disease and other related disorders. The transfer of beds may occur gradually or in stages, provided the total number of beds transferred does not exceed 40. At the time of licensure and certification of a bed or beds in the new unit, the commissioner of health shall delicense and decertify the same number of beds in the existing facility. As a condition of receiving a license or certification under this clause, the facility must make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate as a result of the transfers allowed under this paragraph;

(g) to license and certify nursing home beds to replace currently licensed and certified boarding care beds which may be located either in a remodeled or renovated boarding care or nursing home facility or in a remodeled, renovated, newly constructed, or replacement nursing home facility within the identifiable complex of health care facilities in which the currently licensed boarding care beds are presently located, provided that the number of boarding care beds in the facility or complex are decreased by the number to be licensed as nursing home beds and further provided that, if the total costs of new construction, replacement, remodeling, or renovation exceed ten percent of the appraised value of the facility or \$200,000, whichever is less, the facility makes a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate by reason of the new construction, replacement, remodeling, or renovation. The provisions contained in section 144A.073 regarding the upgrading of facilities do not apply to facilities that satisfy these requirements;

(h) to license as a nursing home and certify as a nursing facility a facility that is licensed as a boarding care facility but not certified under the medical assistance program, but only if the commissioner of human services certifies to the commissioner of health that licensing the facility as a nursing home and certifying the facility as a nursing facility will result in a net annual savings to the state general fund of \$200,000 or more;

(i) to certify, after September 30, 1992, and prior to July 1, 1993, existing nursing home beds in a facility that was licensed and in operation prior to January 1, 1992;

(j) to license and certify new nursing home beds to replace beds in a facility condemned as part of an economic redevelopment plan in a city of the first class, provided the new facility is located within one mile of the site of the old facility. Operating and property costs for the new facility must be determined and allowed under existing reimbursement rules;

(k) to license and certify up to 20 new nursing home beds in a community-operated hospital and attached convalescent and nursing care facility with 40 beds on April 21, 1991, that suspended

operation of the hospital in April 1986. The commissioner of human services shall provide the facility with the same per diem property-related payment rate for each additional licensed and certified bed as it will receive for its existing 40 beds;

(l) to license or certify beds in renovation, replacement, or upgrading projects as defined in section 144A.073, subdivision 1, so long as the cumulative total costs of the facility's remodeling projects do not exceed 25 percent of the appraised value of the facility or \$500,000, whichever is less;

(m) to license and certify beds that are moved from one location to another for the purposes of converting up to five four-bed wards to single or double occupancy rooms in a nursing home that, as of January 1, 1993, was county-owned and had a licensed capacity of 115 beds;

(n) to allow a facility that on April 16, 1993, was a 106-bed licensed and certified nursing facility located in Minneapolis to layaway all of its licensed and certified nursing home beds. These beds may be relicensed and recertified in a newly-constructed teaching nursing home facility affiliated with a teaching hospital upon approval by the legislature. The proposal must be developed in consultation with the interagency committee on long-term care planning. The beds on layaway status shall have the same status as voluntarily delicensed and decertified beds, except that beds on layaway status remain subject to the surcharge in section 256.9657. This layaway provision expires July 1, 1995;

(o) to allow a project which will be completed in conjunction with an approved moratorium exception project for a nursing home in southern Cass county and which is directly related to that portion of the facility that must be repaired, renovated, or replaced, to correct an emergency plumbing problem for which a state correction order has been issued and which must be corrected by August 31, 1993;

(p) to allow a facility that on April 16, 1993, was a 368-bed licensed and certified nursing facility located in Minneapolis to layaway, upon 30 days prior written notice to the commissioner, up to 30 of the facility's licensed and certified beds by converting three-bed wards to single or double occupancy. Beds on layaway status shall have the same status as voluntarily delicensed and decertified beds except that beds on layaway status remain subject to the surcharge in section 256.9657, remain subject to the license application and renewal fees under section 144A.07 and shall be subject to a \$100 per bed reactivation fee. In addition, at any time within three years of the effective date of the layaway, the beds on layaway status may be:

(1) relicensed and recertified upon relocation and reactivation of some or all of the beds to an existing licensed and certified facility or facilities located in Pine River, Brainerd, or International Falls; provided that the total project construction costs related to the relocation of beds from layaway status for any facility receiving relocated beds may not exceed the dollar threshold provided in subdivision 2 unless the construction project has been approved through the moratorium exception process under section 144A.073;

(2) relicensed and recertified, upon reactivation of some or all of the beds within the facility which placed the beds in layaway status, if the commissioner has determined a need for the reactivation of the beds on layaway status.

The property-related payment rate of a facility placing beds on layaway status must be adjusted by the incremental change in its rental per diem after recalculating the rental per diem as provided in section 256B.431, subdivision 3a, paragraph (d). The property-related payment rate for a facility relicensing and recertifying beds from layaway status must be adjusted by the incremental change in its rental per diem after recalculating its rental per diem using the number of beds after the relicensing to establish the facility's capacity day divisor, which shall be effective the first day of the month following the month in which the relicensing and recertification became effective. Any beds remaining on layaway status more than three years after the date the layaway status became effective must be removed from layaway status and immediately delicensed and decertified;

(q) to license and certify beds in a renovation and remodeling project to convert 13 three-bed wards into 13 two-bed rooms and 13 single-bed rooms, expand space, and add improvements in a nursing home that, as of January 1, 1994, met the following conditions: the nursing home was

located in Ramsey county; was not owned by a hospital corporation; had a licensed capacity of 64 beds; and had been ranked among the top 15 applicants by the 1993 moratorium exceptions advisory review panel. The total project construction cost estimate for this project must not exceed the cost estimate submitted in connection with the 1993 moratorium exception process; or

(r) to license and certify beds in a renovation and remodeling project to convert 12 four-bed wards into 24 two-bed rooms, expand space, and add improvements in a nursing home that, as of January 1, 1994, met the following conditions: the nursing home was located in Ramsey county; had a licensed capacity of 154 beds; and had been ranked among the top 15 applicants by the 1993 moratorium exceptions advisory review panel. The total project construction cost estimate for this project must not exceed the cost estimate submitted in connection with the 1993 moratorium exception process.

Sec. 3. Minnesota Statutes 1994, section 144A.071, is amended by adding a subdivision to read:

Subd. 5a. [COST ESTIMATE OF A MORATORIUM EXCEPTION PROJECT.] For the purposes of this section and section 144A.073, the cost estimate of a moratorium exception project shall include the effects of the proposed project on the costs of the state subsidy for community-based services, nursing services, and housing in institutional and noninstitutional settings. The commissioner of health, in cooperation with the commissioner of human services, shall define the method for estimating these costs in the permanent rule implementing section 144A.073. The commissioner of human services shall prepare an estimate of the total state annual long-term costs of each moratorium exception proposal.

Sec. 4. Minnesota Statutes 1994, section 144A.073, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given them:

(a) "Conversion" means the relocation of a nursing home bed from a nursing home to an attached hospital.

(b) "Relocation" means the movement of licensed nursing home beds or certified boarding care beds as permitted under subdivision 4, clause (3), and subdivision 5.

(c) "Renovation" means extensive remodeling of, or construction of an addition to, a facility on an existing site with a total cost exceeding ten percent of the appraised value of the facility or \$200,000, whichever is less.

(d) "Replacement" means the demolition or, delicensure, reconstruction, or construction of an addition to all or part of an existing facility.

(e) "Upgrading" means a change in the level of licensure of a bed from a boarding care bed to a nursing home bed in a certified boarding care facility.

Sec. 5. Minnesota Statutes 1994, section 144A.073, subdivision 2, is amended to read:

Subd. 2. [REQUEST FOR PROPOSALS.] At the intervals specified in rules authorization by the legislature of additional medical assistance expenditures for exceptions to the moratorium on nursing homes, the interagency committee shall publish in the State Register a request for proposals for nursing home projects to be licensed or certified under section 144A.071, subdivision 4a, clause (c). The public notice of this funding and the request for proposals must specify how the approval criteria will be prioritized by the advisory review panel, the interagency long-term care planning committee, and the commissioner. The notice must describe the information that must accompany a request and state that proposals must be submitted to the interagency committee within 90 days of the date of publication. The notice must include the amount of the legislative appropriation available for the additional costs to the medical assistance program of projects approved under this section. If no money is appropriated for a year, the notice for that year must state that proposals will not be requested because no appropriations were made. The interagency committee shall publish a notice to that effect, and no proposals shall be requested. If money is appropriated, the interagency committee shall initiate the application and review process described in this section at least twice each biennium and up to four times each biennium.

according to dates established by rule. Authorized funds shall be allocated proportionally to the number of processes. Funds not encumbered by an earlier process within a biennium shall carry forward to subsequent iterations of the process. Authorization for expenditures does not carry forward into the following biennium. To be considered for approval, a proposal must include the following information:

- (1) whether the request is for renovation, replacement, upgrading, ~~or conversion~~, or relocation;
- (2) a description of the problem the project is designed to address;
- (3) a description of the proposed project;
- (4) an analysis of projected costs of the nursing facility proposal, including initial construction and remodeling costs; site preparation costs; financing costs, including the current estimated long-term financing costs of the proposal, which consists of the amount and sources of money, reserves if required under the proposed funding mechanism, annual payments scheduled, interest rates, length of term, closing costs and fees, insurance costs, and any completed marketing study or underwriting review; and estimated operating costs during the first two years after completion of the project;
- (5) for proposals involving replacement of all or part of a facility, the proposed location of the replacement facility and an estimate of the cost of addressing the problem through renovation;
- (6) for proposals involving renovation, an estimate of the cost of addressing the problem through replacement;
- (7) the proposed timetable for commencing construction and completing the project; ~~and~~
- (8) a statement of any licensure or certification issues, such as certification survey deficiencies;
- (9) the proposed alternative disposition of current residents if beds are to be closed so that the department of human services can estimate the total costs of a proposal; and
- (10) other information required by permanent rule of the commissioner of health in accordance with subdivisions 4 and 8.

Sec. 6. Minnesota Statutes 1994, section 144A.073, subdivision 3, is amended to read:

Subd. 3. [REVIEW AND APPROVAL OF PROPOSALS.] Within the limits of money specifically appropriated to the medical assistance program for this purpose, the interagency long-term care planning committee may recommend that the commissioner of health grant exceptions to the nursing home licensure or certification moratorium for proposals that satisfy the requirements of this section. The interagency committee shall appoint an advisory review panel composed of representatives of consumers and providers to review proposals and provide comments and recommendations to the committee. The commissioners of human services and health shall provide staff and technical assistance to the committee for the review and analysis of proposals. The interagency committee shall hold a public hearing before submitting recommendations to the commissioner of health on project requests. The committee shall submit recommendations within 150 days of the date of the publication of the notice, ~~based on a comparison and ranking of proposals using the criteria in subdivision 4.~~ The commissioner of health shall approve or disapprove a project within 30 days after receiving the committee's recommendations. The advisory review panel, the committee, and the commissioner of health shall base their recommendations, approvals, or disapprovals on a comparison and ranking of proposals using only the criteria in subdivision 4 and in emergency and permanent rules adopted by the commissioner. The cost to the medical assistance program of the proposals approved must be within the limits of the appropriations specifically made for this purpose. Approval of a proposal expires 18 months after approval by the commissioner of health unless the facility has commenced construction as defined in section 144A.071, subdivision 1a, paragraph (d). The committee's report to the legislature, as required under section 144A.31, must include the projects approved, the criteria used to recommend proposals for approval, and the estimated costs of the projects, including the costs of initial construction and remodeling, and the estimated operating costs during the first two years after the project is completed.

Sec. 7. Minnesota Statutes 1994, section 144A.073, is amended by adding a subdivision to read:

Subd. 3c. [COST NEUTRAL RELOCATION PROJECTS.] Notwithstanding subdivision 3, the interagency committee may at any time accept proposals or amendments to proposals previously approved under this section for relocations that are cost neutral with respect to state costs as defined in section 144A.071, subdivision 5a. The committee shall review these applications and make recommendations to the commissioner within 90 days. The committee must evaluate proposals according to subdivision 4, clauses (1), (2), and (3), and other criteria established in rule. The commissioner shall approve or disapprove a project within 30 days of receiving the committee's recommendation. Proposals and amendments approved under this subdivision are not subject to the six-mile limit in subdivision 5, paragraph (e), and an amendment under this section to a proposal originally approved before April 1, 1995, involving the replacement of 102 licensed and certified beds may include the relocation of 50 percent of the beds to each of two other locations. A project previously approved under this section that applies for and is granted an amendment under this subdivision prior to July 1, 1995, shall have an additional six months to commence construction beyond the limit established in subdivision 3b.

Sec. 8. Minnesota Statutes 1994, section 144A.073, subdivision 4, is amended to read:

Subd. 4. [CRITERIA FOR REVIEW.] (a) The following criteria must shall be used in a consistent manner to compare and, evaluate, and rank all proposals submitted. Except for the criteria specified in clause (3), the application of criteria listed under this subdivision shall not reflect any distinction based on the geographic location of the proposed project:

(1) the extent to which the average occupancy rate of the facility supports the need for the proposed project;

(2) the extent to which the average occupancy rate of all facilities in the county in which the applicant is located, together with all contiguous Minnesota counties, supports the need for the proposed project;

(3) the extent to which the proposal furthers state long-term care goals, including the goals stated in section 144A.31, and including the goal of enhancing the availability and use of alternative care services and the goal of reducing the number of long-term care resident rooms with more than two beds;

(4) the cost effectiveness of the proposal, including (2) the proposal's long-term effects on the state costs of the medical assistance program, as determined by the commissioner of human services; and including the cost estimate of the project according to section 144A.071, subdivision 5a;

(5) other factors developed in rule by the commissioner of health that evaluate and assess how the proposed project will further promote or protect the health, safety, comfort, treatment, or well-being of the facility's residents.

(b) In addition to the criteria in paragraph (a), the following criteria must be used to evaluate, compare, and rank proposals involving renovation or replacement:

(3) the extent to which the proposal promotes equitable access to long-term care services in nursing homes through redistribution of the nursing home bed supply, as measured by the number of beds relative to the population 85 or older, projected to the year 2000 by the state demographer, and according to items (i) through (iv):

(i) reduce beds in counties where the supply is relatively high, and increase beds in counties where the supply is relatively low;

(ii) adjust the bed supply so as to create the greatest benefits in improving the distribution of beds;

(iii) adjust the existing bed supply (A) in counties in the seven-county metropolitan area so that the bed supply in the counties, together with all contiguous Minnesota counties, moves toward the statewide mean and (B) in other counties so that the supply in the 50-mile radius surrounding the project under review moves toward the statewide mean; and

(iv) adjust the existing bed supply so that the distribution of beds as projected for the year 2020 would be consistent with projected need;

~~(4)~~ (4) the extent to which the project improves conditions that affect the health or safety of residents, such as narrow corridors, narrow door frames, unenclosed fire exits, and wood frame construction, and similar provisions contained in fire and life safety codes and licensure and certification rules;

~~(2)~~ (5) the extent to which the project improves conditions that affect the comfort or quality of life of residents in a facility or the ability of the facility to provide efficient care, such as a relatively high number of residents in a room; inadequate lighting or ventilation; poor access to bathing or toilet facilities; a lack of available ancillary space for dining rooms, day rooms, or rooms used for other activities; problems relating to heating, cooling, or energy efficiency; inefficient location of nursing stations; narrow corridors; or other provisions contained in the licensure and certification rules;

(6) the extent to which the applicant demonstrates the delivery of quality care to residents as evidenced by the two most recent state agency certification surveys and the applicants' response to those surveys;

(7) the extent to which the project removes the need for waivers or variances previously granted by either the licensing agency, certifying agency, fire marshal, or local government entity; and

(8) other factors that may be developed in permanent rule by the commissioner of health that evaluate and assess how the proposed project will further promote or protect the health, safety, comfort, treatment, or well-being of the facility's residents.

Sec. 9. Minnesota Statutes 1994, section 144A.073, subdivision 8, is amended to read:

Subd. 8. [RULEMAKING.] The commissioner of health shall adopt ~~emergency or permanent~~ rules to implement this section. The permanent rules must be in accordance with and implement only the criteria listed in this section. The authority to adopt ~~emergency permanent~~ rules continues until ~~December 30, 1988~~ July 1, 1996."

Page 106, after line 23, insert:

"Sec. 66. [REPEALER.]

Minnesota Statutes 1994, section 144A.073, subdivision 3a, is repealed."

Page 107, after line 1, insert:

"Sections 3, 4, 7, and 8 are effective the day following final enactment."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 47 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Chandler	Hanson	Kelly	Laidig
Beckman	Chmielewski	Hottinger	Kiscaden	Langseth
Belanger	Cohen	Janezich	Kleis	Larson
Berg	Day	Johnson, D.E.	Knutson	Lesewski
Berglin	Finn	Johnson, D.J.	Kramer	Lessard
Bertram	Flynn	Johnson, J.B.	Krentz	Limmer
Betzold	Frederickson	Johnston	Kroening	Marty

Merriam	Neuville	Pariseau	Riveness	Spear
Metzen	Novak	Piper	Robertson	Stevens
Moe, R.D.	Oliver	Pogemiller	Runbeck	Stumpf
Mondale	Olson	Price	Sams	Terwilliger
Morse	Ourada	Ranum	Samuelson	Vickerman
Murphy	Pappas	Reichgott Junge	Scheevel	Wiener

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 853 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 853: A bill for an act relating to the military; exempting the national guard and the department of military affairs from certain prohibitions concerning weapons; amending Minnesota Statutes 1994, section 609.66, subdivision 2.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Morse	Reichgott Junge
Beckman	Frederickson	Krentz	Murphy	Riveness
Belanger	Hanson	Kroening	Neuville	Robertson
Berg	Hottinger	Laidig	Novak	Runbeck
Berglin	Janezich	Langseth	Oliver	Sams
Bertram	Johnson, D.E.	Lesevski	Olson	Samuelson
Betzold	Johnson, D.J.	Lessard	Ourada	Scheevel
Chandler	Johnson, J.B.	Limmer	Pappas	Spear
Chmielewski	Johnson	Marty	Pariseau	Stevens
Cohen	Kelly	Merriam	Piper	Stumpf
Day	Kiscaden	Metzen	Pogemiller	Terwilliger
Dille	Kleis	Moe, R.D.	Price	Vickerman
Finn	Knutson	Mondale	Ranum	Wiener

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 377 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 377: A bill for an act relating to driving while intoxicated; extending vehicle forfeiture penalties to include failure to appear at trial for designated driving while intoxicated offenses; amending Minnesota Statutes 1994, section 169.1217, subdivisions 7, 8, and 9.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Chandler	Janezich	Kleis	Lesevski
Beckman	Cohen	Johnson, D.E.	Knutson	Lessard
Belanger	Day	Johnson, D.J.	Kramer	Limmer
Berg	Dille	Johnson, J.B.	Krentz	Marty
Berglin	Flynn	Johnston	Kroening	Merriam
Bertram	Frederickson	Kelly	Laidig	Metzen
Betzold	Hottinger	Kiscaden	Larson	Moe, R.D.

Mondale	Olson	Price	Sams	Terwilliger
Morse	Ourada	Ranum	Samuelson	Vickerman
Murphy	Pappas	Reichgott Junge	Scheevel	Wiener
Neuville	Pariseau	Riveness	Spear	
Novak	Piper	Robertson	Stevens	
Oliver	Pogemiller	Runbeck	Stumpf	

Messrs. Chmielewski and Finn voted in the negative.

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1468 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1468: A bill for an act relating to the governor; providing that the governor may declare an inability to discharge duties of the office or may be declared unable to do so; amending Minnesota Statutes 1994, section 4.06.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Krentz	Murphy	Robertson
Beckman	Frederickson	Kroening	Neuville	Runbeck
Belanger	Hottinger	Laidig	Novak	Sams
Berg	Janezich	Langseth	Oliver	Samuelson
Berglin	Johnson, D.E.	Larson	Olson	Scheevel
Bertram	Johnson, D.J.	Lesewski	Ourada	Spear
Betzold	Johnson, J.B.	Limmer	Pappas	Stevens
Chandler	Johnston	Marty	Piper	Stumpf
Chmielewski	Kelly	Merriam	Pogemiller	Terwilliger
Cohen	Kiscaden	Metzen	Price	Vickerman
Day	Kleis	Moe, R.D.	Ranum	Wiener
Dille	Knutson	Mondale	Reichgott Junge	
Finn	Kramer	Morse	Riveness	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1033 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1033: A bill for an act relating to insurance; solvency; regulating disclosures, reinsurance, capital stock, managing general agents, and contracts issued on a variable basis; amending Minnesota Statutes 1994, sections 13.71, by adding a subdivision; 60A.03, subdivision 9; 60A.07, subdivision 10; 60A.093, subdivision 2; 60A.11, subdivisions 18 and 20; 60A.705, subdivision 8; 60A.75; 60H.02, subdivision 4; 60H.05, subdivision 1; 60H.08; 61A.19; 61A.31, subdivision 3; and 67A.231; proposing coding for new law in Minnesota Statutes, chapter 60A.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Neuville	Runbeck
Beckman	Hanson	Laidig	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berg	Janezich	Larson	Olson	Scheevel
Berglin	Johnson, D.E.	Lesewski	Ourada	Spear
Bertram	Johnson, D.J.	Lessard	Pappas	Stevens
Betzold	Johnson, J.B.	Limmer	Pariseau	Stumpf
Chandler	Johnston	Marty	Piper	Terwilliger
Chmielewski	Kelly	Merriam	Pogemiller	Vickerman
Cohen	Kiscaden	Metzen	Price	Wiener
Day	Kleis	Moe, R.D.	Ranum	
Dille	Knutson	Mondale	Reichgott Junge	
Finn	Kramer	Morse	Riveness	
Flynn	Krentz	Murphy	Robertson	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 821 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 821: A resolution memorializing Congress to fund the Amtrak system to enable it to continue to serve Minnesota.

Was read the third time and placed on its final passage.

The question was taken on the passage of the resolution.

The roll was called, and there were yeas 52 and nays 10, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Krentz	Neuville	Sams
Beckman	Frederickson	Kroening	Novak	Samuelson
Belanger	Hanson	Langseth	Oliver	Scheevel
Berg	Hottinger	Lesewski	Pappas	Stevens
Bertram	Janezich	Lessard	Pariseau	Stumpf
Betzold	Johnson, D.E.	Marty	Piper	Terwilliger
Chmielewski	Johnson, D.J.	Metzen	Pogemiller	Vickerman
Cohen	Johnson, J.B.	Moe, R.D.	Price	Wiener
Day	Kelly	Mondale	Ranum	
Dille	Kleis	Morse	Reichgott Junge	
Finn	Kramer	Murphy	Riveness	

Those who voted in the negative were:

Chandler	Kiscaden	Limmer	Ourada	Runbeck
Johnston	Knutson	Merriam	Robertson	Spear

So the resolution passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 866 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 866: A bill for an act relating to local government; authorizing home rule charter and statutory cities to make grants to nonprofit community food shelves; proposing coding for new law in Minnesota Statutes, chapter 465.

Mr. Murphy moved to amend H.F. No. 866, the unofficial engrossment, as follows:

Page 1, line 12, delete "not to exceed \$5,000"

The motion prevailed. So the amendment was adopted.

Ms. Runbeck moved to amend H.F. No. 866, the unofficial engrossment, as follows:

Page 1, after line 14, insert:

"Sec. 2. Minnesota Statutes 1994, section 604A.10, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For the purposes of this section, the following terms have the meanings given them.

(b) "Distressed food" means, in addition to the definition in section 31.495, certain perishable foods, as defined in section 28A.03, that may not be readily marketable due to appearance, freshness, grade, surplus, or other considerations and are not suspect of having been rendered unsafe or unsuitable for food use and are adequately labeled.

(c) "Food bank" means a surplus food collection and distribution system operated and established to assist in bringing donated food to nonprofit charitable organizations and individuals for the purpose of reducing hunger and meeting nutritional needs.

(d) "Food facility" means:

(1) a restaurant, food establishment, grocery store, delicatessen, convenience store, vehicle, vending machine, produce stand, temporary food facility, satellite food distribution facility, stationary mobile food preparation unit, or mobile food preparation unit;

(2) a place used in conjunction with the operations described in clause (1), including, but not limited to, storage facilities for food-related utensils, equipment, and materials; or

(3) a farmers' market.

(e) "Nonprofit charitable organization" means an organization that is incorporated under the Minnesota nonprofit corporation act and is operating for charitable purposes."

Renumber the sections in sequence

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 866 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Murphy	Riveness
Beckman	Frederickson	Krentz	Neuville	Robertson
Belanger	Hanson	Laidig	Novak	Runbeck
Berg	Hottinger	Langseth	Oliver	Sams
Berglin	Janezich	Larson	Olson	Samuelson
Bertram	Johnson, D.E.	Lesewski	Ourada	Scheevel
Betzold	Johnson, D.J.	Lessard	Pappas	Spear
Chandler	Johnson, J.B.	Limmer	Pariseau	Stevens
Chmielewski	Johnston	Marty	Piper	Stumpf
Cohen	Kelly	Merriam	Pogemiller	Terwilliger
Day	Kiscaden	Metzen	Price	Vickerman
Dille	Kleis	Moe, R.D.	Ranum	Wiener
Finn	Knutson	Morse	Reichgott Junge	

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 383 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 383: A bill for an act relating to traffic regulations; clarifying conditions when covering motor vehicle head lamp, tail lamp, or reflector is unlawful; providing that only certain trailers required to have brakes are also required to have break-away brakes; requiring inspector of commercial motor vehicle to retain report for at least 14 months; prohibiting the covering of a license plate with any material or substance; amending Minnesota Statutes 1994, sections 169.64, by adding a subdivision; 169.67, subdivision 3; 169.781, subdivision 4; and 169.79.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Morse	Riveness
Beckman	Frederickson	Krentz	Murphy	Robertson
Belanger	Hanson	Kroening	Neuville	Sams
Berg	Hottinger	Laidig	Novak	Samuelson
Berglin	Janezich	Langseth	Oliver	Scheevel
Bertram	Johnson, D.E.	Larson	Olson	Spear
Betzold	Johnson, D.J.	Lesewski	Ourada	Stevens
Chandler	Johnson, J.B.	Lessard	Pariseau	Stumpf
Chmielewski	Johnston	Limmer	Piper	Terwilliger
Cohen	Kelly	Marty	Pogemiller	Vickerman
Day	Kiscaden	Merriam	Price	Wiener
Dille	Kleis	Metzen	Ranum	
Finn	Knutson	Moe, R.D.	Reichgott Junge	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 464 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 464: A bill for an act relating to motor vehicles; limiting license plate impoundment provisions to self-propelled motor vehicles; amending Minnesota Statutes 1994, sections 168.041, subdivisions 1, 2, and 3; and 168.042, subdivisions 2, 3, 5, 13, and 14.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Finn	Krentz	Morse	Riveness
Beckman	Flynn	Kroening	Neuville	Robertson
Belanger	Hottinger	Laidig	Novak	Runbeck
Berg	Janezich	Langseth	Oliver	Samuelson
Berglin	Johnson, D.E.	Larson	Olson	Scheevel
Bertram	Johnson, J.B.	Lesewski	Ourada	Spear
Betzold	Johnston	Lessard	Pappas	Stevens
Chandler	Kelly	Limmer	Pariseau	Stumpf
Chmielewski	Kiscaden	Marty	Piper	Terwilliger
Cohen	Kleis	Merriam	Price	Vickerman
Day	Knutson	Metzen	Ranum	Wiener
Dille	Kramer	Moe, R.D.	Reichgott Junge	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 435 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 435: A bill for an act relating to crime prevention; classifying name changes of protected witnesses as private data; expanding the crime of witness tampering; amending Minnesota Statutes 1994, sections 13.99, by adding a subdivision; 144.218, subdivision 4; 259.10; and 609.498, subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Krentz	Murphy	Riveness
Beckman	Frederickson	Kroening	Neuville	Robertson
Belanger	Hanson	Laidig	Novak	Runbeck
Berg	Hottinger	Langseth	Oliver	Sams
Berglin	Janezich	Larson	Olson	Scheevel
Bertram	Johnson, D.E.	Lesewski	Ourada	Spear
Betzold	Johnson, J.B.	Lessard	Pappas	Stevens
Chandler	Johnston	Limmer	Pariseau	Stumpf
Chmielewski	Kelly	Marty	Piper	Terwilliger
Cohen	Kiscaden	Merriam	Pogemiller	Vickerman
Day	Kleis	Metzen	Price	Wiener
Dille	Knutson	Moe, R.D.	Ranum	
Finn	Kramer	Morse	Reichgott Junge	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1645 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1645: A bill for an act relating to commerce; specifying kinds of wood for certain exterior construction applications; amending Minnesota Statutes 1994, section 16B.61, subdivision 3.

Mr. Ourada moved that the amendment made to H.F. No. 1645 by the Committee on Rules and Administration in the report adopted April 19, 1995, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 1645 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Kiscaden	Merriam	Pappas
Beckman	Finn	Kleis	Metzen	Pariseau
Belanger	Flynn	Knutson	Moe, R.D.	Piper
Berg	Frederickson	Kramer	Mondale	Pogemiller
Berglin	Hanson	Krentz	Morse	Price
Bertram	Hottinger	Laidig	Murphy	Ranum
Betzold	Janezich	Langseth	Neuville	Riveness
Chandler	Johnson, D.E.	Lesewski	Novak	Robertson
Chmielewski	Johnson, J.B.	Lessard	Oliver	Runbeck
Cohen	Johnston	Limmer	Olson	Sams
Day	Kelly	Marty	Ourada	Samuelson

Scheevel
SpearStevens
Stumpf

Terwilliger

Vickerman

Wiener

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 533 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 533: A bill for an act relating to the Paynesville area hospital district; authorizing the district to annex the city of Eden Valley to the district.

Mr. Larson moved to amend H.F. No. 533 as follows:

Page 1, after line 14, insert:

"Sec. 2. [CITY OF SAUK CENTRE; UTILITIES COMMISSION; MEMBERSHIP.]

Notwithstanding Minnesota Statutes, section 412.341, or any other law to the contrary, the governing body of the city of Sauk Centre may, by ordinance, establish the number of members of the public utilities commission, without any limitation."

Page 1, line 15, delete "2" and insert "3"

Page 1, line 18, after the period, insert "Section 2 takes effect the day after the city of Sauk Centre complies with Minnesota Statutes, section 645.021, subdivision 3."

Amend the title as follows:

Page 1, line 2, delete "the Paynesville area hospital district" and insert "Stearns county"

Page 1, line 3, before "district" insert "Paynesville area hospital"

Page 1, line 4, before the period, insert "; authorizing the city of Sauk Centre to determine the number of members of the public utilities commission"

The motion prevailed. So the amendment was adopted.

H.F. No. 533 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Finn	Kramer	Morse	Riveness
Beckman	Flynn	Krentz	Murphy	Robertson
Belanger	Frederickson	Langseth	Neuville	Runbeck
Berg	Hanson	Larson	Novak	Sams
Berglin	Hottinger	Lesewski	Oliver	Samuelson
Bertram	Johnson, D.E.	Letzen	Olson	Scheevel
Betzold	Johnson, J.B.	Limmer	Ourada	Spear
Chandler	Johnston	Marty	Pappas	Stevens
Chmielewski	Kelly	Merriam	Piper	Stumpf
Cohen	Kiscaden	Metzen	Pogemiller	Terwilliger
Day	Kleis	Moe, R.D.	Price	Vickerman
Dille	Knutson	Mondale	Ranum	Wiener

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1153 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1153: A bill for an act relating to transportation; authorizing cities, counties, and transit commissions and authorities outside the metropolitan area to provide certain paratransit outside their service areas; requiring such service to be under contract; amending Minnesota Statutes 1994, section 174.24, by adding a subdivision.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Krentz	Neuville	Riveness
Belanger	Frederickson	Langseth	Novak	Robertson
Berg	Hanson	Larson	Oliver	Runbeck
Berglin	Hottinger	Lesewski	Olson	Sams
Bertram	Johnson, D.E.	Lessard	Ourada	Samuelson
Betzold	Johnson, D.J.	Limmer	Pappas	Scheevel
Chandler	Johnson, J.B.	Merriam	Pariseau	Spear
Chmielewski	Johnston	Metzen	Piper	Stumpf
Cohen	Kiscaden	Moe, R.D.	Pogemiller	Terwilliger
Day	Kleis	Mondale	Price	Vickerman
Dille	Knutson	Morse	Ranum	Wiener
Finn	Kramer	Murphy	Reichgott Junge	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 323 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 323: A bill for an act relating to housing; making the landlord the bill payer and customer of record on utility accounts in single-metered multiunit residential buildings; amending Minnesota Statutes 1994, section 504.185, subdivision 1, and by adding a subdivision.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 55 and nays 7, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kroening	Neuville	Riveness
Beckman	Frederickson	Laidig	Novak	Runbeck
Belanger	Hanson	Larson	Oliver	Sams
Berglin	Hottinger	Lessard	Olson	Samuelson
Bertram	Janezich	Marty	Pappas	Scheevel
Betzold	Johnson, D.E.	Merriam	Pariseau	Spear
Chandler	Johnson, D.J.	Metzen	Piper	Stevens
Chmielewski	Johnson, J.B.	Moe, R.D.	Pogemiller	Stumpf
Cohen	Kiscaden	Mondale	Price	Terwilliger
Dille	Kleis	Morse	Ranum	Vickerman
Finn	Krentz	Murphy	Reichgott Junge	Wiener

Those who voted in the negative were:

Berg	Johnston	Lesewski	Limmer	Robertson
Day	Knutson			

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 838 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 838: A bill for an act relating to Olmsted county; authorizing the county to create a nonprofit corporation to own and operate a hospital and medical center; providing the county board with related powers and duties.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kramer	Morse	Riveness
Beckman	Frederickson	Krentz	Murphy	Robertson
Belanger	Hanson	Kroening	Neuville	Runbeck
Berg	Hottinger	Laidig	Novak	Sams
Berglin	Janezich	Langseth	Oliver	Samuelson
Bertram	Johnson, D.E.	Larson	Olson	Scheevel
Betzold	Johnson, D.J.	Lesewski	Ourada	Spear
Chandler	Johnson, J.B.	Limmer	Pappas	Stevens
Chmielewski	Johnston	Marty	Pariseau	Stumpf
Cohen	Kelly	Merriam	Piper	Terwilliger
Day	Kiscaden	Metzen	Pogemiller	Vickerman
Dille	Kleis	Moe, R.D.	Price	Wiener
Finn	Knutson	Mondale	Ranum	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Mr. Morse moved that S.F. No. 106 be taken from the table. The motion prevailed.

S.F. No. 106: A bill for an act relating to the organization and operation of state government; appropriating money for environmental, natural resource, and agricultural purposes; modifying provisions relating to disposition of certain revenues from state trust lands, sales of software, agricultural and environmental loans, food handlers, ethanol and oxygenated fuels, the citizen's council on Voyageurs National Park, local recreation grants, zoo admission charges, watercraft surcharge, water information, well sealing grants, pollution control agency fees, sale of tax-forfeited lands, and payments in lieu of taxes; establishing the Passing on the Farm Center; establishing special critical habitat license plates; authorizing establishment of a shooting area in Sand Dunes State Forest; prohibiting the adoption or enforcement of water quality standards that are not necessary to comply with federal law; abolishing the harmful substance compensation board and account; extending performance reporting requirements; providing for easements across state trails in certain circumstances; amending Minnesota Statutes 1994, sections 15.91, subdivision 1; 16A.125; 16B.405, subdivision 2; 17.117, subdivisions 2, 4, 6, 7, 8, 9, 10, 11, 14, 16, and by adding subdivisions; 28A.03; 28A.08; 41A.09, by adding subdivisions; 41B.02, subdivision 20; 41B.043, subdivisions 1b, 2, and 3; 41B.045, subdivision 2; 41B.046, subdivision 1, and by adding a subdivision; 84.631; 84.943, subdivision 3; 84B.11, subdivision 1; 85.015, by adding a subdivision; 85.019; 85A.02, subdivision 17; 86.72, subdivision 1; 86B.415, subdivision 7; 92.46, subdivision 1; 93.22; 103A.43; 103F.725, subdivision 1a; 103H.151, by adding a subdivision; 103I.331, subdivision 4; 115.03, subdivision 5; 115A.03, subdivision 29; 115A.908, subdivision 3; 115B.20, subdivision 1; 115B.25, subdivision 1a; 115B.26, subdivision 2; 115B.41, subdivision 1; 115B.42; 115C.03, subdivision 9; 116.07, subdivision 4d, and by adding a subdivision; 116.12, subdivision 1; 116.96, subdivision 5; 116C.69, subdivision 3; 116P.11; 239.791, subdivision 8; 282.01, subdivisions 2 and 3; 282.011, subdivision 1; 282.02; 282.04,

subdivision 1; 296.02, by adding a subdivision; 446A.07, subdivision 8; 446A.071, subdivision 2; 473.845, subdivision 2; 477A.11, subdivision 4; 477A.12; 477A.14; proposing coding for new law in Minnesota Statutes, chapters 17; 28A; 89; 116; 168; repealing Minnesota Statutes 1994, sections 28A.08, subdivision 2; 41A.09, subdivisions 2, 3, and 5; 115B.26, subdivision 1; 239.791, subdivisions 4, 5, 6, and 9; 282.018; 296.02, subdivision 7; 325E.0951, subdivision 5; 446A.071, subdivision 7; and Laws 1993, chapter 172, section 10.

The question recurred on the second portion of the Lessard amendment.

Mr. Lessard withdrew the second portion of his amendment.

RECONSIDERATION

Having voted on the prevailing side, Mr. Lessard moved that the vote whereby the first portion of the divided Lessard amendment, as amended, to S.F. No. 106 was adopted on April 20, 1995, be now reconsidered. The motion prevailed.

Mr. Lessard withdrew the first portion of his amendment.

Mr. Moe, R.D. moved to amend S.F. No. 106 as follows:

Page 14, line 21, delete "an"

Page 14, delete lines 22 and 23 and insert "a plan for sustainable, multiple-use, natural resources management,"

Page 14, line 26, after the period, insert "In developing the plan, the commissioner of natural resources must include in the planning process hunting and fishing, outdoor recreation, agricultural, and other interested groups." and delete everything after "must"

Page 14, line 27, delete everything before "coordinate"

Page 14, lines 37 and 38, delete "and semiannual progress report"

Page 14, line 47, after "the" insert "general,"

Page 14, line 48, after "fish" insert a comma

The motion prevailed. So the amendment was adopted.

Ms. Johnston moved to amend S.F. No. 106 as follows:

Page 9, after line 37, insert:

"\$9,400,000 is from the general fund for acquisition and protection of the state-designated trout stream named Eagle Creek, together with associated springs, seeps, wetlands, and adjacent lands within the watershed necessary for the protection of the creek. The lands and waters to be acquired are located in the Minnesota River Valley in Sections 7 and 8, Township 115N, Range 21W, and Section 13, Township 115N, Range 22W. The commissioner of natural resources shall designate the acquired lands and waters as an aquatic management area under Minnesota Statutes, section 86A.05, subdivision 14. This appropriation is available until June 30, 1997."

Correct the subdivision and section totals and the summaries by fund accordingly

CALL OF THE SENATE

Mr. Morse imposed a call of the Senate for the balance of the proceedings on S.F. No. 106. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Johnston amendment. The motion did not prevail. So the amendment was not adopted.

RECONSIDERATION

Having voted on the prevailing side, Ms. Flynn moved that the vote whereby the second Stumpf amendment to S.F. No. 106 was adopted on April 20, 1995, be now reconsidered.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 34 and nays 32, as follows:

Those who voted in the affirmative were:

Anderson	Finn	Krentz	Morse	Price
Beckman	Flynn	Laidig	Murphy	Ranum
Belanger	Frederickson	Larson	Novak	Reichgott Junge
Berglin	Johnson, D.J.	Marty	Oliver	Riveness
Betzold	Johnson, J.B.	Merriam	Pappas	Spear
Chandler	Johnston	Moe, R.D.	Piper	Wiener
Cohen	Kelly	Mondale	Pogemiller	

Those who voted in the negative were:

Berg	Janezich	Langseth	Ourada	Stevens
Bertram	Johnson, D.E.	Lesewski	Pariseau	Stumpf
Chmielewski	Kiscaden	Lessard	Robertson	Terwilliger
Day	Kleis	Limmer	Runbeck	Vickerman
Dille	Knutson	Metzen	Sams	
Hanson	Kramer	Neuville	Samuelson	
Hottinger	Kroening	Olson	Scheevel	

The motion prevailed. So the vote was reconsidered.

The question recurred on the adoption of the second Stumpf amendment.

The roll was called, and there were yeas 35 and nays 31, as follows:

Those who voted in the affirmative were:

Belanger	Hottinger	Kramer	Murphy	Sams
Berg	Janezich	Kroening	Neuville	Samuelson
Bertram	Johnson, D.E.	Langseth	Olson	Scheevel
Chmielewski	Kelly	Lesewski	Ourada	Stevens
Day	Kiscaden	Lessard	Pariseau	Stumpf
Dille	Kleis	Limmer	Robertson	Terwilliger
Hanson	Knutson	Metzen	Runbeck	Vickerman

Those who voted in the negative were:

Anderson	Flynn	Larson	Oliver	Riveness
Beckman	Frederickson	Marty	Pappas	Spear
Berglin	Johnson, D.J.	Merriam	Piper	Wiener
Betzold	Johnson, J.B.	Moe, R.D.	Pogemiller	
Chandler	Johnston	Mondale	Price	
Cohen	Krentz	Morse	Ranum	
Finn	Laidig	Novak	Reichgott Junge	

The motion prevailed. So the amendment was adopted.

Mr. Morse moved to amend the first Stumpf amendment to S.F. No. 106, adopted by the Senate April 20, 1995, as follows:

Page 1, after line 28, insert:

"The commissioner is required to comply with this mandate only to the extent that additional funding is provided to perform the additional oversight and engineering and fiscal review."

The motion prevailed. So the amendment to the amendment was adopted.

Mr. Finn moved to amend S.F. No. 106 as follows:

Page 45, after line 47, insert:

"Sec. 23. TRADE AND ECONOMIC DEVELOPMENT 100,000

This appropriation is from the general fund to the commissioner of trade and economic development for grants to political subdivisions for projects that provide for improved resource management, tourism promotion, and economic development in the Minnesota-Ontario border area of Lake of the Woods, Rainy River, and Rainy Lake. The grants may be used for cooperative efforts between Minnesota and Ontario."

Page 83, after line 17, insert:

"Sec. 65. Minnesota Statutes 1994, section 97A.531, subdivision 1, is amended to read:

Subdivision 1. [~~SHIPPING COUPONS GENERAL.~~] A person may ship, within or out of the state, wild animals lawfully taken and possessed in Canada and that have lawfully entered the state. The shipment must have the shipping coupons required for a shipment originating in the province where the animals were taken. Fish that are lawfully taken and possessed in Canada may be brought into the state and may be transported within the state or out of the state."

Page 115, after line 19, insert:

"(c) Minnesota Statutes 1994, section 97A.531, subdivisions 2, 3, 4, 5, and 6, are repealed."

Page 115, line 21, delete "and"

Page 115, line 22, delete the comma and insert "; and 108, paragraph (c),"

Correct the subdivision and section totals and the summaries by fund accordingly

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 63 and nays 3, as follows:

Those who voted in the affirmative were:

Anderson	Chandler	Frederickson	Johnston	Kroening
Beckman	Chmielewski	Hanson	Kelly	Langseth
Belanger	Cohen	Hottinger	Kiscaden	Larson
Berg	Day	Janezich	Kleis	Lesewski
Berglin	Dille	Johnson, D.E.	Knutson	Limmer
Bertram	Finn	Johnson, D.J.	Kramer	Marty
Betzold	Flynn	Johnson, J.B.	Krentz	Merriam

Metzen	Novak	Piper	Robertson	Stevens
Moe, R.D.	Oliver	Pogemiller	Runbeck	Terwilliger
Mondale	Olson	Price	Sams	Vickerman
Morse	Ourada	Ranum	Samuelson	Wiener
Murphy	Pappas	Reichgott Junge	Scheevel	
Neuville	Pariseau	Riveness	Spear	

Messrs. Laidig, Lessard and Stumpf voted in the negative.

The motion prevailed. So the amendment was adopted.

Mr. Dille moved to amend S.F. No. 106 as follows:

Page 19, line 25, before the period, insert ", of which \$10,000 each year may be used for farm safety programs and remains available until June 30, 1997"

The motion prevailed. So the amendment was adopted.

Mr. Dille then moved to amend S.F. No. 106 as follows:

Page 14, line 17, delete "373,000" and insert "223,000" and delete "10,044,000" and insert "9,894,000"

Page 14, line 33, after "assistance" insert "; of this amount, \$150,000 each year is from the Minnesota future resources fund"

Page 19, line 47, delete "\$200,000" and insert "\$350,000" and delete "\$150,000" and insert "\$300,000"

Page 36, delete lines 27 to 41

Reletter the paragraphs in sequence

Correct the subdivision and section totals and the summaries by fund accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 29 and nays 36, as follows:

Those who voted in the affirmative were:

Belanger	Johnson, D.E.	Kramer	Murphy	Robertson
Berg	Johnston	Langseth	Neuville	Runbeck
Bertram	Kelly	Larson	Oliver	Sams
Chmielewski	Kiscadan	Lesewski	Olson	Scheevel
Day	Kleis	Lessard	Ourada	Stevens
Dille	Knutson	Limmer	Pariseau	

Those who voted in the negative were:

Anderson	Frederickson	Laidig	Piper	Stumpf
Beckman	Hanson	Marty	Pogemiller	Terwilliger
Berglin	Hottinger	Merriam	Price	Vickerman
Betzold	Janezich	Metzen	Ranum	Wiener
Chandler	Johnson, D.J.	Mondale	Reichgott Junge	
Cohen	Johnson, J.B.	Morse	Riveness	
Finn	Krentz	Novak	Samuelson	
Flynn	Kroening	Pappas	Spear	

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

Mr. Laidig moved to amend S.F. No. 106 as follows:

Page 94, after line 34, insert:

"Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Clean Air Act" means the federal Clean Air Act, United States Code, title 42, section 7401 et seq.

(c) "Commissioner" means the commissioner of the pollution control agency."

Page 95, line 2, delete everything after "Act" and insert a period

Page 95, delete line 3

Page 95, delete line 6

Renumber the clauses in sequence

Page 95, line 14, delete "to be" and insert "is"

Page 95, line 29, delete "include"

Page 95, line 30, after "(1)" insert "have"

Page 95, line 32, after "(2)" insert "have"

Page 95, line 33, after "(3)" insert "be in"

Renumber the subdivisions in sequence

Page 96, line 1, delete "Loan" and after "repayments" insert "of loans made under section 116.991"

The motion prevailed. So the amendment was adopted.

Mr. Laidig then moved to amend the Finn amendment to S.F. No. 106, adopted by the Senate April 21, 1995, as follows:

Page 1, after line 28, insert:

"Sec. 66. Minnesota Statutes 1994, section 97A.531, is amended by adding a subdivision to read:

Subd. 7. [FISH TAKEN BY GILLNET IN BORDER WATERS.] A person may not import or sell game fish taken by gillnet in Minnesota-Ontario border waters."

The motion did not prevail. So the amendment to the amendment was not adopted.

Ms. Anderson moved to amend S.F. No. 106 as follows:

Page 4, line 47, after the semicolon, insert "(6) how to improve public access to information concerning toxic pollutants in permitted discharges;" and delete "(6)" and insert "(7)"

The motion prevailed. So the amendment was adopted.

Mr. Finn moved to amend the Finn amendment to S.F. No. 106, adopted by the Senate April 21, 1995, as follows:

Page 1, line 32, after "and" insert "and insert '65;'"

The motion prevailed. So the amendment to the amendment was adopted.

S.F. No. 106 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 60 and nays 5, as follows:

Those who voted in the affirmative were:

Beckman	Flynn	Krentz	Murphy	Reichgott Junge
Belanger	Frederickson	Kroening	Neuville	Riveness
Berg	Hanson	Laidig	Novak	Runbeck
Berglin	Hottinger	Langseth	Oliver	Sams
Bertram	Johnson, D.E.	Larson	Olson	Samuelson
Betzold	Johnson, J.B.	Lesewski	Ourada	Scheevel
Chandler	Johnston	Lessard	Pappas	Spear
Chmielewski	Kelly	Limmer	Pariseau	Stevens
Cohen	Kiscaden	Merriam	Piper	Stumpf
Day	Kleis	Metzen	Pogemiller	Terwilliger
Dille	Knutson	Mondale	Price	Vickerman
Finn	Kramer	Morse	Ranum	Wiener

Those who voted in the negative were:

Anderson	Janezich	Johnson, D.J.	Marty	Robertson
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So the bill, as amended, was passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

RECONSIDERATION

Ms. Kiscaden moved that the vote whereby H.F. No. 838 was passed by the Senate on April 21, 1995, be now reconsidered. The motion prevailed. So the vote was reconsidered.

H.F. No. 838: A bill for an act relating to Olmsted county; authorizing the county to create a nonprofit corporation to own and operate a hospital and medical center; providing the county board with related powers and duties.

Ms. Kiscaden moved that the amendment made to H.F. No. 838 by the Committee on Rules and Administration in the report adopted April 3, 1995, pursuant to Rule 49, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 838 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Kroening	Neuville	Riveness
Beckman	Hottinger	Laidig	Novak	Robertson
Belanger	Janezich	Langseth	Oliver	Runbeck
Betzold	Johnson, D.E.	Larson	Olson	Sams
Chandler	Johnson, J.B.	Lesewski	Ourada	Samuelson
Chmielewski	Johnston	Lessard	Pappas	Scheevel
Cohen	Kelly	Limmer	Pariseau	Spear
Day	Kiscaden	Marty	Piper	Stevens
Dille	Kleis	Merriam	Pogemiller	Stumpf
Finn	Knutson	Metzen	Price	Terwilliger
Flynn	Kramer	Morse	Ranum	Vickerman
Frederickson	Krentz	Murphy	Reichgott Junge	Wiener

So the bill passed and its title was agreed to.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Reports of Committees and Second Reading of Senate Bills.

REPORTS OF COMMITTEES

Ms. Reichgott Junge moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Johnson, D.J. from the Committee on Taxes and Tax Laws, to which was re-referred

S.F. No. 944: A bill for an act relating to education; prekindergarten through grade 12; providing for general education revenue; transportation; special and targeted needs programs; community programs; facilities; organization and cooperation; other education programs; miscellaneous provisions; technology libraries; state agencies; imposing limits on property taxes; providing for appointments; appropriating money; amending Minnesota Statutes 1994, sections 6.62, subdivision 1; 13.43, subdivision 2; 16B.465; 120.062, subdivision 9; 120.064; 120.101, subdivision 5c, and by adding a subdivision; 120.17, subdivision 3b, and by adding a subdivision; 120.73, subdivision 1; 120.74, subdivision 1; 120.75, subdivision 1; 121.11, subdivision 7c; 121.15, subdivision 6; 121.16, by adding a subdivision; 121.207, subdivisions 2 and 3; 121.702, by adding a subdivision; 121.705; 121.706; 121.707, subdivisions 2, 3, 4, 6, and 7; 121.708; 121.709; 121.710; 121.8355, subdivision 2; 121.885, subdivisions 1 and 4; 121.904, subdivisions 4a and 4c; 121.912, subdivisions 1, 1b, and 6; 121.932; 121.935; 121.936; 122.21, subdivision 4; 122.532, subdivision 3a; 122.91, subdivisions 1, 2, and 2a; 122.92, subdivision 1; 122.93, subdivision 1; 122.94, subdivision 1; 123.34, by adding a subdivision; 123.35, subdivisions 19a and 19b; 123.351, subdivisions 1, 3, 4, and 5; 123.3514, subdivisions 3, 4, 4a, 4e, 5, 6c, 7, 8, and by adding a subdivision; 123.39, subdivisions 1 and 6; 123.70, subdivision 8; 123.76; 123.78, subdivisions 1, 2, and 3; 123.79, subdivision 1, and by adding a subdivision; 123.7991, subdivisions 2 and 3; 123.805, subdivisions 1 and 2; 124.06; 124.155, subdivision 2; 124.17, subdivisions 1, 2f, and by adding a subdivision; 124.195, subdivisions 10, 11, and by adding a subdivision; 124.214, subdivisions 2 and 3; 124.223; 124.225, subdivisions 1, 3a, 7b, 7d, 7f, 8a, 8l, 8m, and 9; 124.226, subdivisions 3, 4, and 9; 124.243, subdivision 2; 124.244, subdivision 1; 124.2445; 124.248; 124.261, subdivision 1; 124.2725, subdivisions 1, 3, 4, and 15; 124.2726, subdivisions 1, 2, and 4; 124.2727, subdivision 6d; 124.2728, subdivision 1; 124.273, by adding subdivisions; 124.32, subdivisions 6, 7, and 10; 124.321; 124.322; 124.323, by adding a subdivision; 124.431, subdivision 2; 124.573, subdivision 3; 124.574, subdivision 9, and by adding subdivisions; 124.83, subdivision 4; 124.84, subdivision 3; 124.91, subdivisions 3 and 5; 124.912, subdivision 1; 124.916, subdivision 2; 124.918, subdivisions 1 and 2; 124.95, subdivisions 2, 4, and 6; 124.961; 124A.03, subdivisions 1c, 1g, 1h, and 2; 124A.22, subdivisions 1, 2, 3, 4, 4a, 4b, 6, 6a, 8a, 9, and by adding subdivisions; 124A.225, subdivision 1; 124A.23, subdivisions 1 and 4; 124A.24; 124A.29; 124C.07; 124C.08, subdivision 2; 124C.45, subdivision 1; 124C.46, subdivision 2; 124C.48, subdivision 1; 124C.60, subdivision 1; 125.12, subdivision 3; 125.62, subdivision 7; 126.031, subdivision 1; 126.15, subdivision 2; 126.22, subdivisions 2, 3, 3a, and 8; 126.23; 126.237; 126.49, by adding a subdivision; 126.70; 126.78, subdivision 2; 126B.01; 126B.03, subdivisions 2 and 3; 127.40; 127.41; 127.42; 128A.02, subdivisions 1 and 3; 128A.021; 128A.022, subdivisions 1 and 6; 128A.024, subdivision 4; 128A.025, subdivisions 1 and 2; 128A.026; 128A.05, subdivisions 1 and 2; 128B.08; 128B.10, subdivision 1; 134.155; 134.351, subdivision 4; 169.01, subdivision 6; 169.21, subdivision 2; 169.444, subdivision 2; 169.4502, subdivision 4; 169.4503, by adding a subdivision; 169.451, by adding a subdivision; 169.452; 169.454, subdivision 5, and by adding a subdivision; 171.01, subdivision 21; 171.18, subdivision 1; 171.321, subdivisions 3, 4, and 5; 171.3215, subdivisions 1, 2, and 3; 237.065; 268.06, subdivision 27; 275.065, subdivision 1; 275.60; 469.1831, subdivision 4; and 631.40, subdivision 1a; Laws 1965, chapter 705, section 1, subdivisions 3 and 4; Laws 1992, chapter 499, article 11, section 9, as amended; Laws 1993, chapter 224, article 8, section 21, subdivision 1; section 22, subdivision 12, as amended; and article 12, sections 39 and 41; Laws 1994, chapter 587, article 3, section 19, subdivision 1; and chapter 647, articles 3, section 25; and 7, section 15; proposing coding for new law in Minnesota Statutes, chapters 120; 121; 123; 124; 125; 126B; 127; 136D; 145; and 169; repealing Minnesota Statutes 1994, sections 3.198; 121.702, subdivision 9; 121.703; 121.912, 7 and 8; 121.93; 121.931; 121.933; 123.3514, subdivision 9; 123.37, subdivision 1b; 123.58; 124.17, subdivisions 1b, 1d, and 1e; 124.225, subdivisions 1, 3a, 7a, 7b, 7d, 7e, 8a, 8k, 8m, and 10; 124.226; 124.243; 124.244; 124.2455; 124.273, subdivisions 1b and 2c; 124.32, subdivisions 1b, 1c, 1d, 1f, 2, 2b, 3a, and 10; 124.573, subdivisions 1, 2, 2b, 2e, 2f, 3a, and 5a; 124.574, subdivisions 2b, 3, 4, and 4a; 124.83; 124.91, subdivision 2; 124.912, subdivisions 2, 7, and 8; 124.914, subdivisions 2, 3, and 4; 124.916, subdivision 2; 124.962; 124A.22, subdivisions 4, 4a, and 4b; 124A.26; 124A.27, subdivision 11; 125.05, subdivision 7; 125.231, subdivision 2; 126.019; 126B.02; 126B.03, subdivision 1; 126B.04; 126B.05; 128A.02, subdivisions 2, 4, and 5; and 128A.03; Laws 1992, chapter 499, article 7, section 27; Laws 1993, First Special Session chapter 2, article 5, sections 1; 2, as amended; 3; 4; 5; and 6.

Reports the same back with the recommendation that the bill be amended as follows:

Page 90, delete line 36

Page 97, after line 5, insert:

"Sec. 3. [120.186] [TRAINING FOR EARLY IDENTIFICATION.]

Instructors working with children eligible for services under Title I, shall receive in-service training for identifying and referring for services children with attention deficit or attention deficit/hyperactivity disorders."

Page 142, line 19, delete "34" and insert "35"

Page 142, line 21 delete "43" and insert "44"

Page 142, line 22, delete "10, 11, 12, and 43" and insert "11, 12, 13, and 44"

Renumber the sections in sequence

Amend the title as follows:

Page 2, line 52, delete everything after the semicolon

Page 2, line 53, delete everything before "124.962;"

And when so amended the bill do pass and be re-referred to the Committee on Finance. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Finance, to which was re-referred

S.F. No. 1234: A bill for an act relating to education; appropriating money for education and related purposes to the higher education coordinating board, board of trustees of the Minnesota state colleges and universities, University of Minnesota, and the Mayo medical foundation, with certain conditions; requiring public post-secondary institutions to convert to the semester system; creating definitions and actions during financial emergencies; establishing a nursing grant program; revising allocations and use of the peace officers training account; assigning duties to the library and information services task force; requiring expansion of the transfer curriculum; setting goals for compensation plans and labor agreements; establishing a new funding formula for public higher education systems; modifying provisions relating to the higher education coordinating board; modifying higher education grant programs; providing for technical colleges land acquisition and sale; consolidating and restructuring certain higher education statutes to reflect the merger of the community colleges, state universities, and technical colleges; amending Minnesota Statutes 1994, sections 15.38, subdivision 3; 123.3514, subdivision 3; 126.56, subdivision 5; 135A.08, subdivisions 1, 2, and 3; 135A.10, subdivision 1; 135A.15, subdivision 1; 136A.01; 136A.02, subdivisions 1, 6, and 7; 136A.04, subdivision 1; 136A.043; 136A.05, subdivision 1; 136A.07; 136A.101, subdivisions 5 and 8; 136A.121, subdivisions 5, 6, 9, 16, and by adding a subdivision; 136A.125, subdivisions 4 and 6; 136A.1359, subdivisions 1, 2, and 3; 136A.42; 136A.87; 136E.01, subdivision 1; 136E.02, subdivisions 1 and 3; 136E.021, subdivision 2; 136E.03; 136E.04, subdivisions 1, 3, and 7; 136E.05; 136E.31; 136E.525, subdivisions 1, 2, and 3; 136E.692, subdivisions 1, 3, and 4; 144.1487, subdivision 1; 144.1488, subdivisions 1 and 4; 144.1489, subdivisions 1, 3, and 4; 144.1490; 144.1491, subdivision 2; 298.2214, subdivision 5; and 626.861, subdivision 4; Laws 1991, chapter 356, article 9, section 9, as amended; Laws 1993, chapter 326, article 12, section 15, subdivisions 1, 4, and 5; and Laws 1994, chapter 643, section 69, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 135A; and 136A; proposing coding for new law as Minnesota Statutes, chapter 136F; repealing Minnesota Statutes 1994, sections 15.38, subdivision 4; 135A.031; 135A.032, subdivision 2; 135A.033; 135A.052, subdivision 3; 136.01; 136.015; 136.017; 136.02; 136.03; 136.031; 136.036; 136.045; 136.065; 136.07; 136.09; 136.10; 136.11; 136.111; 136.12; 136.13; 136.14; 136.141; 136.142; 136.143; 136.144; 136.145; 136.146; 136.147; 136.17; 136.171; 136.172; 136.18; 136.19; 136.20; 136.21; 136.22; 136.232; 136.24; 136.25; 136.261; 136.27; 136.31; 136.311; 136.32; 136.33; 136.34; 136.35; 136.36; 136.37; 136.38; 136.40; 136.41; 136.42; 136.43; 136.44;

136.45; 136.46; 136.47; 136.48; 136.49; 136.50; 136.501; 136.502; 136.503; 136.504; 136.505; 136.506; 136.507; 136.55; 136.56; 136.57; 136.58; 136.60; 136.6011; 136.602; 136.603; 136.61; 136.62; 136.621; 136.622; 136.63; 136.65; 136.651; 136.653; 136.67; 136.70; 136.71; 136.72; 136.88; 136.90; 136A.04, subdivision 2; 136A.041; 136A.125, subdivision 5; 136A.85; 136A.86; 136A.88; 136C.01; 136C.02; 136C.03; 136C.04; 136C.041; 136C.042; 136C.043; 136C.044; 136C.05; 136C.06; 136C.07; 136C.075; 136C.08; 136C.13; 136C.15; 136C.17; 136C.31; 136C.34; 136C.41; 136C.411; 136C.43; 136C.44; 136C.50; 136C.51; 136C.60; 136C.61; 136C.62; 136C.63; 136C.64; 136C.65; 136C.66; 136C.67; 136C.68; 136C.69; 136C.70; 136C.71; 136C.75; 136D.77; 136D.81, subdivision 2; 136E.04, subdivisions 2, 4, 5, and 6; 136E.395; 144.1488, subdivision 2; and 148.236; Laws 1993, chapter 326, article 12, section 15, subdivision 2; Laws 1993, First Special Session chapter 2, article 1, sections 2, subdivision 8; and 9, subdivision 6; and Laws 1994, chapter 532, article 6, section 12, paragraph (a).

Reports the same back with the recommendation that the bill be amended as follows:

Page 6, after line 19, insert:

"This appropriation includes continued support of \$400,000 per year for the Mid-Tec and Heartland Telecommunications Networks.

This appropriation includes \$50,000 per year for American Indian outreach. The legislature anticipates this money will assist the Fond Du Lac campus to recruit, advise, and retain American Indian students."

Page 6, after line 53, insert:

"Subd. 5. Budget for 1998-1999

The chancellor of the higher education board shall prepare and submit to the legislature a plan to limit the increase in general fund appropriations to the higher education board from the 1996-1997 biennium to the 1998-1999 biennium to no more than 90 percent of the projected increase. The plan must include the chancellor's recommendations for changes in educational services to be provided and any necessary changes in program content, including any recommendations the chancellor may have for changes in tuition payment and fee requirements. The chancellor shall give particular attention to services that are not required as a condition of federal regulations that apply to education programs and that are not provided by neighboring states, including Illinois, Indiana, and Michigan, as well as those that border Minnesota. The chancellor shall submit preliminary recommendations to the legislature by September 1, 1995, and the final plan by January 15, 1996."

Page 7, line 23, delete "\$750,000" and insert "\$500,000"

Page 11, line 8, delete "90" and insert "95"

Page 13, after line 20, insert:

"Sec. 13. Minnesota Statutes 1994, section 179A.07, subdivision 4, is amended to read:

Subd. 4. [OTHER COMMUNICATION.] If an exclusive representative has been certified for an appropriate unit, the employer shall not meet and negotiate or meet and confer with any employee or group of employees who are in that unit except through the exclusive representative. This subdivision does not prevent communication to the employer, other than through the exclusive representative, of advice or recommendations by professional employees, if this communication is a part of the employee's work assignment. Nothing in this chapter is intended to restrict the authority of state college or university presidents and administrators to meet with individual employees or groups of employees to discuss matters related to their work or to the operation of the institution."

Page 41, line 22, delete the first "and" and insert a period

Page 41, line 23, before the period, insert "shall also be considered"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after the comma, insert "board of regents of the"

Page 1, line 40, after "2;" insert "179A.07, subdivision 4;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. No. 1234 was read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bill was read the first time.

Mr. Merriam, for the Committee on Finance, introduced--

S.F. No. 1678: A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative and administrative expenses of state government; providing for the transfer of certain money in the state treasury; fixing and limiting the amount of fees, penalties, and other costs to be collected in certain cases; amending Minnesota Statutes 1994, sections 3.9741, subdivision 2; 5.14; 15.50, subdivision 2; 15.91, subdivision 2; 16B.39, by adding a subdivision; 16B.42, subdivision 3; 197.05; 240A.08; and 349A.08, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 16B; and 43A.

Under the Rules of the Senate, laid over one day.

MEMBERS EXCUSED

Mr. Solon was excused from the Session of today. Mr. Moe, R.D. was excused from the Session of today at 3:55 p.m. Mr. Hottinger was excused from the Session of today from 1:45 to 2:00 p.m. Mr. Bertram was excused from the Session of today at 4:20 p.m.

ADJOURNMENT

Ms. Reichgott Junge moved that the Senate do now adjourn until 9:00 a.m., Monday, April 24, 1995. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

FORTY-FIFTH DAY

St. Paul, Minnesota, Monday, April 24, 1995

The Senate met at 9:00 a.m. and was called to order by the President.

CALL OF THE SENATE

Mr. Betzold imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess until 10:30 a.m. The motion prevailed. The hour of 10:30 a.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

Mr. Merriam imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by Senator Pat Piper.

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

The roll was called, and the following Senators answered to their names:

Anderson	Frederickson	Kroening	Neuville	Runbeck
Beckman	Hanson	Laidig	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berg	Janezich	Larson	Olson	Scheevel
Berglin	Johnson, D.E.	Lesewski	Ourada	Solon
Bertram	Johnson, D.J.	Lessard	Pappas	Spear
Betzold	Johnson, J.B.	Limmer	Pariseau	Stevens
Chandler	Johnston	Marty	Piper	Stumpf
Chmielewski	Kelly	Merriam	Pogemiller	Terwilliger
Cohen	Kiscaden	Metzen	Price	Vickerman
Day	Kleis	Moe, R.D.	Ranum	Wiener
Dille	Knutson	Mondale	Reichgott Junge	
Finn	Kramer	Morse	Riveness	
Flynn	Krentz	Murphy	Robertson	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

April 20, 1995

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. No. 687.

Warmest regards,
Arne H. Carlson, Governor

April 21, 1995

The Honorable Irv Anderson
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 1995 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:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 1995	Date Filed 1995
	228	43		April 20
	457	68	2:20 p.m. April 20	April 20
687		72	2:25 p.m. April 20	April 20

Sincerely,
Joan Anderson Growe
Secretary of State

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 1520: A bill for an act relating to the environment; extending the notification requirements for landfarming contaminated soil; amending Minnesota Statutes 1994, section 116.07, subdivision 11.

There has been appointed as such committee on the part of the House:

Bakk, Rukavina and Larsen.

Senate File No. 1520 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 21, 1995

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 965: A bill for an act relating to transportation; authorizing issuance of permits for 12-foot wide loads of baled straw; changing classification and endorsement requirements to operate a vehicle carrying liquid fertilizer; amending Minnesota Statutes 1994, sections 169.851, subdivision 1; 169.862; and 171.02, subdivision 2a.

There has been appointed as such committee on the part of the House:

Dauner, Brown and Hugoson.

Senate File No. 965 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 21, 1995

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 381: A bill for an act relating to the military; providing greater flexibility in appointment of members of the armory building commission; authorizing the state armory building commission to use funds for construction; clarifying which municipalities may provide sites for armories; changing provisions for disposal of unused armory sites; clarifying authority for levying taxes for armory construction; clarifying the authority for conveyance of armories to the state; amending Minnesota Statutes 1994, sections 193.142, subdivisions 1, 2, and 3; 193.143; 193.144, subdivisions 1, 2, and 6; 193.145, subdivisions 2, 4, and 5; and 193.148.

There has been appointed as such committee on the part of the House:

McCollum, Osthoff and Rostberg.

Senate File No. 381 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 21, 1995

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 375: A bill for an act relating to energy; adding pumped hydropower to the list of preferred alternative energy sources; providing for incentive payments to pumped hydropower facilities; amending Minnesota Statutes 1994, sections 216C.051, subdivision 7; and 216C.41, subdivision 1.

There has been appointed as such committee on the part of the House:

Solberg, Marko and Vickerman.

Senate File No. 375 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 21, 1995

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 308: A bill for an act relating to crime prevention; authorizing special registration plates for certain persons subject to an impoundment order; expanding the definition of prior license revocation; amending Minnesota Statutes 1994, sections 168.042, subdivision 8; and 169.121, subdivision 3.

There has been appointed as such committee on the part of the House:

Skoglund, Entenza and Swenson, D.

Senate File No. 308 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 21, 1995

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 281: A bill for an act relating to metropolitan government; clarifying language and changing obsolete references; amending Minnesota Statutes 1994, sections 275.066; 473.121, subdivision 11; 473.13, subdivisions 1 and 2; 473.164, subdivision 3; 473.375, subdivisions 9 and 13; 473.385, subdivision 2; 473.386, subdivisions 1, 2, and 5; 473.388, subdivision 4; 473.39, subdivision 1b; 473.446, subdivision 8; 473.448; 473.505; 473.595, subdivision 3; and Laws 1994, chapter 628, article 2, section 5; repealing Minnesota Statutes 1994, section 473.394.

There has been appointed as such committee on the part of the House:

Orfield, Long and Abrams.

Senate File No. 281 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 21, 1995

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 257: A bill for an act relating to soil and water conservation district boards; providing that the office of soil and water conservation district supervisor is compatible with certain city and town offices; amending Minnesota Statutes 1994, sections 103C.315, by adding a subdivision; and 204B.06, subdivision 1.

There has been appointed as such committee on the part of the House:

Polowski, McCollum and Johnson, V.

Senate File No. 257 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 21, 1995

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 188: A bill for an act relating to appropriations; permitting use of appropriation to relocate athletic fields and facilities at Brainerd Technical College; authorizing additional design and construction of space at certain community college campuses; requiring plans to provide for joint use of space with certain technical colleges and state universities; authorizing additional construction using nonstate resources; amending Laws 1992, chapter 558, section 2, subdivision 3; and Laws 1994, chapter 643, section 11, subdivisions 6, 8, 10, and 11.

There has been appointed as such committee on the part of the House:

Hasskamp, Sykora and Kinkel.

Senate File No. 188 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 21, 1995

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 155: A bill for an act relating to wild animals; authorizing poultry farmers to trap great horned owls; amending Minnesota Statutes 1994, section 97B.705.

There has been appointed as such committee on the part of the House:

Tunheim; Olson, E. and Girard.

Senate File No. 155 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 21, 1995

Mr. President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 16: A bill for an act relating to health; modifying provisions relating to the administration and prescription of neuroleptic medications; changing the name of a court in certain circumstances; amending Minnesota Statutes 1994, sections 13.42, subdivision 3; 253B.03, subdivisions 6b and 6c; 253B.05, subdivisions 2 and 3; 253B.12, subdivision 1; and 253B.17, subdivision 1.

There has been appointed as such committee on the part of the House:

Dawkins, Wejcman and Macklin.

Senate File No. 16 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned April 21, 1995

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1709, 244 and 1056.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted April 21, 1995

FIRST READING OF HOUSE BILLS

The following bills were read the first time and referred to the committees indicated.

H.F. No. 1709: A bill for an act relating to the city of Chanhassen; authorizing certain bid specifications for playground equipment on an experimental basis.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1523, now on General Orders.

H.F. No. 244: A bill for an act relating to employment; establishing the governor's workforce development council to replace certain other councils; proposing coding for new law in Minnesota Statutes, chapter 268; repealing Minnesota Statutes 1994, sections 126B.02; 121.703; and 268.9755.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 306, now on General Orders.

H.F. No. 1056: A bill for an act relating to transportation; providing for qualifications of drivers of commercial motor vehicles; authorizing metropolitan transit study; requiring metropolitan council to monitor and assess electric vehicle technology; authorizing free transit bus passes for certain students; amending Minnesota Statutes 1994, sections 473.375, by adding subdivisions; and 473.408, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 221; and 473.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 837, now on General Orders.

REPORTS OF COMMITTEES

Mr. Moe, R.D. moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Mr. Moe, R.D. from the Committee on Rules and Administration, to which was referred

H.F. No. 628 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
628	733				

Pursuant to Rule 49, the Committee on Rules and Administration recommends that H.F. No. 628 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 628 and insert the language after the enacting clause of S.F. No. 733, the first engrossment; further, delete the title of H.F. No. 628 and insert the title of S.F. No. 733, the first engrossment.

And when so amended H.F. No. 628 will be identical to S.F. No. 733, and further recommends that H.F. No. 628 be given its second reading and substituted for S.F. No. 733, and that the Senate File be indefinitely postponed.

Pursuant to Rule 49, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Finance, to which was re-referred

S.F. No. 944: A bill for an act relating to education; prekindergarten through grade 12; providing for general education revenue; transportation; special and targeted needs programs; community programs; facilities; organization and cooperation; other education programs; miscellaneous provisions; technology libraries; state agencies; imposing limits on property taxes; providing for appointments; appropriating money; amending Minnesota Statutes 1994, sections 6.62, subdivision 1; 13.43, subdivision 2; 16B.465; 120.062, subdivision 9; 120.064; 120.101, subdivision 5c, and by adding a subdivision; 120.17, subdivision 3b, and by adding a subdivision; 120.73, subdivision 1; 120.74, subdivision 1; 120.75, subdivision 1; 121.11, subdivision 7c; 121.15, subdivision 6; 121.16, by adding a subdivision; 121.207, subdivisions 2 and 3; 121.702, by adding a subdivision; 121.705; 121.706; 121.707, subdivisions 2, 3, 4, 6, and 7; 121.708; 121.709; 121.710; 121.8355, subdivision 2; 121.885, subdivisions 1 and 4; 121.904, subdivisions 4a and 4c; 121.912, subdivisions 1, 1b, and 6; 121.932; 121.935; 121.936; 122.21, subdivision 4; 122.532, subdivision 3a; 122.91, subdivisions 1, 2, and 2a; 122.92, subdivision 1; 122.93, subdivision 1; 122.94, subdivision 1; 123.34, by adding a subdivision; 123.35, subdivisions 19a and 19b; 123.351, subdivisions 1, 3, 4, and 5; 123.3514, subdivisions 3, 4, 4a, 4e, 5, 6c, 7, 8, and by adding a subdivision; 123.39, subdivisions 1 and 6; 123.70, subdivision 8; 123.76; 123.78, subdivisions 1, 2, and 3; 123.79, subdivision 1, and by adding a subdivision; 123.7991, subdivisions 2 and 3; 123.805, subdivisions 1 and 2; 124.06; 124.155, subdivision 2; 124.17, subdivisions 1, 2f, and by adding a subdivision; 124.195, subdivisions 10, 11, and by adding a subdivision; 124.214, subdivisions 2 and 3; 124.223; 124.225, subdivisions 1, 3a, 7b, 7d, 7f, 8a, 8l, 8m, and 9; 124.226, subdivisions 3, 4, and 9; 124.243, subdivision 2; 124.244, subdivision 1; 124.2445; 124.248; 124.261, subdivision 1; 124.2725, subdivisions 1, 3, 4, and 15; 124.2726, subdivisions 1, 2, and 4; 124.2727, subdivision 6d; 124.2728, subdivision 1; 124.273, by adding subdivisions; 124.32, subdivisions 6, 7, and 10; 124.321; 124.322; 124.323, by adding a subdivision; 124.431, subdivision 2; 124.573, subdivision 3; 124.574, subdivision 9, and by adding subdivisions; 124.83, subdivision 4; 124.84, subdivision 3; 124.91, subdivisions 3 and 5; 124.912, subdivision 1; 124.916, subdivision 2; 124.918, subdivisions 1 and 2; 124.95, subdivisions 2, 4, and 6; 124.961; 124A.03, subdivisions 1c, 1g, 1h, and 2; 124A.22, subdivisions 1, 2, 3, 4, 4a, 4b, 6, 6a, 8a, 9, and by adding subdivisions; 124A.225, subdivision 1; 124A.23, subdivisions 1 and 4; 124A.24; 124A.29; 124C.07; 124C.08, subdivision 2; 124C.45, subdivision 1; 124C.46, subdivision 2; 124C.48, subdivision 1; 124C.60, subdivision 1; 125.12, subdivision 3; 125.62, subdivision 7; 126.031, subdivision 1; 126.15, subdivision 2; 126.22, subdivisions 2, 3, 3a, and 8; 126.23; 126.237; 126.49, by adding a subdivision; 126.70; 126.78, subdivision 2; 126B.01; 126B.03, subdivisions 2 and 3; 127.40; 127.41; 127.42; 128A.02, subdivisions 1 and 3; 128A.021; 128A.022, subdivisions 1 and 6; 128A.024, subdivision 4; 128A.025, subdivisions 1 and 2; 128A.026; 128A.05, subdivisions 1 and 2; 128B.08; 128B.10, subdivision 1; 134.155; 134.351, subdivision 4; 169.01, subdivision 6; 169.21, subdivision 2; 169.444, subdivision 2; 169.4502, subdivision 4; 169.4503, by adding a subdivision; 169.451, by adding a subdivision; 169.452; 169.454, subdivision 5, and by adding a subdivision; 171.01, subdivision 21; 171.18, subdivision 1; 171.321, subdivisions 3, 4, and 5; 171.3215, subdivisions 1, 2, and 3; 237.065; 268.06, subdivision 27; 275.065, subdivision 1; 275.60; 469.1831, subdivision 4; and 631.40, subdivision 1a; Laws 1965, chapter 705, section 1, subdivisions 3 and 4; Laws 1992, chapter 499, article 11, section 9, as amended; Laws 1993, chapter 224, article 8, section 21, subdivision 1; section 22, subdivision 12, as amended; and article 12, sections 39 and 41; Laws 1994, chapter 587, article 3, section 19, subdivision 1; and chapter 647, articles 3, section 25; and 7, section 15; proposing coding for new law in Minnesota Statutes, chapters 120; 121; 123; 124; 125; 126B; 127; 136D; 145; and 169; repealing Minnesota Statutes 1994, sections 3.198; 121.702, subdivision 9; 121.703; 121.912, subdivisions 7 and 8; 121.93; 121.931; 121.933; 123.3514, subdivision 9; 123.37, subdivision 1b; 123.58; 124.17, subdivisions 1b, 1d, and 1e; 124.225, subdivisions 1, 3a, 7a, 7b, 7d, 7e, 8a, 8k, 8m, and 10; 124.226; 124.243; 124.244; 124.2455; 124.273, subdivisions 1b and 2c; 124.32, subdivisions 1b, 1c, 1d, 1f, 2, 2b, 3a, and 10; 124.573, subdivisions 1, 2, 2b, 2e, 2f, 3a, and 5a; 124.574, subdivisions 2b, 3, 4, and 4a; 124.83; 124.91, subdivision 2; 124.912, subdivisions 2, 7, and 8; 124.962; 124A.22, subdivisions 4, 4a, and 4b; 124A.26; 124A.27, subdivision 11; 125.05, subdivision 7; 125.231, subdivision 2; 126.019; 126B.02; 126B.03, subdivision 1; 126B.04; 126B.05; 128A.02, subdivisions 2, 4, and 5; and 128A.03; Laws 1992, chapter 499, article 7, section 27; Laws 1993, First Special Session chapter 2, article 5, sections 1; 2, as amended; 3; 4; 5; and 6.

Reports the same back with the recommendation that the bill be amended as follows:

Page 70, line 29, delete ".047" and insert ".0485"

Page 101, line 24, delete "clause (ii)"

Page 118, line 21, delete "40" and insert "28"

Page 142, line 26, before "and" insert "15."

Page 173, delete lines 29 to 32

Page 173, line 33, delete "26" and insert "25"

Page 173, lines 35 and 36, delete "\$500,000" and insert "\$750,000"

Page 174, line 2, delete "\$250,000" and insert "\$500,000"

Page 174, line 7, delete "27" and insert "26"

Page 174, line 14, delete "28" and insert "27"

Page 174, line 26, delete "29" and insert "28"

Page 174, lines 29 and 30, delete "\$1,600,000" and insert "\$1,662,000"

Page 174, line 33, delete "30" and insert "29"

Page 175, line 26, delete "31" and insert "30"

Page 175, lines 28 and 29, delete "\$190,000" and insert "\$197,000"

Page 176, line 7, delete "32" and insert "31"

Page 176, line 15, delete "33" and insert "32"

Page 176, line 20, delete "34" and insert "33"

Page 208, line 22, after "subdivisions" insert "7 and" and delete "and 8a"

Page 215, line 11, after "subdivisions" insert "7 and"

Page 215, line 12, delete "and 8a"

Page 244, line 17, after "subdivisions" insert "7 and" and delete "and 8a"

Page 271, line 26, delete "1996" and insert "1995"

Page 272, line 7, delete "and" and after "94" insert ", and 100"

Page 279, line 29, delete "12" and insert "11"

Page 281, line 3, delete everything after the period

Page 281, delete line 4 and insert "The awards granted in subdivision 1 shall be in accordance with the recommendations of the telecommunications council."

Page 281, delete lines 30 and 31 and insert "The awards granted in subdivision 1 shall be in accordance with the recommendations of the telecommunications council."

Page 282, line 14, after the period, insert "Regional telecommunications councils shall consist of equal representation from K-12 and post-secondary education. There shall also be representation from libraries."

Pages 282 and 283, delete section 11

Page 283, line 13, delete "The council" and insert "Based upon the recommendations of the

telecommunications council, the higher education coordinating board and the department of education"

Page 284, line 29, before the period, insert "in each round of grants"

Page 284, line 35, delete "REGIONAL LINKAGE" and insert "TELECOMMUNICATIONS" and delete "regional"

Page 284, line 36, delete "linkage" and insert "telecommunications" and after "grants" insert "under sections 9 and 10"

Page 285, line 5, after "available" insert "in each year of the biennium"

Page 285, line 6, delete "12" and insert "11"

Page 286, line 10, delete "14" and insert "13"

Page 286, lines 11 and 12, delete "\$4,056,000" and insert "\$3,806,000"

Page 286, line 19, delete the second comma and after "2" insert a comma

Page 299, line 2, delete everything after "(o)"

Page 299, line 3, delete "appropriation,"

Page 309, line 26, delete "124.531" and insert "122.531"

Renumber the sections in sequence

And when so amended the bill do pass. Amendments adopted. Report adopted.

Mr. Merriam from the Committee on Finance, to which was re-referred

S.F. No. 1653: A bill for an act relating to the organization and operation of state government; appropriating money for state courts, public safety, public defense, corrections, and related purposes; providing for the transfer of certain money in the state treasury; providing penalties; amending Minnesota Statutes 1994, sections 2.722, subdivision 1, and by adding a subdivision; 3.732, subdivision 1; 15A.081, subdivision 1; 16A.285; 16B.14; 16B.46; 16B.54, subdivision 2; 176.192; 242.31, subdivision 1; 243.23, subdivision 3; 243.51, subdivisions 1 and 3; 243.88, by adding a subdivision; 260.115, subdivision 1; 260.125; 260.126, subdivision 5; 260.131, subdivision 4; 260.181, subdivision 4; 260.185, subdivision 6, and by adding subdivisions; 260.193, subdivision 4; 260.215, subdivision 1; 260.291, subdivision 1; 297C.09; 297C.10, subdivision 1; 299A.02; 299A.31, subdivision 1; 299A.331, subdivision 1; 299A.38, subdivisions 1 and 2; 299A.44; 299A.51, subdivision 2; 299C.01; 299C.03; 299C.065, subdivision 1a; 299C.10, by adding a subdivision; 299C.13; 299C.50; 299C.62, subdivision 4; 299C.65, subdivisions 1 and 2; 352B.01, subdivision 2; 357.021, subdivision 2; 360.0753, subdivision 6; 481.01; 609.055, subdivision 2; 609.101, subdivisions 1, 2, and 3; 609.135, by adding a subdivision; 609.748, subdivision 3a; 611.17; 611.20, by adding subdivisions; 611.35, subdivision 1; 611A.19, subdivision 1; 611A.20, subdivision 2; 624.7151; 626.5531, subdivision 2; 626.562, subdivision 1; 626.841; 626.861, subdivisions 1 and 4; 634.16; 641.14; Laws 1993, chapter 255, sections 1, subdivisions 1 and 4; and 2; proposing coding for new law in Minnesota Statutes, chapters 120; 242; 260; 299A; 299C; 611A; 626.

Reports the same back with the recommendation that the bill be amended as follows:

Page 2, delete lines 8 to 14 and insert:

	"SUMMARY BY FUND		
	1996	1997	TOTAL
General	429,098,000	433,434,000	862,532,000
Environmental	40,000	40,000	80,000

Special Revenue	4,989,000	4,950,000	9,939,000
Trunk Highway	1,488,000	1,490,000	2,978,000
TOTAL	435,615,000	439,914,000	875,529,000"

Page 3, line 20, delete "33" and insert "34"

Page 3, line 27, delete "39" and insert "43"

Page 4, delete lines 17 and 18

Page 5, line 45, delete "S.F. No. 418" and insert "article 5, section 12"

Page 5, line 51, delete "S.F. No. 418" and insert "article 5, section 10"

Page 6, line 8, delete "under S.F. No. 418"

Page 6, line 11, delete from "and" through page 6, line 14, to "them" and insert ", junior high schools, and high schools"

Page 6, line 22, delete "a school district for a" and insert "school districts for"

Page 6, line 23, delete "system" and insert "systems"

Page 6, lines 25 and 26, delete "under S.F. No. 418"

Page 6, line 34, delete "under S.F. No. 418"

Page 6, line 39, delete "17,498,000" and insert "17,598,000" and delete "16,395,000" and insert "16,295,000"

Page 6, line 41, delete "15,526,000" and insert "15,626,000" and delete "14,407,000" and insert "14,307,000"

Page 7, line 26, delete "\$500,000" and insert "\$700,000"

Page 9, line 11, delete "259,334,000" and insert "263,503,000" and delete "281,317,000" and insert "274,306,000"

Page 9, line 35, delete "171,121,000" and insert "176,702,000" and delete "189,859,000" and insert "184,278,000"

Page 9, delete line 37 and insert:

"66,339,000 68,830,000

\$4,200,000 the first year and \$6,400,000 the second year are for a statewide probation and supervised release caseload reduction grant program. The commissioner shall develop guidelines for the distribution of this money among all correctional authorities in the state. The guidelines must provide for the establishment and use of uniform definitions, must give priority to the reduction of high risk offender caseloads at both the state and local level, and may require recipients of funds to report on the expenditure and results achieved. Counties that deliver correctional services through Minnesota Statutes, chapter 260, and that qualify for new probation officers under this program shall receive full reimbursement for the officers' salaries and reimbursement for the

officers' benefits and support as set forth in the probations standards task force report, not to exceed \$70,000 per officer annually. Positions funded by this appropriation may not supplant existing services. Position control numbers for these positions must be annually reported to the commissioner of corrections."

Page 9, line 41, delete "37" and insert "41"

Page 9, line 50, delete "\$5,432,000" and insert "\$4,020,000"

Page 9, line 51, delete "\$5,500,000" and insert "\$4,070,000"

Page 10, delete lines 21 to 27

Page 11, line 5, delete "43" and insert "47"

Page 11, line 17, delete "38" and insert "42"

Page 11, line 29, delete "under S.F. No. 418"

Page 33, after line 12, insert:

"Sec. 28. Minnesota Statutes 1994, section 611.27, subdivision 4, is amended to read:

Subd. 4. [COUNTY PORTION OF COSTS.] That portion of subdivision 1 directing counties to pay the costs of public defense service shall not be in effect between ~~January~~ July 1, 1995, and July 1, 1995 1997. This subdivision only relates to costs associated with felony, gross misdemeanor, juvenile, and misdemeanor public defense services. Notwithstanding the provisions of this subdivision, in the first, fifth, seventh, ninth, and tenth judicial districts, the cost of juvenile and misdemeanor public defense services for cases opened prior to January 1, 1995, shall remain the responsibility of the respective counties in those districts, even though the cost of these services may occur after January 1, 1995."

Page 37, after line 25, insert:

"Sec. 37. Laws 1994, chapter 643, section 79, subdivision 1, is amended to read:

Subdivision 1. [GRANTS AUTHORIZED.] The commissioner of corrections shall make grants to Hennepin county, Ramsey county, or groups of counties, excluding counties in the joint powers board operating the northwestern Minnesota juvenile training center for grants made in 1994 or 1995, for up to 75 percent of the construction cost of secure juvenile detention and treatment facilities. The commissioner shall ensure that grants are distributed so that facilities are available for both male and female juveniles, and that the needs of very young offenders can be met. The commissioner shall also require that programming in the facilities be culturally specific and sensitive. To the extent possible, grants should be made for facilities or living units of 15 beds or fewer. No more than one grant shall be made in each judicial district. However, grant proposals may include more than one site, and funds may be authorized to each county in which a site is contained.

Sec. 38. Laws 1994, chapter 643, section 79, subdivision 3, is amended to read:

Subd. 3. [ELIGIBILITY.] Applicants must include a cooperative plan for the secure detention and treatment of juveniles among the applicant counties. The cooperative plan must identify the location of facilities. Facilities must be located within ~~15~~ 20 miles of a permanent chambers within the judicial district, as specified in section 2.722, or at the site of an existing county home facility, as authorized in section 260.094, or at the site of an existing detention home, as authorized in section 260.101.

Sec. 39. Laws 1994, chapter 643, section 79, subdivision 4, is amended to read:

Subd. 4. [ALLOCATION FORMULA.] (a) The commissioner must determine the amount available for grants for counties in each judicial district under this subdivision.

(b) Five percent of the money appropriated for these grants shall be allocated for the counties in each judicial district for a mileage distribution allowance in proportion to the percent each county's surface area comprises of the total surface area of the state. Ninety-five percent of the money appropriated for these grants shall be allocated for the counties in each judicial district using the formula in section 401.10.

(c) The amount allocated for all counties within a judicial district shall be totaled to determine the amount available for ~~a grant~~ grants within that judicial district. Amounts attributable to a county which the commissioner has authorized to cooperate in a grant with a county or counties in an adjacent judicial district shall be reallocated to that judicial district."

Page 43, line 31, delete "33, 36, 40, 41, and 46" and insert "34, 40, 44, 45, and 50"

Page 63, line 8, before the period, insert "under Minnesota Statutes, section 15.039, except that the commissioner of public safety shall continue to provide to the bureau the services currently provided by the offices of finance and administrative services, personnel, diversity, and information systems management"

Page 72, after line 27, insert:

"Subd. 2a. [ADMINISTRATIVE SERVICES.] The commissioner of public safety shall continue to provide to the bureau of criminal apprehension the services provided by the department's offices of finance and administrative services, personnel, diversity, and information systems management."

Page 76, line 9, before "superintendent" insert "commissioner, the"

Page 82, after line 11, insert:

"ARTICLE 5
TRUANCY

Section 1. Minnesota Statutes 1994, section 120.14, is amended to read:

120.14 [ATTENDANCE OFFICERS.]

The board of any district may authorize the employment of attendance officers, who shall investigate truancy or nonattendance at school, make complaints, serve notice and process, and attend to the enforcement of all laws and district rules regarding school attendance. When any attendance officer learns of any case of habitual truancy or continued nonattendance of any child required to attend school the officer shall immediately notify the person having control of such child to forthwith send to and keep the child in school. The attendance officer or designee shall send or convey the notice required by section 260A.03 for a child who is a continuing truant. The officer shall act under the general supervision of the district superintendent.

Sec. 2. Minnesota Statutes 1994, section 171.04, subdivision 1, is amended to read:

Subdivision 1. [PERSONS NOT ELIGIBLE.] The department shall not issue a driver's license hereunder:

(1) To any person who is under the age of 16 years; to any person under 18 years unless such person shall have successfully completed a course in driver education, including both classroom and behind-the-wheel instruction, approved by the state board of education for courses offered through the public schools, or, in the case of a course offered by a private, commercial driver education school or institute, by the department of public safety; except when such person has completed a course of driver education in another state or has a previously issued valid license from another state or country; nor to any person under 18 years unless the application of license is approved by either parent when both reside in the same household as the minor applicant, otherwise the parent or spouse of the parent having custody or with whom the minor is living in the event there is no court order for custody, or guardian having the custody of such minor, or in the event a person under the age of 18 has no living father, mother or guardian, the license shall not be issued to such person unless the application therefor is approved by the person's employer. Driver education courses offered in any public school shall be open for enrollment to persons

between the ages of 15 and 18 years residing in the school district or attending school therein. Any public school offering driver education courses may charge an enrollment fee for the driver education course which shall not exceed the actual cost thereof to the public school and the school district. The approval required herein shall contain a verification of the age of the applicant;

(2) To any person whose license has been suspended during the period of suspension except that a suspended license may be reinstated during the period of suspension upon the licensee furnishing proof of financial responsibility in the same manner as provided in the Minnesota no-fault automobile insurance act;

(3) To any person whose license has been revoked except upon furnishing proof of financial responsibility in the same manner as provided in the Minnesota no-fault automobile insurance act and if otherwise qualified;

(4) To any person who is a drug dependent person as defined in section 254A.02, subdivision 5;

(5) To any person who has been adjudged legally incompetent by reason of mental illness, mental deficiency, or inebriation, and has not been restored to capacity, unless the department is satisfied that such person is competent to operate a motor vehicle with safety to persons or property;

(6) To any person who is required by this chapter to take an examination, unless such person shall have successfully passed such examination;

(7) To any person who is required under the provisions of the Minnesota no-fault automobile insurance act of this state to deposit proof of financial responsibility and who has not deposited such proof;

(8) To any person when the commissioner has good cause to believe that the operation of a motor vehicle on the highways by such person would be inimical to public safety or welfare;

(9) To any person when, in the opinion of the commissioner, such person is afflicted with or suffering from such physical or mental disability or disease as will affect such person in a manner to prevent the person from exercising reasonable and ordinary control over a motor vehicle while operating the same upon the highways; nor to a person who is unable to read and understand official signs regulating, warning, and directing traffic;

(10) To a child for whom a court has ordered denial of driving privileges under section 260.191, subdivision 1, or 260.195, subdivision 3a, until the period of denial is completed; or

(11) To any person whose license has been canceled, during the period of cancellation.

Sec. 3. Minnesota Statutes 1994, section 260.131, is amended by adding a subdivision to read:

Subd. 1b. [CHILD IN NEED OF PROTECTION OR SERVICES; HABITUAL TRUANT.] If there is a county attorney mediation program operating in the child's school district, a petition alleging that a child is in need of protection or services as a habitual truant under section 260.015, subdivision 2a, clause (2), may not be filed until the applicable procedures under section 260A.05 have been exhausted.

Sec. 4. Minnesota Statutes 1994, section 260.132, subdivision 1, is amended to read:

Subdivision 1. [NOTICE.] When a peace officer, or attendance officer in the case of a habitual truant, has probable cause to believe that a child:

(1) is in need of protection or services under section 260.015, subdivision 2a, clause (11) or (12);

(2) is a juvenile petty offender; or

(3) has committed a delinquent act that would be a petty misdemeanor or misdemeanor if committed by an adult;

the officer may issue a notice to the child to appear in juvenile court in the county in which the

child is found or in the county of the child's residence or, in the case of a juvenile petty offense, or a petty misdemeanor or misdemeanor delinquent act, the county in which the offense was committed. If there is a county attorney mediation program operating in the child's school district, a notice to appear in juvenile court for a habitual truant may not be issued until the applicable procedures under section 260A.05 have been exhausted. The officer shall file a copy of the notice to appear with the juvenile court of the appropriate county. If a child fails to appear in response to the notice, the court may issue a summons notifying the child of the nature of the offense alleged and the time and place set for the hearing. If the peace officer finds it necessary to take the child into custody, sections 260.165 and 260.171 shall apply.

Sec. 5. Minnesota Statutes 1994, section 260.132, subdivision 4, is amended to read:

Subd. 4. [TRUANT.] When a peace officer or probation officer has probable cause to believe that a child is currently under age 16 and absent from school without lawful excuse, the officer may transport the child to the child's home and deliver the child to the custody of the child's parent or guardian, transport the child to the child's school of enrollment and deliver the child to the custody of a school superintendent or teacher or transport the child to a truancy service center under section 260A.04, subdivision 3. ~~For purposes of this subdivision, a truancy service center is a facility that receives truant students from peace officers or probation officers and takes appropriate action including one or more of the following:~~

- ~~(1) assessing the truant's attendance situation;~~
- ~~(2) assisting in coordinating intervention efforts where appropriate;~~
- ~~(3) contacting the parents or legal guardian of the truant and releasing the truant to the custody of the parent or guardian; and~~
- ~~(4) facilitating the truant's earliest possible return to school.~~

Sec. 6. Minnesota Statutes 1994, section 260.191, subdivision 1, is amended to read:

Subdivision 1. [DISPOSITIONS.] (a) If the court finds that the child is in need of protection or services or neglected and in foster care, it shall enter an order making any of the following dispositions of the case:

- (1) place the child under the protective supervision of the local social services agency or child-placing agency in the child's own home under conditions prescribed by the court directed to the correction of the child's need for protection or services;
- (2) transfer legal custody to one of the following:
 - (i) a child-placing agency; or
 - (ii) the local social services agency.

In placing a child whose custody has been transferred under this paragraph, the agencies shall follow the order of preference stated in section 260.181, subdivision 3;

(3) if the child is in need of special treatment and care for reasons of physical or mental health, the court may order the child's parent, guardian, or custodian to provide it. If the parent, guardian, or custodian fails or is unable to provide this treatment or care, the court may order it provided. The court shall not transfer legal custody of the child for the purpose of obtaining special treatment or care solely because the parent is unable to provide the treatment or care. If the court's order for mental health treatment is based on a diagnosis made by a treatment professional, the court may order that the diagnosing professional not provide the treatment to the child if it finds that such an order is in the child's best interests; or

(4) if the court believes that the child has sufficient maturity and judgment and that it is in the best interests of the child, the court may order a child 16 years old or older to be allowed to live independently, either alone or with others as approved by the court under supervision the court considers appropriate, if the county board, after consultation with the court, has specifically authorized this dispositional alternative for a child.

(b) If the child was adjudicated in need of protection or services because the child is a runaway or habitual truant, the court may order any of the following dispositions in addition to or as alternatives to the dispositions authorized under paragraph (a):

- (1) counsel the child or the child's parents, guardian, or custodian;
- (2) place the child under the supervision of a probation officer or other suitable person in the child's own home under conditions prescribed by the court, including reasonable rules for the child's conduct and the conduct of the parents, guardian, or custodian, designed for the physical, mental, and moral well-being and behavior of the child; or with the consent of the commissioner of corrections, place the child in a group foster care facility which is under the commissioner's management and supervision;
- (3) subject to the court's supervision, transfer legal custody of the child to one of the following:
 - (i) a reputable person of good moral character. No person may receive custody of two or more unrelated children unless licensed to operate a residential program under sections 245A.01 to 245A.16; or
 - (ii) a county probation officer for placement in a group foster home established under the direction of the juvenile court and licensed pursuant to section 241.021;
- (4) require the child to pay a fine of up to \$100. The court shall order payment of the fine in a manner that will not impose undue financial hardship upon the child;
- (5) require the child to participate in a community service project;
- (6) order the child to undergo a chemical dependency evaluation and, if warranted by the evaluation, order participation by the child in a drug awareness program or an inpatient or outpatient chemical dependency treatment program;
- (7) if the court believes that it is in the best interests of the child and of public safety that the child's driver's license or instruction permit be canceled, the court may ~~recommend to order~~ the commissioner of public safety ~~that to cancel~~ the child's license ~~be canceled~~ or permit for any period up to the child's 18th birthday. If the child does not have a driver's license or permit, the court may order a denial of driving privileges for any period up to the child's 18th birthday. The court shall forward an order issued under this clause to the commissioner ~~is authorized to, who shall cancel the license or permit or deny driving privileges without a hearing for the period specified by the court.~~ At any time before the expiration of the period of cancellation or denial, the court may, for good cause, ~~recommend to order~~ the commissioner of public safety ~~that to allow the child be authorized~~ to apply for a new license or permit, and the commissioner ~~may shall~~ so authorize; or
- (8) order that the child's parent or legal guardian deliver the child to school at the beginning of each school day for a period of time specified by the court; or
- (9) require the child to perform any other activities or participate in any other treatment programs deemed appropriate by the court.

(c) If a child is adjudicated in need of protection or services because the child is a habitual truant and truancy procedures involving the child were previously dealt with by a county attorney mediation program under section 260A.05, the court shall order a cancellation or denial of driving privileges under paragraph (b), clause (7), until the child's 18th birthday.

Sec. 7. [260A.01] [TRUANCY PROGRAMS AND SERVICES.]

The programs in this chapter are designed to provide a continuum of intervention and services to support families and children in keeping children in school and combating truancy and educational neglect. School districts, county attorneys, and law enforcement may establish the programs and coordinate them with other community-based truancy services in order to provide the necessary and most effective intervention for children and their families. This continuum of intervention and services involves progressively intrusive intervention, beginning with strong service-oriented efforts at the school and community level and involving the court's authority only when necessary.

Sec. 8. [260A.02] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The definition in this section applies to this chapter.

Subd. 2. [CONTINUING TRUANT.] "Continuing truant" means a child who is subject to the compulsory instruction requirements of section 120.101 and is absent from instruction in a school, as defined in section 120.05, without valid excuse within a single school year for:

- (1) three days if the child is in elementary school; or
- (2) four or more class periods on three days if the child is in middle school, junior high school, or high school.

A child is not a continuing truant if the child is withdrawn from school by the child's parents because of a dispute with the school concerning the provision of special education services under the Individuals with Disabilities Education Act or accommodations and modifications under the Americans with Disabilities Act, if the parent makes good faith efforts to provide the child educational services from any other source. No parent who withdraws a child from school during a dispute with the school concerning the provision of special education services or accommodations and modifications is required to file home school papers, if the parent provides written notice to the department of education or the district of the plan for the child's education.

Nothing in this section shall prevent a school district from notifying a truant child's parent or legal guardian of the child's truancy or otherwise addressing a child's attendance problems prior to the child becoming a continuing truant.

Sec. 9. [260A.03] [NOTICE TO PARENT OR GUARDIAN WHEN CHILD IS A CONTINUING TRUANT.]

Upon a child's initial classification as a continuing truant, the school attendance officer or other designated school official shall notify the child's parent or legal guardian, by first-class mail or other reasonable means, of the following:

- (1) that the child is truant;
- (2) that the parent or guardian should notify the school if there is a valid excuse for the child's absences;
- (3) that the parent or guardian is obligated to compel the attendance of the child at school pursuant to section 120.101 and parents or guardians who fail to meet this obligation may be subject to prosecution under section 127.20;
- (4) that this notification serves as the notification required by section 127.20;
- (5) that alternative educational programs and services may be available in the district;
- (6) that the parent or guardian has the right to meet with appropriate school personnel to discuss solutions to the child's truancy;
- (7) that if the child continues to be truant, the parent and child may be subject to juvenile court proceedings under chapter 260;
- (8) that if the child is subject to juvenile court proceedings, the child may be subject to suspension, restriction, or delay of the child's driving privilege pursuant to section 260.191; and
- (9) that it is recommended that the parent or guardian accompany the child to school and attend classes with the child for one day.

Sec. 10. [260A.04] [COMMUNITY-BASED TRUANCY PROJECTS AND SERVICE CENTERS.]

Subdivision 1. [ESTABLISHMENT.] (a) Community-based truancy projects and service centers may be established to:

(1) provide for identification of students with school attendance problems;

(2) facilitate the provision of services geared to address the underlying issues that are contributing to a student's truant behavior; and

(3) provide facilities to receive truant students from peace officers and probation officers.

(b) Truancy projects and service centers may provide any of these services and shall provide for referral of children and families to other appropriate programs and services.

Subd. 2. [COMMUNITY-BASED ACTION PROJECTS.] Schools, community agencies, law enforcement, parent associations, and other interested groups may cooperate to provide coordinated intervention, prevention, and educational services for truant students and their families. Services may include:

(1) assessment for underlying issues that are contributing to the child's truant behavior;

(2) referral to other community-based services for the child and family, such as individual or family counseling, educational testing, psychological evaluations, tutoring, mentoring, and mediation;

(3) transition services to integrate the child back into school and to help the child succeed once there;

(4) culturally sensitive programming and staffing; and

(5) increased school response, including in-school suspension, better attendance monitoring and enforcement, after-school study programs, and in-service training for teachers and staff.

Subd. 3. [TRUANCY SERVICE CENTERS.] (a) Truancy service centers may be established as facilities to receive truant students from peace officers and probation officers and provide other appropriate services. A truancy service center may:

(1) assess a truant student's attendance situation, including enrollment status, verification of truancy, and school attendance history;

(2) assist in coordinating intervention efforts where appropriate, including checking with juvenile probation and children and family services to determine whether an active case is pending and facilitating transfer to an appropriate facility, if indicated; and evaluating the need for and making referral to a health clinic, chemical dependency treatment, protective services, social or recreational programs, or other school or community-based services and programs described in subdivision 2;

(3) contact the parents or legal guardian of the truant student and release the truant student to the custody of the parents or guardian; and

(4) facilitate the student's earliest possible return to school.

(b) Truancy service centers may not accept:

(1) juveniles taken into custody for criminal violations;

(2) intoxicated juveniles;

(3) ill or injured juveniles; or

(4) juveniles older than mandatory school attendance age.

(c) Truancy service centers may expand their service capability in order to receive curfew violators and take appropriate action, such as coordination of intervention efforts, contacting parents, and developing strategies to ensure that parents assume responsibility for their children's curfew violations.

Sec. 11. [260A.05] [COUNTY ATTORNEY TRUANCY MEDIATION PROGRAM.]

Subdivision 1. [ESTABLISHMENT; REFERRALS.] A county attorney may establish a truancy mediation program for the purpose of resolving truancy problems without court action. A student may be referred to the county attorney by the school district or law enforcement if the student continues to be truant after the parent or guardian has been sent or conveyed the notice under section 260A.03.

Subd. 2. [MEETING; NOTICE.] The county attorney may request the parent or legal guardian and the child referred under subdivision 1 to attend a meeting in the county attorney's office to discuss the possible legal consequences of the minor's truancy. The notice of the meeting must be served personally or by certified mail at least five days before the meeting on each person required to attend the meeting. The notice must include:

- (1) the name and address of the person to whom the notice is directed;
- (2) the date, time, and place of the meeting;
- (3) the name of the minor classified as a truant;
- (4) the basis for the referral to the county attorney; and
- (5) a warning that a criminal complaint may be filed against the parents or guardians pursuant to section 127.20 for failure to compel the attendance of the minor at school or that action may be taken in juvenile court.

Subd. 3. [PROCEDURE.] At the beginning of the meeting under this section, the county attorney shall advise the parents or guardians and the child that any statements they make could be used against them in subsequent court proceedings. After the meeting the county attorney may file a petition or issue a citation under chapter 260 if the county attorney determines that available community resources cannot resolve the truancy problem, or if the student or the parent or guardian fail to cooperate or respond to services provided or to the directives of the school or the county attorney.

Sec. 12. [TRUANCY REDUCTION GRANT PILOT PROGRAM.]

Subdivision 1. [ESTABLISHMENT.] A truancy reduction grant pilot program is established to help school districts, county attorneys, and law enforcement officials work collaboratively to improve school attendance and to reduce truancy.

Subd. 2. [EXPECTED OUTCOMES.] Grant recipients shall use the funds for programs designed to assist truant students and their families in resolving attendance problems without court intervention. Recipient programs must be designed to reduce truancy and educational neglect, and improve school attendance rates, by:

- (1) providing early intervention and a continuum of intervention;
- (2) supporting parental involvement and responsibility in solving attendance problems;
- (3) working with students, families, school personnel, and community resources to provide appropriate services that address the underlying causes of truancy; and
- (4) providing a speedy and effective alternative to juvenile court intervention in truancy cases.

Subd. 3. [GRANT ELIGIBILITY, APPLICATIONS, AND AWARDS.] A county attorney, together with a school district or group of school districts and law enforcement, may apply for a truancy reduction grant. The commissioner of public safety, in collaboration with the commissioner of education, shall prescribe the form and manner of applications by July 1, 1995, and shall award grants to applicants likely to meet the outcomes in subdivision 2. At least two grants must be awarded: one to a county in the seven-county metropolitan area and one to a county outside the metropolitan area. Grants must be awarded for the implementation of programs in the 1995-1996 school year. At minimum, each applicant group must have a plan for implementing an early intervention truancy program at the school district or building level, as well as a county attorney truancy mediation program under section 11.

Subd. 4. [EVALUATION.] The attorney general shall make a preliminary report on the effectiveness of the pilot programs as part of its 1996 annual report under article 6, section 1, and a final report as part of its 1997 annual report under article 6, section 1.

Sec. 13. [REPEALER.]

Minnesota Statutes 1994, section 126.25, is repealed.

Laws 1994, chapter 576, section 1, is repealed.

ARTICLE 6 SCHOOL SAFETY

Section 1. [8.36] [ANNUAL REPORT ON SCHOOL SAFETY.]

On or before January 15 of each year, the attorney general shall prepare a report on safety in secondary and post-secondary schools. The report must include an assessment and evaluation of the impact of existing laws and programs on school safety and antiviolenace and include recommendations for changes in law or policy that would increase the safety of schools and curb violence. The report must be submitted to the chairs of the senate and house of representatives committees with jurisdiction over education and crime issues.

Sec. 2. Minnesota Statutes 1994, section 120.73, is amended by adding a subdivision to read:

Subd. 2b. [SCHOOL UNIFORMS.] Notwithstanding section 120.74, a school board may require students to furnish or purchase clothing that constitutes a school uniform if the board has adopted a uniform requirement or program for the student's school. In adopting a uniform requirement, the board shall promote student, staff, parent, and community involvement in the program and account for the financial ability of students to purchase uniforms.

Sec. 3. [123.953] [SCHOOL DISTRICT EMPLOYEES; BACKGROUND CHECKS.]

Subdivision 1. [BACKGROUND CHECK REQUIRED.] A school district shall request a criminal history background check from the superintendent of the bureau of criminal apprehension on all individuals who are offered employment in the school district. In order to be eligible for employment, an individual who is offered employment must provide an executed criminal history consent form and a money order or cashier's check payable to the bureau of criminal apprehension for the fee for conducting the criminal history background check. A school district may charge a person offered employment an additional fee of up to \$2 to cover the school district's costs under this section. The superintendent shall perform the background check by retrieving criminal history data maintained in the criminal justice information system computers.

Subd. 2. [CONDITIONAL HIRING; DISCHARGE.] A school district may hire an individual pending completion of a background check under subdivision 1 but shall notify the individual that the individual's employment may be terminated based on the result of the background check. A school district is not liable for failing to hire or for terminating an individual's employment based on the result of a background check under this section.

Sec. 4. Minnesota Statutes 1994, section 125.05, is amended by adding a subdivision to read:

Subd. 8. [BACKGROUND CHECKS.] (a) The board of teaching and the state board of education shall request a criminal history background check from the superintendent of the bureau of criminal apprehension on all applicants for initial licenses under their jurisdiction. An application for a license under this section must be accompanied by:

(1) an executed criminal history consent form, including fingerprints; and

(2) a money order or cashier's check payable to the bureau of criminal apprehension for the fee for conducting the criminal history background check, plus an additional fee of \$2 payable to the board of teaching or the state board of education, as applicable.

(b) The superintendent of the bureau of criminal apprehension shall perform the background check required under paragraph (a) by retrieving criminal history data maintained in the criminal

justice information system computers and shall also conduct a search of the national criminal records repository, including the criminal justice data communications network. The superintendent is authorized to exchange fingerprints with the Federal Bureau of Investigation for purposes of the criminal history check. The superintendent shall recover the cost to the bureau of a background check through the fee charged to the applicant under paragraph (a).

Sec. 5. Minnesota Statutes 1994, section 125.09, subdivision 1, is amended to read:

Subdivision 1. [GROUNDS FOR REVOCATION, SUSPENSION, OR DENIAL.] The board of teaching or the state board of education, whichever has jurisdiction over a teacher's licensure, may, on the written complaint of the school board employing a teacher, ~~or of a teacher organization, or of any other interested person,~~ which complaint shall specify the nature and character of the charges, refuse to issue, refuse to renew, suspend, or revoke such a teacher's license to teach for any of the following causes:

- (1) Immoral character or conduct;
- (2) Failure, without justifiable cause, to teach for the term of the teacher's contract;
- (3) Gross inefficiency or willful neglect of duty; or
- (4) Failure to meet licensure requirements; or
- (5) Fraud or misrepresentation in obtaining a license.

For purposes of this subdivision, the board of teaching is delegated the authority to suspend or revoke coaching licenses under the jurisdiction of the state board of education.

Sec. 6. [127.282] [EXPULSION FOR POSSESSION OF FIREARM.]

Notwithstanding the time limitation in section 127.27, subdivision 5, a school board must expel for a period of at least one year a pupil who is determined to have brought a firearm to school except the board may modify this expulsion requirement for a pupil on a case-by-case basis. For the purposes of this section, firearm is as defined in United States Code, title 18, section 921.

Sec. 7. [127.47] [SCHOOL LOCKER POLICY.]

Subdivision 1. [POLICY.] It is the policy of the state of Minnesota that:

"School lockers are the property of the school district. At no time does the school district relinquish its exclusive control of lockers provided for the convenience of students. Inspection of the interior of lockers may be conducted by school authorities for any reason at any time, without notice, without student consent, and without a search warrant. The personal possessions of students within a school locker may be searched only when school authorities have reasonable grounds to suspect that the search will uncover evidence of a violation of law or school rules."

Subd. 2. [DISSEMINATION.] The locker policy must be disseminated to parents and students in the way that other policies of general application to students are disseminated. A copy of the policy must be provided to a student the first time after the policy is effective that the student is given the use of a locker.

Sec. 8. Minnesota Statutes 1994, section 260.161, subdivision 3, is amended to read:

Subd. 3. [PEACE OFFICER RECORDS OF CHILDREN.] (a) Except for records relating to an offense where proceedings are public under section 260.155, subdivision 1, peace officers' records of children who are or may be delinquent or who may be engaged in criminal acts shall be kept separate from records of persons 18 years of age or older and are private data but shall be disseminated: (1) by order of the juvenile court, (2) as required by section 126.036, (3) as authorized under section 13.82, subdivision 2, (4) to the child or the child's parent or guardian unless disclosure of a record would interfere with an ongoing investigation, or (5) as otherwise provided in this subdivision. Except as provided in paragraph (c), no photographs of a child taken into custody may be taken without the consent of the juvenile court unless the child is alleged to have violated section 169.121 or 169.129. Peace officers' records containing data about children

who are victims of crimes or witnesses to crimes must be administered consistent with section 13.82, subdivisions 2, 3, 4, and 10. Any person violating any of the provisions of this subdivision shall be guilty of a misdemeanor.

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

(b) Nothing in this subdivision prohibits the exchange of information by law enforcement agencies if the exchanged information is pertinent and necessary to the requesting agency in initiating, furthering, or completing a criminal investigation.

(c) A photograph may be taken of a child taken into custody pursuant to section 260.165, subdivision 1, clause (b), provided that the photograph must be destroyed when the child reaches the age of 19 years. The commissioner of corrections may photograph juveniles whose legal custody is transferred to the commissioner. Photographs of juveniles authorized by this paragraph may be used only for institution management purposes, case supervision by parole agents, and to assist law enforcement agencies to apprehend juvenile offenders. The commissioner shall maintain photographs of juveniles in the same manner as juvenile court records and names under this section.

(d) Traffic investigation reports are open to inspection by a person who has sustained physical harm or economic loss as a result of the traffic accident. Identifying information on juveniles who are parties to traffic accidents may be disclosed as authorized under section 13.82, subdivision 4, and accident reports required under section 169.09 may be released under section 169.09, subdivision 13, unless the information would identify a juvenile who was taken into custody or who is suspected of committing an offense that would be a crime if committed by an adult, or would associate a juvenile with the offense, and the offense is not a minor traffic offense under section 260.193.

(e) A law enforcement agency shall notify the principal or chief administrative officer of a juvenile's school of an incident occurring within the agency's jurisdiction if:

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

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

A law enforcement agency is not required to notify the school under this paragraph if the agency determines that notice would jeopardize an ongoing investigation. Notwithstanding section 138.17, data from a notice received from a law enforcement agency under this paragraph must be destroyed when the juvenile graduates from the school or at the end of the academic year when the juvenile reaches age 23, whichever date is earlier. For purposes of this paragraph, "school" means a public or private elementary, middle, or secondary school.

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

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

Sec. 9. Minnesota Statutes 1994, section 364.09, is amended to read:

364.09 [EXCEPTIONS.]

(a) This chapter does not apply to the licensing process for peace officers; to law enforcement agencies as defined in section 626.84, subdivision 1, paragraph (h); to fire protection agencies; to eligibility for a private detective or protective agent license; to eligibility for a family day care license, a family foster care license, or a home care provider license; to eligibility for school bus driver endorsements; or to eligibility for special transportation service endorsements. This chapter also shall not apply to ~~eligibility for a license issued or renewed by the board of teaching or state board of education~~ or to eligibility for juvenile corrections employment, where the offense involved child physical or sexual abuse or criminal sexual conduct.

(b) This chapter does not apply to a school district or to eligibility for a license issued or renewed by the board of teaching or the state board of education.

(c) Nothing in this section precludes the Minnesota police and peace officers training board or the state fire marshal from recommending policies set forth in this chapter to the attorney general for adoption in the attorney general's discretion to apply to law enforcement or fire protection agencies.

Sec. 10. Minnesota Statutes 1994, section 466.03, is amended by adding a subdivision to read:

Subd. 18. [SCHOOL BUILDING SECURITY.] Any claim based on injury arising out of a decision by a school or school district to obtain a fire code variance for purposes of school building security, if the decision was made in good faith and in accordance with applicable law governing variances.

Sec. 11. Minnesota Statutes 1994, section 609.605, subdivision 4, is amended to read:

Subd. 4. [TRESPASSES ON SCHOOL PROPERTY.] (a) It is a misdemeanor for a person to enter or be found in a public or nonpublic elementary, middle, or secondary school building unless the person:

(1) is an enrolled student in, a parent or guardian of an enrolled student in, or an employee of the school or school district;

(2) has permission or an invitation from a school official to be in the building;

(3) is attending a school event, class, or meeting to which the person, the public, or a student's family is invited; or

(4) has reported the person's presence in the school building in the manner required for visitors to the school.

(b) It is a gross misdemeanor for a group of three or more persons to enter or be found in a public or nonpublic elementary, middle, or secondary school building unless one of the persons:

(1) is an enrolled student in, a parent or guardian of an enrolled student in, or an employee of the school or school district;

(2) has permission or an invitation from a school official to be in the building;

(3) is attending a school event, class, or meeting to which the person, the public, or a student's family is invited; or

(4) has reported the person's presence in the school building in the manner required for visitors to the school.

(c) It is a misdemeanor for a person to enter or be found on school property within six months after being told by the school principal or the principal's designee to leave the property and not to return, unless the principal or the principal's designee has given the person permission to return to the property. As used in this paragraph, "school property" has the meaning given in section 152.01, subdivision 14a, clauses (1) and (3).

(e) (d) A school principal or a school employee designated by the school principal to maintain order on school property, who has reasonable cause to believe that a person is violating this subdivision may detain the person in a reasonable manner for a reasonable period of time pending the arrival of a peace officer. A school principal or designated school employee is not civilly or criminally liable for any action authorized under this paragraph if the person's action is based on reasonable cause.

(d) (e) A peace officer may arrest a person without a warrant if the officer has probable cause to believe the person violated this subdivision within the preceding four hours. The arrest may be made even though the violation did not occur in the peace officer's presence.

Sec. 12. [REPEALER.]

Section 1 is repealed effective August 1, 1997.

Sec. 13. [EFFECTIVE DATE.]

Section 8 is effective beginning with the 1995-1996 school year."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 10, after "2;" insert "120.14; 120.73, by adding a subdivision; 125.05, by adding a subdivision; 125.09, subdivision 1; 171.04, subdivision 1;"

Page 1, line 14, before the second semicolon, insert ", and by adding a subdivision; 260.132, subdivisions 1 and 4; 260.161, subdivision 3"

Page 1, line 15, after the semicolon, insert "260.191, subdivision 1;"

Page 1, line 24, after "6;" insert "364.09; 466.03, by adding a subdivision;"

Page 1, line 26, after the second semicolon, insert "609.605, subdivision 4;"

Page 1, line 28, after the first semicolon, insert "611.27, subdivision 4;"

Page 1, line 33, after "2;" insert "Laws 1994, chapter 643, section 79, subdivisions 1, 3, and 4;"

Page 1, line 34, delete everything after "chapters" and insert "8; 120; 123; 127; 242; 260;"

Page 1, line 35, before the period, insert "; proposing coding for new law as Minnesota Statutes, chapter 260A; repealing Minnesota Statutes 1994, section 126.25; and Laws 1994, chapter 576, section 1"

And when so amended the bill do pass. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 1678, 944 and 1653 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. No. 628 was read the second time.

MOTIONS AND RESOLUTIONS

Mr. Vickerman moved that his name be stricken as a co-author to S.F. No. 1037. The motion prevailed.

Mr. Chmielewski moved that the name of Mr. Langseth be added as a co-author to S.F. No. 1037. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1234 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1234: A bill for an act relating to education; appropriating money for education and related purposes to the higher education coordinating board, board of trustees of the Minnesota state colleges and universities, board of regents of the University of Minnesota, and the Mayo medical foundation, with certain conditions; requiring public post-secondary institutions to convert to the semester system; creating definitions and actions during financial emergencies; establishing a nursing grant program; revising allocations and use of the peace officers training account; assigning duties to the library and information services task force; requiring expansion of the transfer curriculum; setting goals for compensation plans and labor agreements; establishing a new funding formula for public higher education systems; modifying provisions relating to the higher education coordinating board; modifying higher education grant programs; providing for technical colleges land acquisition and sale; consolidating and restructuring certain higher education statutes to reflect the merger of the community colleges, state universities, and technical colleges; amending Minnesota Statutes 1994, sections 15.38, subdivision 3; 123.3514, subdivision 3; 126.56, subdivision 5; 135A.08, subdivisions 1, 2, and 3; 135A.10, subdivision 1; 135A.15, subdivision 1; 136A.01; 136A.02, subdivisions 1, 6, and 7; 136A.04, subdivision 1; 136A.043; 136A.05, subdivision 1; 136A.07; 136A.101, subdivisions 5 and 8; 136A.121, subdivisions 5, 6, 9, 16, and by adding a subdivision; 136A.125, subdivisions 4 and 6; 136A.1359, subdivisions 1, 2, and 3; 136A.42; 136A.87; 136E.01, subdivision 1; 136E.02, subdivisions 1 and 3; 136E.021, subdivision 2; 136E.03; 136E.04, subdivisions 1, 3, and 7; 136E.05; 136E.31; 136E.525, subdivisions 1, 2, and 3; 136E.692, subdivisions 1, 3, and 4; 144.1487, subdivision 1; 144.1488, subdivisions 1 and 4; 144.1489, subdivisions 1, 3, and 4; 144.1490; 144.1491, subdivision 2; 179A.07, subdivision 4; 298.2214, subdivision 5; and 626.861, subdivision 4; Laws 1991, chapter 356, article 9, section 9, as amended; Laws 1993, chapter 326, article 12, section 15, subdivisions 1, 4, and 5; and Laws 1994, chapter 643, section 69, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 135A; and 136A; proposing coding for new law as Minnesota Statutes, chapter 136F; repealing Minnesota Statutes 1994, sections 15.38, subdivision 4; 135A.031; 135A.032, subdivision 2; 135A.033; 135A.052, subdivision 3; 136.01; 136.015; 136.017; 136.02; 136.03; 136.031; 136.036; 136.045; 136.065; 136.07; 136.09; 136.10; 136.11; 136.111; 136.12; 136.13; 136.14; 136.141; 136.142; 136.143; 136.144; 136.145; 136.146; 136.147; 136.17; 136.171; 136.172; 136.18; 136.19; 136.20; 136.21; 136.22; 136.232; 136.24; 136.25; 136.261; 136.27; 136.31; 136.311; 136.32; 136.33; 136.34; 136.35; 136.36; 136.37; 136.38; 136.40; 136.41; 136.42; 136.43; 136.44; 136.45; 136.46; 136.47; 136.48; 136.49; 136.50; 136.501; 136.502; 136.503; 136.504; 136.505; 136.506; 136.507; 136.55; 136.56; 136.57; 136.58; 136.60; 136.6011; 136.602; 136.603; 136.61; 136.62; 136.621; 136.622; 136.63; 136.65; 136.651; 136.653; 136.67; 136.70; 136.71; 136.72; 136.88; 136.90; 136A.04, subdivision 2; 136A.041; 136A.125, subdivision 5; 136A.85; 136A.86; 136A.88; 136C.01; 136C.02; 136C.03; 136C.04; 136C.041; 136C.042; 136C.043; 136C.044; 136C.05; 136C.06; 136C.07; 136C.075; 136C.08; 136C.13; 136C.15; 136C.17; 136C.31; 136C.34; 136C.41; 136C.411; 136C.43; 136C.44; 136C.50; 136C.51; 136C.60; 136C.61; 136C.62; 136C.63; 136C.64; 136C.65; 136C.66; 136C.67; 136C.68; 136C.69; 136C.70; 136C.71; 136C.75; 136D.77; 136D.81, subdivision 2; 136E.04, subdivisions 2, 4, 5, and 6; 136E.395; 144.1488, subdivision 2; and 148.236; Laws 1993, chapter 326, article 12, section 15, subdivision 2; Laws 1993, First Special Session chapter 2, article 1, sections 2, subdivision 8; and 9, subdivision 6; and Laws 1994, chapter 532, article 6, section 12, paragraph (a).

Mr. Morse moved to amend S.F. No. 1234 as follows:

Page 3, delete line 2 and insert:

"120,222,000 122,012,000 242,234,000"

Page 3, delete line 5 and insert:

"464,760,000 464,471,000 929,231,000"

Page 3, delete lines 16 and 17 and insert:

"Subdivision 1. Total
Appropriation 120,222,000 122,012,000"

Page 5, delete line 46 and insert:

"2,356,000 2,356,000"

Page 6, delete lines 1 and 2 and insert:

"Subdivision 1. Total
Appropriation 464,760,000 464,471,000"

Page 6, line 18, delete "\$616,427,000" and insert "\$617,546,000"

Page 6, line 19, delete "\$616,434,000" and insert "\$617,553,000"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 35 and nays 29, as follows:

Those who voted in the affirmative were:

Anderson	Finn	Kramer	Merriam	Riveness
Belanger	Flynn	Krentz	Mondale	Sams
Berg	Hanson	Laidig	Morse	Samuelson
Bertram	Hottinger	Langseth	Novak	Scheevel
Betzold	Johnson, J.B.	Lessard	Ourada	Spear
Chandler	Kelly	Limmer	Pariseau	Stevens
Day	Kleis	Marty	Reichgott Junge	Vickerman

Those who voted in the negative were:

Beckman	Johnson, D.J.	Metzen	Pappas	Runbeck
Chmielewski	Johnston	Moe, R.D.	Piper	Solon
Dille	Kiscaden	Murphy	Pogemiller	Stumpf
Frederickson	Kroening	Neuville	Price	Terwilliger
Janezich	Larson	Oliver	Ranum	Wiener
Johnson, D.E.	Lesewski	Olson	Robertson	

The motion prevailed. So the amendment was adopted.

Mr. Merriam moved to amend S.F. No. 1234 as follows:

Page 42, line 16, delete from "taxpayer" through page 42, line 18, to "invested" and insert "the award to a student attending a private college to the award that would have been made"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 14 and nays 47, as follows:

Those who voted in the affirmative were:

Anderson	Chandler	Hottinger	Morse	Riveness
Berg	Finn	Kelly	Pappas	Spear
Betzold	Flynn	Merriam	Price	

Those who voted in the negative were:

Belanger	Johnson, J.B.	Lessard	Ourada	Scheevel
Bertram	Johnston	Limmer	Pariseau	Solon
Chmielewski	Kiscaden	Marty	Piper	Stevens
Day	Kleis	Metzen	Pogemiller	Stumpf
Dille	Kramer	Moe, R.D.	Ranum	Terwilliger
Frederickson	Krentz	Mondale	Reichgott Junge	Vickerman
Hanson	Kroening	Murphy	Robertson	Wiener
Janezich	Laidig	Neuville	Runbeck	
Johnson, D.E.	Larson	Oliver	Sams	
Johnson, D.J.	Lesewski	Olson	Samuelson	

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

Ms. Wiener moved to amend S.F. No. 1234 as follows:

Page 42, line 16, delete from "Maximum" through page 42, line 24, to "considered."

The motion prevailed. So the amendment was adopted.

Mr. Johnson, D.J. moved to amend S.F. No. 1234 as follows:

Page 10, after line 46, insert:

"Subd. 3. Layoffs

In order to maximize the delivery of services to the public, if layoffs of state employees as defined in Minnesota Statutes, chapter 43A, of post-secondary systems are necessary during the biennium ending June 30, 1997, the system shall reduce at least the same percentage of filled management and supervisory positions as line and support positions."

The motion prevailed. So the amendment was adopted.

Mr. Larson moved to amend S.F. No. 1234 as follows:

Page 17, after line 27, insert:

"Sec. 19. [STATE EMPLOYEE COMPENSATION STUDY.]

The legislative auditor shall conduct a study of the compensation, including salary and benefits, provided for work performed by state employees with compensation provided for similar work performed by non-state employees. The legislative auditor shall provide an analysis of the findings and make recommendations for improving the way in which the state compensates its employees based upon the findings. The study shall be provided to the senate and the house of representatives not later than February 15, 1996."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Limmer moved to amend S.F. No. 1234 as follows:

Page 12, after line 10, insert:

"Sec. 10. [136.654] [COMMUNITY COLLEGE INTERCOLLEGIATE SPORT PROGRAM TERMINATION OR SUSPENSION; LIMITATION.]

A community college intercollegiate sport funded fully, or in part, by nontuition funds derived from students, shall not be suspended or terminated, unless a majority of the community college's full-time students voting on the issue vote to suspend or terminate the program."

Page 17, after line 30, insert:

"Sec. 21. [EFFECTIVE DATE; RETROACTIVE APPLICATION.]

Section 10 is effective the day following final enactment and applies to all community college intercollegiate sport program suspensions or terminations that occurred on or after January 1, 1995."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 34 and nays 25, as follows:

Those who voted in the affirmative were:

Belanger	Frederickson	Kleis	Limmer	Pariseau
Bertram	Hanson	Kramer	Merriam	Reichgott Junge
Chandler	Hottinger	Krentz	Metzen	Samuelson
Chmielewski	Janezich	Kroening	Murphy	Stevens
Day	Johnson, D.E.	Laidig	Novak	Terwilliger
Dille	Johnson, D.J.	Lesewski	Olson	Wiener
Flynn	Johnston	Lessard	Ourada	

Those who voted in the negative were:

Anderson	Kelly	Morse	Pogemiller	Runbeck
Berg	Kiscaden	Neuville	Price	Solon
Betzold	Larson	Oliver	Ranum	Spear
Finn	Marty	Pappas	Riveness	Stumpf
Johnson, J.B.	Mondale	Piper	Robertson	Vickerman

The motion prevailed. So the amendment was adopted.

Mr. Oliver moved to amend S.F. No. 1234 as follows:

Page 17, line 24, delete "and"

Page 17, after line 24, insert:

"(4) create a salary system that rewards instructional performance and creativity, workload, and responsiveness to students;

(5) limit the granting of sabbaticals to those employees who specifically demonstrate that the sabbatical will improve their classroom teaching skill; and"

Page 17, line 25, delete "(4)" and insert "(6)"

Ms. Kiscaden moved to amend the Oliver amendment to S.F. No. 1234 as follows:

Page 1, line 9, before the semicolon, insert "or their scholarship and knowledge of their field of specialization"

The motion prevailed. So the amendment to the amendment was adopted.

Mr. Oliver requested division of the amendment, as amended, as follows:

First portion:

Page 17, line 24, delete "and"

Page 17, after line 24, insert:

"(4) create a salary system that rewards instructional performance and creativity, workload, and responsiveness to students; and"

Page 17, line 25, delete "(4)" and insert "(5)"

Second portion:

Page 17, line 24, delete "and"

Page 17, after line 24, insert:

"(4) limit the granting of sabbaticals to those employees who specifically demonstrate that the sabbatical will improve their classroom teaching skill or their scholarship and knowledge of their field of specialization; and"

Page 17, line 25, delete "(4)" and insert "(5)"

The question was taken on the adoption of the first portion of the amendment.

The roll was called, and there were yeas 27 and nays 32, as follows:

Those who voted in the affirmative were:

Belanger	Johnson, D.E.	Lesewski	Ourada	Stevens
Berg	Johnston	Lessard	Pariseau	Terwilliger
Chmielewski	Kiscaden	Limmer	Robertson	Vickerman
Day	Kramer	Neuville	Runbeck	
Dille	Laidig	Oliver	Sams	
Frederickson	Larson	Olson	Scheevel	

Those who voted in the negative were:

Anderson	Hottinger	Langseth	Novak	Solon
Bertram	Janezich	Marty	Pappas	Spear
Betzold	Johnson, J.B.	Merriam	Piper	Stumpf
Chandler	Kelly	Metzen	Price	Wiener
Finn	Kleis	Moe, R.D.	Ranum	
Flynn	Krentz	Morse	Reichgott Junge	
Hanson	Kroening	Murphy	Riveness	

The motion did not prevail. So the first portion of the amendment was not adopted.

The question was taken on the adoption of the second portion of the amendment, as amended.

The roll was called, and there were yeas 21 and nays 37, as follows:

Those who voted in the affirmative were:

Belanger	Johnson, D.E.	Lesewski	Robertson	Vickerman
Berg	Johnston	Merriam	Runbeck	
Day	Kiscaden	Neuville	Scheevel	
Dille	Kramer	Oliver	Stevens	
Frederickson	Larson	Pariseau	Terwilliger	

Those who voted in the negative were:

Anderson	Hottinger	Langseth	Novak	Samuelson
Bertram	Janezich	Lessard	Olson	Solon
Betzold	Johnson, J.B.	Limmer	Pappas	Spear
Chandler	Kelly	Marty	Piper	Stumpf
Chmielewski	Kleis	Moe, R.D.	Pogemiller	Wiener
Finn	Krentz	Mondale	Price	
Flynn	Kroening	Morse	Ranum	
Hanson	Laidig	Murphy	Sams	

The motion did not prevail. So the second portion of the amendment, as amended, was not adopted.

Ms. Pappas moved to amend S.F. No. 1234 as follows:

Page 17, after line 27, insert:

"Sec. 19. [MODEL INSTRUCTION PROGRAM.]

Subdivision 1. [CHARGE.] The higher education board shall develop a model instruction program in spoken language interpreting and translating services, as provided in this section. In developing the program, the board shall consult with the University of Minnesota; non-English speaking communities; the prosecution, defense, and judiciary systems; the interpreting and translating communities; battered women's programs; and government and nonprofit agencies providing human, social, and health services.

Subd. 2. [DEFINITIONS.] For the purposes of this section, the following definitions apply.

(a) "Interpreter" means any person who is readily able to comprehend a message uttered in one language and reexpress that message in a spoken form in a second language without modifying the meaning in any significant way.

(b) "Translator" means any person who is readily able to comprehend a message written in one language and reexpress the message in a written form in a second language without modifying the meaning in any significant way.

Subd. 3. [BOARD RESPONSIBILITIES.] (a) The board shall determine the need for and recommend programs to meet educational training needs in spoken language interpreting and translating services at the certificate level, associate degree level, or both. Courses shall be designed to articulate with advanced education and training programs in the field. The curriculum shall, at a minimum, include instruction in:

- (1) spoken language proficiency to meet potential client needs;
- (2) technical terminology needed for specialization;
- (3) ethical standards involved in interpreting and translating;
- (4) background in the culture of the language relevant to the interpretation and translation;
- (5) internship needs and other practical opportunities to serve clients; and
- (6) fundamental skills in effective interpreting and translating.

(b) The board shall review and recommend programs to train providers in the appropriate use of interpreters and translators.

(c) The board shall:

(1) collect and review recent data to determine the number of non-English speaking residents and the native language of these persons;

(2) determine geographic areas in Minnesota with the greatest need for spoken language and translator services;

(3) determine the most efficient and effective ways of delivering the program to areas of need;

(4) recommend what provider or providers can best implement and deliver the program, with emphasis on encouraging collaborative efforts;

(5) determine the cost of implementing and providing the program, including the possibility of competitive grants; and

(6) consult with persons developing the statewide judicial interpreter certification and training program under Laws 1994, chapter 636, article 1, section 14.

(d) The board shall transmit its recommendations, together with its plan to develop appropriate programs, to the appropriate committees of the legislature by January 20, 1996."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Berg moved to amend S.F. No. 1234 as follows:

Page 8, after line 38, insert:

"No money from this appropriation shall be expended for the farmer-lender mediation program."

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

Mr. Morse moved to amend S.F. No. 1234 as follows:

Page 3, delete line 5 and insert:

"466,510,000	466,221,000	932,731,000"
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Page 3, delete line 7 and insert:

"482,080,000	479,191,000	961,271,000"
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Page 6, delete lines 1 and 2 and insert:

"Subdivision 1. Total
Appropriation

466,510,000	466,221,000"
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Page 6, line 18, delete "\$616,427,000" and insert "\$620,158,000"

Page 6, line 19, delete "\$616,434,000" and insert "\$620,165,000"

Page 7, delete lines 36 and 37 and insert:

"Subdivision 1. Total
Appropriation

482,080,000	479,191,000"
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Page 7, delete lines 41 and 42 and insert:

"Subd. 2. Operations and
Maintenance

393,652,000	390,488,000"
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Page 7, line 46, delete "\$422,040,000" and insert "\$418,309,000"

Page 7, line 47, delete "\$418,789,000" and insert "\$415,058,000"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 10 and nays 47, as follows:

Those who voted in the affirmative were:

Chmielewski	Kleis	Laidig	Morse	Scheevel
Hottinger	Kramer	Lessard	Pariseau	Stevens

Those who voted in the negative were:

Anderson	Frederickson	Limmer	Olson	Sams
Belanger	Janezich	Marty	Ourada	Samuelson
Berg	Johnson, D.E.	Merriam	Pappas	Spear
Bertram	Johnson, D.J.	Metzen	Piper	Stumpf
Betzold	Johnson, J.B.	Moe, R.D.	Pogemiller	Terwilliger
Chandler	Johnston	Mondale	Price	Vickerman
Day	Krentz	Murphy	Ranum	Wiener
Dille	Kroening	Neuville	Riveness	
Finn	Larson	Novak	Robertson	
Flynn	Lesewski	Oliver	Runbeck	

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

S.F. No. 1234 was read the third time, as amended.

Mr. Moe, R.D. moved that S.F. No. 1234 be laid on the table. The motion prevailed.

Mr. Moe, R.D. moved that S.F. No. 1234 be taken from the table. The motion prevailed.

S.F. No. 1234 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 55 and nays 6, as follows:

Those who voted in the affirmative were:

Anderson	Janezich	Larson	Olson	Runbeck
Belanger	Johnson, D.E.	Lesewski	Ourada	Sams
Berg	Johnson, D.J.	Lessard	Pappas	Samuelson
Bertram	Johnson, J.B.	Limmer	Pariseau	Scheevel
Betzold	Johnston	Metzen	Piper	Solon
Chandler	Kelly	Moe, R.D.	Pogemiller	Spear
Chmielewski	Kiscaden	Mondale	Price	Stevens
Day	Kramer	Murphy	Ranum	Stumpf
Dille	Krentz	Neuville	Reichgott Junge	Terwilliger
Flynn	Kroening	Novak	Riveness	Vickerman
Frederickson	Laidig	Oliver	Robertson	Wiener

Those who voted in the negative were:

Finn	Kleis	Marty	Merriam	Morse
Hottinger				

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

Mr. Moe, R.D. moved that S.F. No. 1234 be laid on the table. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 992 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 992: A bill for an act relating to health; reinstating certain advisory councils and a task force; amending Minnesota Statutes 1994, section 326.41.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 53 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Krentz	Novak	Samuelson
Belanger	Frederickson	Laidig	Oliver	Scheevel
Berg	Hottinger	Larson	Olson	Solon
Berglin	Janezich	Lesewski	Pappas	Spear
Bertram	Johnson, D.E.	Marty	Pariseau	Stevens
Betzold	Johnson, J.B.	Merriam	Piper	Stumpf
Chandler	Johnston	Metzen	Pogemiller	Terwilliger
Chmielewski	Kelly	Moe, R.D.	Ranum	Vickerman
Day	Kiscaden	Mondale	Riveness	Wiener
Dille	Kleis	Morse	Robertson	
Finn	Kramer	Neuville	Runbeck	

Mr. Limmer voted in the negative.

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 702 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 702: A bill for an act relating to traffic regulations; allowing school authorities to appoint nonpupil adults to school safety patrols; amending Minnesota Statutes 1994, section 126.15, subdivision 2.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Novak	Runbeck
Belanger	Hottinger	Laidig	Olson	Sams
Berg	Janezich	Larson	Ourada	Samuelson
Berglin	Johnson, D.E.	Lesewski	Pappas	Scheevel
Bertram	Johnson, D.J.	Limmer	Pariseau	Solon
Betzold	Johnson, J.B.	Marty	Piper	Spear
Chandler	Johnston	Merriam	Pogemiller	Stevens
Chmielewski	Kelly	Metzen	Price	Stumpf
Day	Kiscaden	Mondale	Ranum	Terwilliger
Dille	Kleis	Morse	Reichgott Junge	Vickerman
Finn	Knutson	Murphy	Riveness	Wiener
Flynn	Kramer	Neuville	Robertson	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 273 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 273: A bill for an act relating to motor vehicles; allowing license plates for collector vehicles to be transferred and reissued; imposing fees; amending Minnesota Statutes 1994, section 168.10, subdivisions 1a, 1b, 1c, 1d, 1h, and by adding a subdivision.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kramer	Neuville	Runbeck
Belanger	Hanson	Krentz	Oliver	Sams
Berg	Hottinger	Laidig	Olson	Samuelson
Berglin	Janezich	Langseth	Ourada	Scheevel
Bertram	Johnson, D.E.	Larson	Pariseau	Solon
Betzold	Johnson, D.J.	Lesewski	Piper	Spear
Chandler	Johnson, J.B.	Limmer	Pogemiller	Stevens
Chmielewski	Johnston	Marty	Price	Terwilliger
Day	Kelly	Merriam	Ranum	Vickerman
Dille	Kiscaden	Metzen	Reichgott Junge	Wiener
Finn	Kleis	Mondale	Riveness	
Flynn	Knutson	Morse	Robertson	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 598 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 598: A bill for an act relating to civil actions; limiting the liability of grocery stores and delicatessens as food donors to the elderly or needy; amending Minnesota Statutes 1994, section 604A.10, subdivision 1.

Ms. Runbeck moved that S.F. No. 598, No. 38 on Special Orders, be stricken and re-referred to the Committee on Agriculture and Rural Development. The motion prevailed.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 901 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 901: A bill for an act relating to drivers' licenses; requiring additional information in drivers' education programs, the driver's license examination, and the driver's manual regarding the legal and financial consequences of violating DWI-related laws; amending Minnesota Statutes 1994, sections 169.121, by adding a subdivision; and 171.13, subdivisions 1 and 1b.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 58 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Laidig	Novak	Runbeck
Belanger	Hottinger	Langseth	Oliver	Sams
Berg	Johnson, D.E.	Larson	Olson	Samuelson
Berglin	Johnson, D.J.	Lesewski	Ourada	Scheevel
Bertram	Johnson, J.B.	Limmer	Pariseau	Solon
Betzold	Johnston	Marty	Piper	Spear
Chandler	Kelly	Merriam	Pogemiller	Stevens
Chmielewski	Kiscaden	Metzen	Price	Terwilliger
Day	Kleis	Mondale	Ranum	Vickerman
Dille	Knutson	Morse	Reichgott Junge	Wiener
Flynn	Kramer	Murphy	Riveness	
Frederickson	Krentz	Neuville	Robertson	

Mr. Finn voted in the negative.

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 651 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 651: A bill for an act relating to crime; expanding the scope of the dangerous and career offender sentencing law and the crimes of second degree murder, criminal sexual conduct in the fifth degree, and harassment and stalking; expanding the restitution laws; increasing the age for curfew under countywide curfew ordinances; amending Minnesota Statutes 1994, sections 145A.05, subdivision 7a; 609.152, subdivision 1; 609.19; 609.3451, subdivision 1; 609.749, subdivision 5; 611A.01; 611A.04, subdivision 1; and 624.712, subdivision 5.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Murphy	Robertson
Belanger	Hanson	Laidig	Neuville	Runbeck
Berg	Hottinger	Langseth	Oliver	Sams
Berglin	Janezich	Larson	Olson	Samuelson
Bertram	Johnson, D.J.	Lesewski	Ourada	Scheevel
Betzold	Johnson, J.B.	Lessard	Pappas	Solon
Chandler	Johnston	Limmer	Pariseau	Spear
Chmielewski	Kelly	Marty	Pogemiller	Stevens
Day	Kiscaden	Merriam	Price	Stumpf
Dille	Kleis	Metzen	Ranum	Terwilliger
Finn	Knutson	Mondale	Reichgott Junge	Wiener
Flynn	Kramer	Morse		

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1641 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1641: A bill for an act relating to local government; requiring a local governmental unit to furnish copies of any ordinances adopted to the county law library; amending Minnesota Statutes 1994, sections 375.52; and 415.021.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Neuville	Robertson
Belanger	Hanson	Laidig	Oliver	Runbeck
Berg	Hottinger	Langseth	Olson	Sams
Berglin	Janezich	Larson	Ourada	Samuelson
Bertram	Johnson, D.J.	Lesewski	Pappas	Scheevel
Betzold	Johnson, J.B.	Lessard	Pariseau	Solon
Chandler	Johnston	Limmer	Piper	Spear
Chmielewski	Kelly	Marty	Pogemiller	Stevens
Day	Kiscaden	Merriam	Price	Stumpf
Dille	Kleis	Metzen	Ranum	Terwilliger
Finn	Knutson	Morse	Reichgott Junge	Wiener
Flynn	Kramer	Murphy	Riveness	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 870 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 870: A bill for an act relating to elevator safety; changing responsibility for certain administrative and enforcement activities; changing certain exemptions; imposing penalties; amending Minnesota Statutes 1994, sections 16B.61, subdivisions 1 and 1a; 16B.72; 16B.73; 183.351, subdivisions 2 and 5; 183.353; 183.354; 183.355, subdivisions 1, 3, and by adding a subdivision; 183.357, subdivisions 1 and 3; 183.358; and 326.244, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 183.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Murphy	Riveness
Belanger	Hanson	Kroening	Neuville	Robertson
Berg	Hottinger	Laidig	Oliver	Runbeck
Berglin	Janezich	Larson	Olson	Sams
Bertram	Johnson, D.J.	Lesewski	Ourada	Samuelson
Betzold	Johnson, J.B.	Lessard	Pappas	Scheevel
Chandler	Johnston	Limmer	Pariseau	Solon
Chmielewski	Kelly	Marty	Piper	Spear
Day	Kiscaden	Merriam	Pogemiller	Stevens
Dille	Kleis	Metzen	Price	Stumpf
Finn	Knutson	Mondale	Ranum	Terwilliger
Flynn	Kramer	Morse	Reichgott Junge	Wiener

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 720 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 720: A bill for an act relating to motor vehicles; modifying appearance of special license plates issued to amateur radio station licensees; amending Minnesota Statutes 1994, section 168.12, subdivision 2.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 59 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Murphy	Riveness
Belanger	Hanson	Laidig	Neuville	Robertson
Berg	Hottinger	Langseth	Novak	Sams
Berglin	Janezich	Larson	Oliver	Samuelson
Bertram	Johnson, D.J.	Lesewski	Olson	Scheevel
Betzold	Johnson, J.B.	Limmer	Ourada	Solon
Chandler	Johnston	Marty	Pariseau	Spear
Chmielewski	Kiscaden	Merriam	Piper	Stevens
Day	Kleis	Metzen	Pogemiller	Stumpf
Dille	Knutson	Moe, R.D.	Price	Terwilliger
Finn	Kramer	Mondale	Ranum	Wiener
Flynn	Krentz	Morse	Reichgott Junge	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 399 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 399: A bill for an act relating to the secretary of state; regulating filings and related matters; providing for service of process; amending Minnesota Statutes 1994, sections 5.22, subdivision 1; 48.185, subdivision 7; 79A.06, subdivision 5; 168.27, subdivision 19a; 221.67; 302A.115, subdivision 1; 302A.121, subdivision 1; 302A.701; 302A.901, subdivision 1; 303.03; 303.06, subdivision 1; 303.13, subdivision 1; 303.14, subdivision 3; 308A.121, subdivision 1; 309.56, subdivision 1; 317A.115, subdivision 2; 317A.823, subdivision 1; 317A.901, subdivision 1; 319A.03; 319A.06, subdivision 2; 322A.02; 322A.761; 322B.12, subdivision 1; 322B.80, subdivision 1; 322B.876, subdivision 1; 322B.955; 322B.960, subdivisions 1 and 3; 323.02, by adding a subdivision; 323.44, subdivisions 2, 4, 5, and 6; 323.45, subdivisions 1 and 5; 323.46; 323.47, subdivision 1; 325F.70, subdivision 2; 330.11, subdivision 3; 333.001; 333.01; 333.055, subdivision 4; 333.21, subdivision 1; 336.9-403; 336A.11, subdivision 2; 540.152; and 543.08; proposing coding for new law in Minnesota Statutes, chapters 5; and 323; repealing Minnesota Statutes 1994, sections 302A.901, subdivisions 2, 2a, 3, and 4; 303.13, subdivisions 2, 3, 4, and 5; 317A.901, subdivisions 2, 3, and 4; 322B.876, subdivisions 2, 3, and 4; 322B.901; and 323.47, subdivisions 2, 3, and 4.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Kroening	Morse	Riveness
Belanger	Hottinger	Laidig	Murphy	Robertson
Berg	Janezich	Langseth	Neuville	Runbeck
Berglin	Johnson, D.J.	Larson	Novak	Sams
Bertram	Johnson, J.B.	Lesewski	Oliver	Samuelson
Betzold	Johnston	Lessard	Ourada	Scheevel
Chandler	Kelly	Limmer	Pariseau	Solon
Chmielewski	Kiscaden	Marty	Piper	Spear
Day	Kleis	Merriam	Pogemiller	Stevens
Dille	Knutson	Metzen	Price	Stumpf
Finn	Kramer	Moe, R.D.	Ranum	Terwilliger
Flynn	Krentz	Mondale	Reichgott Junge	Wiener

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 651 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 651: A bill for an act relating to probate; clarifying and correcting provisions of the uniform probate code; expanding authority for safe deposit box searches, division and merger of trusts, and granting of power-of-attorney to spouses in certain cases; amending Minnesota Statutes 1994, sections 55.10, subdivision 4; 501B.16; 501B.71, by adding a subdivision; 507.02; 519.06; 519.07; 519.11, subdivision 2; 523.23, subdivision 1; 523.24, subdivision 1; 524.1-201; 524.2-508; 524.3-914; 524.3-916; 524.3-1001; 524.3-1008; 524.3-1201; 524.3-1202; and 524.3-1203; proposing coding for new law in Minnesota Statutes, chapters 501B; and 524; repealing Minnesota Statutes 1994, sections 525.145; and 525.51.

Mr. Finn moved to amend H.F. No. 651, as amended pursuant to Rule 49, adopted by the Senate March 20, 1995, as follows:

(The text of the amended House File is identical to S.F. No. 591.)

Page 3, line 31, delete everything after the period

Page 3, delete lines 32 and 33

Page 3, line 34, delete everything before "If"

Page 8, line 35, after "finds" insert "by clear and convincing evidence"

Page 8, line 36, delete everything after "is" and insert "an incapacitated person as defined in section 525.54"

Page 9, line 1, delete everything before the comma

Page 9, line 7, after the period, insert "The decree may not be granted or must be vacated if the petitioner caused or contributed to the incapacity or disappearance of the petitioner's spouse."

Page 9, after line 11, insert:

"Sec. 8. Minnesota Statutes 1994, section 519.11, subdivision 2, is amended to read:

Subd. 2. [WRITING; EXECUTION.] Antenuptial or postnuptial contracts or settlements shall be in writing, executed in the presence of two witnesses and acknowledged by the parties, executing the same before any officer or person authorized to administer an oath under the laws of this state. An antenuptial contract must be entered into and executed prior to the day of solemnization of marriage. A power of attorney may not be used to accomplish the purposes of this section."

Page 35, after line 10, insert:

"Sec. 22. [EFFECTIVE DATE; APPLICATION.]

(a) This act is effective January 1, 1996.

(b) Sections 1, 14, 17, 18, 19, and 20 apply to all decedents' estates, whenever the decedent died.

(c) Section 4 applies to all trusts, whenever executed or created.

(d) Sections 6 and 10 apply to powers of attorney executed on or after the effective date.

(e) Sections 12, 13, and 15 apply to the rights of successors of decedents dying on or after the effective date and to any wills of decedents dying on or after the effective date."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 651 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Kroening	Morse	Runbeck
Belanger	Hanson	Laidig	Neuville	Sams
Berg	Hottinger	Langseth	Novak	Samuelson
Berglin	Janezich	Larson	Oliver	Scheevel
Bertram	Johnson, D.J.	Lesewski	Ourada	Solon
Betzold	Johnson, J.B.	Lessard	Pariseau	Spear
Chandler	Johnston	Limmer	Piper	Stevens
Chmielewski	Kiscaden	Marty	Pogemiller	Stumpf
Day	Kleis	Merriam	Price	Terwilliger
Dille	Knutson	Metzen	Reichgott Junge	Wiener
Finn	Kramer	Moe, R.D.	Riveness	
Flynn	Krentz	Mondale	Robertson	

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

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 32 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 32: A bill for an act relating to marriage; authorizing retired court administrators to solemnize marriages; amending Minnesota Statutes 1994, section 517.04.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 46 and nays 10, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Larson	Ourada	Solon
Berg	Janezich	Lessard	Pariseau	Spear
Berglin	Johnson, D.J.	Marty	Piper	Stevens
Bertram	Johnson, J.B.	Metzen	Reichgott Junge	Stumpf
Betzold	Kiscaden	Moe, R.D.	Riveness	Vickerman
Chandler	Kleis	Mondale	Robertson	Wiener
Day	Knutson	Morse	Runbeck	
Finn	Krentz	Neuville	Sams	
Flynn	Laidig	Novak	Samuelson	
Hanson	Langseth	Oliver	Scheevel	

Those who voted in the negative were:

Belanger	Dille	Kramer	Limmer	Price
Chmielewski	Johnston	Kroening	Merriam	Terwilliger

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 1399 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 1399: A bill for an act relating to crime; imposing penalties for assaulting a police horse while it is being used for law enforcement purposes; proposing coding for new law in Minnesota Statutes, chapter 609.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kroening	Novak	Sams
Belanger	Hanson	Larson	Oliver	Samuelson
Berg	Hottinger	Lesewski	Ourada	Scheevel
Berglin	Janezich	Lessard	Pariseau	Solon
Bertram	Johnson, D.J.	Limmer	Piper	Spear
Betzold	Johnson, J.B.	Marty	Pogemiller	Stevens
Chandler	Johnston	Merriam	Price	Stumpf
Chmielewski	Kiscaden	Metzen	Ranum	Terwilliger
Cohen	Kleis	Moe, R.D.	Reichgott Junge	Vickerman
Day	Knutson	Mondale	Riveness	Wiener
Dille	Kramer	Morse	Robertson	
Finn	Krentz	Neuville	Runbeck	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 529 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 529: A bill for an act relating to eminent domain proceedings; amending Minnesota Statutes 1994, sections 117.065; 117.115, subdivision 2; and 117.145.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Finn	Knutson	Merriam	Piper
Belanger	Flynn	Kramer	Metzen	Pogemiller
Berg	Hanson	Krentz	Moe, R.D.	Price
Berglin	Hottinger	Kroening	Mondale	Ranum
Bertram	Janezich	Laidig	Morse	Reichgott Junge
Betzold	Johnson, D.J.	Langseth	Neuville	Riveness
Chandler	Johnson, J.B.	Larson	Novak	Robertson
Chmielewski	Johnston	Lesewski	Oliver	Runbeck
Cohen	Kelly	Lessard	Ourada	Sams
Day	Kiscaden	Limmer	Pappas	Samuelson
Dille	Kleis	Marty	Pariseau	Scheevel

Solon
Spear

Stevens

Stumpf

Terwilliger

Vickerman

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 150 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 150: A bill for an act relating to game and fish; removing certain requirements relating to fish taken in Canada; appropriating money; amending Minnesota Statutes 1994, section 97A.531, subdivision 1; repealing Minnesota Statutes 1994, section 97A.531, subdivisions 2, 3, 4, 5, and 6.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Laidig	Novak	Sams
Belanger	Hottinger	Langseth	Oliver	Samuelson
Berg	Janezich	Larson	Ourada	Scheevel
Berglin	Johnson, D.J.	Lesewski	Pappas	Solon
Bertram	Johnson, J.B.	Lessard	Pariseau	Spear
Betzold	Johnston	Limmer	Piper	Stevens
Chandler	Kelly	Marty	Pogemiller	Stumpf
Chmielewski	Kiscaden	Merriam	Price	Terwilliger
Cohen	Kleis	Metzen	Ranum	Vickerman
Day	Knutson	Moe, R.D.	Reichgott Junge	Wiener
Dille	Kramer	Mondale	Riveness	
Finn	Krentz	Morse	Robertson	
Flynn	Kroening	Neuville	Runbeck	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 340 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 340: A bill for an act relating to commerce; motor vehicle sales and distribution; regulating the establishment and relocation of dealerships; amending Minnesota Statutes 1994, section 80E.14.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Kiscaden	Limmer	Ourada
Belanger	Finn	Kleis	Marty	Pappas
Berg	Flynn	Knutson	Merriam	Pariseau
Berglin	Frederickson	Kramer	Metzen	Piper
Bertram	Hanson	Krentz	Moe, R.D.	Pogemiller
Betzold	Hottinger	Kroening	Mondale	Price
Chandler	Janezich	Laidig	Morse	Ranum
Chmielewski	Johnson, D.J.	Larson	Neuville	Reichgott Junge
Cohen	Johnson, J.B.	Lesewski	Novak	Riveness
Day	Johnston	Lessard	Oliver	Robertson

Runbeck
Sams
Samuelson

Scheevel
Solon

Spear
Stevens

Stumpf
Terwilliger

Vickerman
Wiener

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1402 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1402: A bill for an act relating to state government; asking state employees to submit suggestions to improve the efficiency and effectiveness of state government.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 45 and nays 13, as follows:

Those who voted in the affirmative were:

Anderson	Flynn	Kroening	Mondale	Ranum
Belanger	Hanson	Laidig	Morse	Reichgott Junge
Berglin	Hottinger	Larson	Neuville	Riveness
Bertram	Janezich	Lesewski	Novak	Sams
Betzold	Johnson, D.J.	Lessard	Pappas	Spear
Chandler	Johnson, J.B.	Limmer	Pariseau	Stumpf
Day	Johnston	Marty	Piper	Terwilliger
Dille	Knutson	Metzen	Pogemiller	Vickerman
Finn	Krentz	Moe, R.D.	Price	Wiener

Those who voted in the negative were:

Berg	Kleis	Oliver	Runbeck	Stevens
Chmielewski	Kramer	Ourada	Samuelson	
Kiscaden	Merriam	Robertson	Scheevel	

So the bill passed and its title was agreed to.

Pursuant to Rule 10, Mr. Moe, R.D., Chair of the Committee on Rules and Administration, designated H.F. No. 990 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 990: A bill for an act relating to consumer protection; providing warranties for new assistive devices; providing enforcement procedures; proposing coding for new law in Minnesota Statutes, chapter 325G.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Johnston	Lesewski	Novak
Belanger	Finn	Kiscaden	Lessard	Ourada
Berg	Flynn	Kleis	Limmer	Pappas
Berglin	Frederickson	Knutson	Marty	Pariseau
Bertram	Hanson	Kramer	Merriam	Piper
Betzold	Hottinger	Krentz	Metzen	Pogemiller
Chandler	Janezich	Kroening	Moe, R.D.	Price
Chmielewski	Johnson, D.E.	Laidig	Mondale	Ranum
Cohen	Johnson, D.J.	Langseth	Morse	Reichgott Junge
Day	Johnson, J.B.	Larson	Neuville	Riveness

Robertson
Sams
Samuelson

Scheevel
Solon

Spear
Stevens

Stumpf
Terwilliger

Vickerman
Wiener

Mr. Oliver and Ms. Runbeck voted in the negative.

So the bill passed and its title was agreed to.

SUSPENSION OF RULES

Mr. Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to S.F. No. 1678 and that the rules of the Senate be so far suspended as to give S.F. No. 1678, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

S.F. No. 1678: A bill for an act relating to the organization and operation of state government; appropriating money for the general legislative and administrative expenses of state government; providing for the transfer of certain money in the state treasury; fixing and limiting the amount of fees, penalties, and other costs to be collected in certain cases; amending Minnesota Statutes 1994, sections 3.9741, subdivision 2; 5.14; 15.50, subdivision 2; 15.91, subdivision 2; 16B.39, by adding a subdivision; 16B.42, subdivision 3; 197.05; 240A.08; and 349A.08, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 16B; and 43A.

Mr. Kramer moved to amend S.F. No. 1678 as follows:

Page 32, after line 10, insert:

"Sec. 47. Minnesota Statutes 1994, section 309.501, is amended by adding a subdivision to read:

Subd. 3a. [RELATED ORGANIZATIONS.] No two federated funding campaigns that are "related organizations," as defined in section 317A.011, subdivision 18, may be registered to participate in the state employee combined charitable campaign."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Mr. Merriam questioned whether the amendment was germane.

The President ruled that the amendment was germane.

The question was taken on the adoption of the Kramer amendment.

The roll was called, and there were yeas 54 and nays 10, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Kiscaden	Metzen	Riveness
Beckman	Finn	Kleis	Mondale	Robertson
Belanger	Flynn	Knutson	Morse	Runbeck
Berg	Frederickson	Kramer	Neuville	Sams
Berglin	Hanson	Krentz	Novak	Samuelson
Bertram	Hottinger	Laidig	Olson	Scheevel
Betzold	Janezich	Langseth	Ourada	Spear
Chandler	Johnson, D.E.	Lesewski	Pappas	Stevens
Chmielewski	Johnson, J.B.	Lessard	Pariseau	Vickerman
Cohen	Johnston	Limmer	Price	Wiener
Day	Kelly	Marty	Ranum	

Those who voted in the negative were:

Kroening	Merriam	Piper	Reichgott Junge	Stumpf
Larson	Moe, R.D.	Pogemiller	Solon	Terwilliger

The motion prevailed. So the amendment was adopted.

national, state, and local ~~volunteer~~ groups in collecting information on federal, state, and private resources which may encourage and improve volunteer projects within the state. The office shall coordinate its research and other work on citizen engagement with the board of government innovation and cooperation, the Minnesota extension service, and Project Public Life, Humphrey Institute, University of Minnesota.

Sec. 46. Minnesota Statutes 1994, section 16B.88, subdivision 3, is amended to read:

Subd. 3. [MONEY.] The director may accept and disburse public or private funds and gifts made available for the promotion of ~~volunteer~~ the office's programs.

Sec. 47. Minnesota Statutes 1994, section 16B.88, subdivision 4, is amended to read:

Subd. 4. [RESEARCH AND INFORMATION.] The director shall ~~conduct research to:~~ (1) identify methods for increasing the capacity of citizens to influence decisions affecting their lives, identify methods citizens can use to solve problems in their communities, and promote innovative techniques for citizen and community-based organizations to collaborate in understanding and solving community problems; and (2) identify needs of volunteer programs and to assess community needs for volunteer services. The director may issue informational materials relating to volunteer programs in Minnesota and results of the director's research."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Neville moved to amend S.F. No. 1678 as follows:

Page 15, line 17, delete "1,931,000" and insert "2,081,000" and delete "1,914,000" and insert "2,064,000"

Page 15, line 48, delete "4,876,000" and insert "4,726,000" in both places

Correct the subdivision and section totals and the summaries by fund accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 13 and nays 51, as follows:

Those who voted in the affirmative were:

Belanger	Dille	Kramer	Neville	Stevens
Berg	Johnston	Larson	Pariseau	
Day	Knutson	Lesewski	Scheevel	

Those who voted in the negative were:

Anderson	Hottinger	Langseth	Olson	Samuelson
Beckman	Janezich	Lessard	Ourada	Solon
Berglin	Johnson, D.E.	Limmer	Pappas	Spear
Bertram	Johnson, D.J.	Marty	Piper	Stumpf
Betzold	Johnson, J.B.	Merriam	Pogemiller	Terwilliger
Chandler	Kelly	Metzen	Price	Vickerman
Cohen	Kiscaden	Moe, R.D.	Ranum	Wiener
Finn	Kleis	Mondale	Reichgott Junge	
Flynn	Krentz	Morse	Riveness	
Frederickson	Kroening	Novak	Robertson	
Hanson	Laidig	Oliver	Runbeck	

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

Mr. Cohen moved to amend S.F. No. 1678 as follows:

Page 3, after line 48, insert:

"Subd. 6. Compensation Council

The salary increases recommended by the compensation council on April 1, 1995, for legislators, constitutional officers, and judges may not take effect unless ratified or approved as modified by S.F. No. 1406."

The motion prevailed. So the amendment was adopted.

Mr. Morse moved to amend S.F. No. 1678 as follows:

Page 30, after line 15, insert:

"Sec. 45. Minnesota Statutes 1994, section 126A.01, is amended to read:

126A.01 [ENVIRONMENTAL EDUCATION GOALS AND PLAN.]

Subdivision 1. [GOALS.] The environmental education program described in this chapter has these goals for the pupils and other citizens of this state:

(a) Pupils and citizens should be able to apply informed decision-making processes to maintain a sustainable lifestyle. In order to do so, citizens should:

- (1) ~~to understand ecological systems;~~
- (2) ~~to understand the cause and effect relationship between human attitudes and behavior and the environment;~~
- (3) ~~to be able to analyze, develop, and use problem solving skills to understand the decision-making process of individuals, institutions, and nations regarding environmental issues;~~
- (4) ~~to be able to evaluate alternative responses to environmental issues before deciding on alternative courses of action; and~~
- (5) ~~to (4) understand the potential complementary nature effects of multiple uses of the environment;~~
- (6) ~~to provide experiences to assist citizens to increase their sensitivity and stewardship for the environment; and~~
- (7) ~~to provide the~~ (b) Pupils and citizens shall have access to information citizens need and experiences needed to make informed decisions about actions to take on environmental issues.

(c) For purposes of this chapter, "state plan" means "Greenprint for Minnesota: A State Plan for Environmental Education."

Sec. 46. Minnesota Statutes 1994, section 126A.02, is amended to read:

126A.02 [~~OFFICE OF ENVIRONMENTAL EDUCATION COUNCIL.~~]

Subd. 2. [~~BOARD COUNCIL MEMBERS.~~] A 17-member board shall advise the director ~~19-member environmental education council is created.~~ The board council ~~is made up of the commissioners of the department of natural resources; the pollution control agency; the department of agriculture; the department of education; the department of health; the director of the office of strategic and long-range planning; the director of the office of environmental assistance; the chair of the board of water and soil resources; the executive director of the higher education coordinating board; the executive secretary of the board of teaching; the director of the extension service; and eight citizen members representing diverse interests appointed by the governor. The governor shall appoint one citizen member from each congressional district. The citizen members are subject to section 15.0575. Two of the citizen members appointed by the governor must be licensed teachers currently teaching in the K-12 system. The governor shall annually designate a member to serve as chair for the next year.~~

Subd. 3. [COUNCIL DUTIES.] The council shall facilitate the implementation of the "Greenprint for Minnesota: A State Plan for Environmental Education"; may initiate, develop,

implement, evaluate, and market environmental education programs consistent with the state plan; and shall promote state government and private sector policy that is consistent with the state plan.

Subd. 4. [TRANSFER.] Citizen members serving on the Minnesota environmental education advisory board shall be transferred to the environmental education council to serve out their terms.

Subd. 5. [STAFF.] (a) The staff and consultant support for the council shall be provided by the office of strategic and long-range planning. This support shall be provided based upon an annual budget and work program developed by the council and certified to the director of the office.

(b) Classified and unclassified state employees involved in the implementation and administration of the duties of the environmental education advisory board shall be transferred to the office of strategic and long-range planning in the classified service of the state without competitive examination and shall be placed in the proper classification by the commissioner of employee relations with compensation as provided for the classifications. Nothing in this paragraph shall be construed as abrogating or modifying any rights now enjoyed by affected employees under the commissioner's or managerial plans for unrepresented employees or the terms of an agreement between the exclusive representatives of public employees and the state or one of its appointing authorities.

(c) The office of strategic and long-range planning shall provide office space and administrative and fiscal support for the council and the staff as necessary to carry out the responsibilities of the council as prescribed in sections 126A.01 to 126A.12. The authorized budget of the environmental education advisory board is transferred to the office of strategic and long-range planning to support the activities of the environmental education council.

(d) The staff shall initiate, develop, implement, evaluate, and market environmental education programs consistent with the state plan; shall promote state government and private sector policy that is consistent with the state plan as directed by the council; and shall support the activities of the environmental education council.

Sec. 47. Minnesota Statutes 1994, section 126A.04, is amended to read:

126A.04 [POWERS AND DUTIES.]

~~Subdivision 1. [PLANNING.] The director may develop a plan and establish a continuing planning process to achieve the goals for environmental education. The director may integrate the environmental education plans, strategies, and policies developed by the department of education and post-secondary institutions when developing their planning process and plan.~~

~~Subd. 2. [LEGISLATION.] The director council may review proposed legislation and funding requests relating to informal environmental education for ensure consistency with the state plan. The director shall council may also develop with the department of education and post-secondary institutions a process for coordinating the development of K-12 and post-secondary environmental education legislation and funding requests with the state plan.~~

~~Subd. 3. [ENVIRONMENTAL EDUCATION CONFERENCE.] The director council may conduct an environmental education conference every other year to bring together the environmental education community to identify future issues, ascertain needs, and set priorities and goals. The results of the conference may be used in revising the state plan.~~

~~Subd. 4. [ADVISORY COMMITTEES.] The director shall council may establish advisory committees and a process to receive input from committees and others on K-12, post-secondary, and informal environmental education programs and needs, priority issues, and target audiences.~~

~~Subd. 5. [GRANTS.] The director office of strategic and long-range planning may apply for, receive, and allocate grants and other money for environmental education to support the activities of the council. The office of strategic and long-range planning has the right to retain money collected from conference receipts to support the activities of the environmental education council. The director shall continue to make a grant to an environmental library located in the metropolitan area.~~

Subd. 6. [COMMUNICATION.] The council may establish and maintain methods of

communication between environmental education producers, distributors, and consumers to encourage effective and timely programs.

Subd. 7. [TECHNICAL ASSISTANCE.] The council may provide technical assistance to agencies and organizations for effective design and marketing of environmental education programs and for the writing of environmental education components in legislative materials.

Subd. 8. [MARKETING AND PUBLICITY.] The council may provide marketing and publicity for environmental education programs of other agencies and organizations within the priorities developed in the state plan.

Subd. 9. [COOPERATION AND SUPPORT.] The council shall cooperate with and support the environmental education programs developed by the environmental quality board that are consistent with the state plan."

Page 32, after line 31, insert:

"Sec. 51. Laws 1993, chapter 224, article 12, section 32, is amended to read:

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; 121.9121, 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."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Mr. Neuville moved to amend S.F. No. 1678 as follows:

Page 5, after line 23, insert:

"\$625,000 the first year and \$625,000 the second year are for salary increases.

\$638,000 the first year and \$637,000 the second year are for computer system improvements."

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

Ms. Ranum moved to amend S.F. No. 1678 as follows:

Page 7, delete lines 21 to 25 and insert:

"\$250,000 the first year and \$200,000 the second year are for the government information access council, of which \$50,000 the first year and \$200,000 the second year are available only as

matched, dollar for dollar, by contributions from nonstate sources.

\$366,000 the first year and \$266,000 the second year are for public information policy analysis for data and records management."

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

Mr. Kramer moved to amend S.F. No. 1678 as follows:

Page 27, line 21, after "person" insert ", including a private citizen,"

The motion prevailed. So the amendment was adopted.

S.F. No. 1678 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 41 and nays 25, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Langseth	Pappas	Spear
Beckman	Hottinger	Lessard	Piper	Stumpf
Berg	Janezich	Marty	Pogemiller	Terwilliger
Berglin	Johnson, D.J.	Merriam	Price	Vickerman
Betzold	Johnson, J.B.	Metzen	Ranum	Wiener
Chmielewski	Kelly	Moe, R.D.	Reichgott Junge	
Cohen	Krentz	Morse	Riveness	
Flynn	Kroening	Murphy	Samuelson	
Frederickson	Laidig	Novak	Solon	

Those who voted in the negative were:

Belanger	Johnson, D.E.	Kramer	Neuville	Robertson
Bertram	Johnston	Larson	Oliver	Runbeck
Day	Kiscaden	Lesewski	Olson	Sams
Dille	Kleis	Limmer	Ourada	Scheevel
Finn	Knutson	Mondale	Pariseau	Stevens

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

MOTIONS AND RESOLUTIONS - CONTINUED

RECONSIDERATION

Mr. Finn moved that the vote whereby the Senate refused to concur in the House amendments to S.F. No. 830 on April 20, 1995, be now reconsidered. The motion prevailed.

S.F. No. 830: A bill for an act relating to state lands; allowing the sale of certain state forest lands; requiring the commissioner of natural resources to convey certain land to the city of Akeley for public purposes; proposing coding for new law in Minnesota Statutes, chapter 89.

CONCURRENCE AND REPASSAGE

Mr. Finn moved that the Senate concur in the amendments by the House to S.F. No. 830 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 830 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hanson	Laidig	Novak	Sams
Beckman	Hottinger	Langseth	Oliver	Samuelson
Belanger	Janezich	Larson	Olson	Scheevel
Berg	Johnson, D.E.	Lesewski	Ourada	Solon
Berglin	Johnson, D.J.	Lessard	Pappas	Spear
Bertram	Johnson, J.B.	Limmer	Pariseau	Stevens
Betzold	Johnston	Marty	Piper	Stumpf
Chmielewski	Kelly	Merriam	Pogemiller	Terwilliger
Cohen	Kiscaden	Metzen	Price	Vickerman
Day	Kleis	Moe, R.D.	Ranum	Wiener
Dille	Knutson	Mondale	Reichgott Junge	
Finn	Kramer	Morse	Riveness	
Flynn	Krentz	Murphy	Robertson	
Frederickson	Kroening	Neuville	Runbeck	

So the bill, as amended, was repassed and its title was agreed to.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Mr. Marty introduced--

S.F. No. 1679: A bill for an act relating to taxation; reducing the class rates on certain residential property; providing for additional state aid; amending Minnesota Statutes 1994, sections 124.2131, by adding a subdivision; and 273.13, subdivision 25.

Referred to the Committee on Taxes and Tax Laws.

Ms. Johnson, J.B.; Mr. Morse, Mses. Anderson, Piper and Mr. Spear introduced--

S.F. No. 1680: A bill for an act relating to the environment; providing for the reduction of toxic waste in environmental high impact areas; requiring risk assessments; providing for technical assistance; authorizing rulemaking; proposing coding for new law in Minnesota Statutes, chapter 115D.

Referred to the Committee on Environment and Natural Resources.

MEMBERS EXCUSED

Mr. Beckman was excused from the Session of today from 12:15 to 3:15 p.m. Ms. Berglin was excused from the Session of today from 10:30 a.m. to 1:50 p.m. Mr. Cohen was excused from the Session of today from 10:30 a.m. to 2:30 p.m. Mr. Kelly was excused from the Session of today from 10:30 to 11:50 a.m. Mr. Knutson was excused from the Session of today from 11:45 a.m. to 2:00 p.m. Ms. Hanson was excused from the Session of today from 1:45 to 2:00 p.m. Mr. Johnson, D.E. was excused from the Session of today from 2:15 to 2:45 p.m. Mr. Langseth was excused from the Session of today from 1:30 to 2:00 p.m. Mr. Lessard was excused from the Session of today from 3:00 to 3:30 p.m. Ms. Olson was excused from the Session of today from 2:20 to 3:00 p.m. Ms. Reichgott Junge was excused from the Session of today from 2:00 to 2:30 p.m. Ms. Runbeck was excused from the Session of today from 10:30 to 11:30 a.m. Mr. Vickerman was excused from the Session of today from 2:10 to 2:30 p.m. Mr. Chandler was excused from the Session of today at 4:10 p.m.

ADJOURNMENT

Mr. Moe, R.D. moved that the Senate do now adjourn until 9:00 a.m., Tuesday, April 25, 1995. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

